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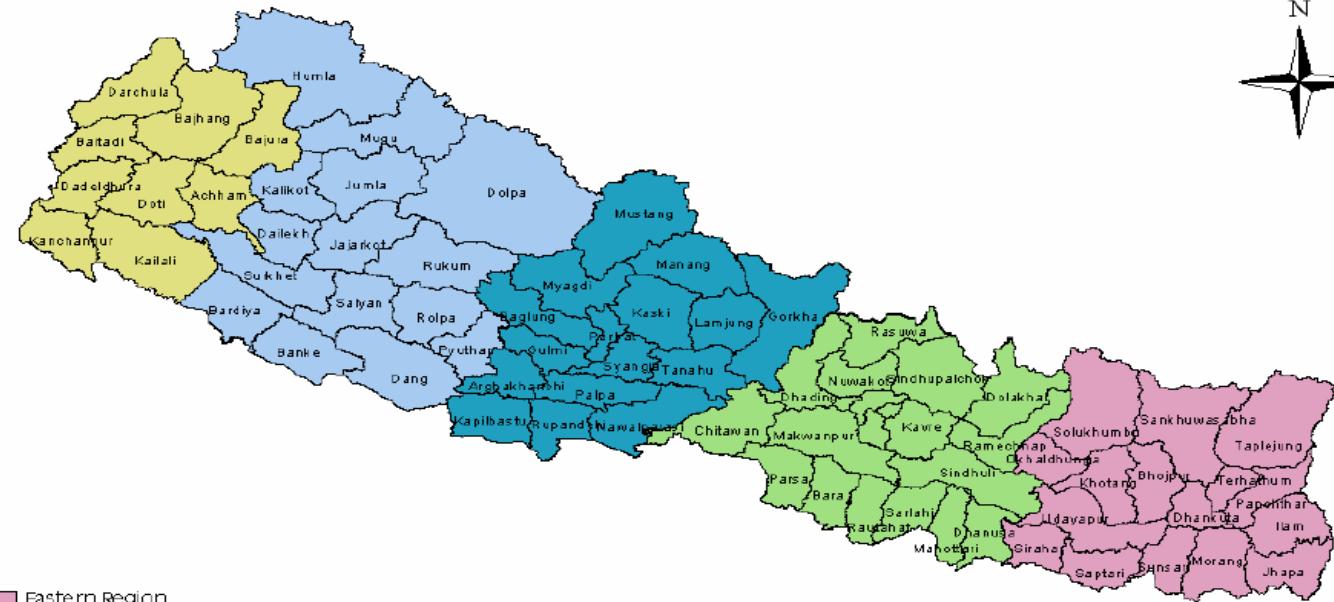
Three Year Interim Plan

(2007/08 – 2009/10)



Government of Nepal
National Planning Commission
Singhadurbar, Kathmandu, Nepal
December 2007

Nepal



- Eastern Region
- Central Region
- Western Region
- Mid-western Region
- Far-western Region

200

0

200 Kilometers

Kathmandu, Nepal

Message

Fifty years of planned development have been completed in Nepal. Although ten periodic plans have been implemented during this period, many aspects of economic and social sectors have still remained backward from the perspective of development. Due to reasons like limited availability of resources, thirty years of restrictive political environment and a decade long conflict, the development process has not been able to move ahead at the expected speed.

I believe that the obstacles encountered by the past Plans will not be repeated in the implementation of this Interim Plan, as it has been formulated after the end of the conflict and at the time of unprecedented political consensus. This Three Year Interim Plan has internalized the desires for development expressed by the Nepalese people through people's struggles and movements of the past. In addition to this, the National Planning Commission has made an effort to incorporate the suggestions received from discussions, interactions and consultations at different levels and places and with different groups. The Plan also takes into consideration the directives given by the National Development Council.

This Plan, the first one after the epochal political change in the country, has set the goal of reducing poverty, increasing employment and making people feel perceptible positive changes. For the attainment of the objectives, the Plan has adopted strategies such as giving emphasis to relief, rehabilitation and reintegration; achieving pro-poor and sustainable economic growth rate; increasing investments in physical infrastructure; carrying out inclusive development and targeted development programs; and emphasizing social development, which will make people feel improvements in governance. The private and cooperative sectors will have important roles in the overall economic activities of the country whereas investments from the government sector will be directed mainly to relief, rehabilitation and reconstruction, development of physical infrastructure, and poverty alleviation.

In this Interim Plan, special programs for disadvantaged groups including persons with disability, women, *Dalit*, *Adibasi Janajati*, *Madhesi*, Muslim community, and disadvantaged regions have been formulated. From this, I believe, there will be proper representation of all the groups, regions and communities in the mainstream of the development of the country and will also help foster a sense of belongingness. For the attainment of the goal of this Plan, I have hoped that there will be active cooperation of all including the general public in all aspects of development.

Finally, I thank all the individuals involved in the task of formulating the Three Year Interim Plan, and believe that this Plan will provide important contribution in the task of the development of the country.

December 2007

(Girija Prasad Koirala)
Prime-Minister and
Chairman, National Planning Commission

Acknowledgments

We express our gratitude to the Legislative Parliament Committees and the Members, the ministries, departments and other agencies of the Government of Nepal, political parties, Federation of District Development Committees, Federation of Village Development Committees and the representatives of Municipality Association, various communities, NGOs, civil societies/social workers, intellectuals, representatives of the professional organizations, Madhesi, Muslim community, persons with disability, youth, Adibasi Janajati, and representatives of Dalit organizations, representatives from women's organizations, laborers, representatives of peasants' organization and representatives from the industry and commerce sector,

In the same way, we express gratitude to all the members of the National Development Council for providing us invaluable suggestions and guidelines in the process of preparing the Approach Paper of the Plan and the Main Document. We would also like to thank former vice-chairmen and members of the National Planning Commission for providing contributions in the preparation of the Plan document.

We express our appreciations to friendly countries and development assistance agencies for their notable cooperation at different stages of plan formulation process.

All staff of the National Planning Commission's Secretariat, who labored hard in preparing this Plan, deserve special thanks. We also express appreciation to the efforts of all experts and individuals who contributed in the formulation of the Plan by being involved in the various task forces constituted for the preparation of the Plan.

December 2007

The National Planning Commission

Preface

After a long people's struggle and the Historic People's Movement, 2006, there exists a special opportunity to establish long-term peace in the country. The current transitional period will end after the election of the Constituent Assembly, formulation of the Constitution and the formation of the national government after the national election. As all these processes will take some time, this Three Year Plan has been prepared instead of another five-year plan, for the implementation of the development activities in a planned manner till then. The Plan brought into implementation from the FY 2007/08, will endeavor to address the aspirations expressed by the Nepalese people through the People's Movement, to institutionalize different agreements reached at the political level, and to address issues highlighted through the Interim Constitution and Minimum Common Program of the Interim Government.

This Interim Plan, prepared at the current special situation of the country, takes lessons from the shortfalls and deficiencies of the past, and gives continuity to the past achievements, and tries to move forward the post-conflict transitional phase in a planned manner. These matters have been reflected both in the formulation process of this Plan and the concepts and priorities of the Plan. For the first time, in the history of Nepal's plan formulation process the NPC reached 70 VDCs of all the five development regions, for direct observations of the field condition, for interactions with the people, and for soliciting suggestions from the general public. In a similar manner, suggestions have been collected at the central level from political parties, different professional groups, organizations, and civil societies through interaction programs.

In view of the special condition after the conflict, this Plan has given special emphasis on increasing the public investment to provide relief, increase employment opportunities and peace establishment as well as reconstruction, rehabilitation, and reintegration, and the revival of the economy. Special attention has been given to the women, *Dalit*, *Adibasi Janjati*, the *Madhesi* community, low-income groups, and extremely remote areas including Karnali, which so far have been excluded from the economic, social and regional development processes of the country. In order to provide relief to the general public including the destitute and deprived groups and to bring improvements in their social and economic conditions, this Plan has adopted special policy and program. The Plan gives continuity to the reforms initiated during the Tenth Plan and to the incomplete projects. Moreover, policies which address the desires and needs of the general public in the changed context, have been incorporated.

It is not possible for a short-term Plan to completely end poverty, backwardness, and economic and social imbalances by dismantling deep-rooted traditional feudal thinking and systems. However, utilizing opportunities arising from internal and external possibilities and assistance, this Plan has focused all possible efforts, by clearly indicating priorities, for providing immediate relief,

create employment opportunities, promote sustainable peace and goodwill, and lay a foundation for a ***Prosperous, Modern and Just Nepal***. The Plan has adopted policies to move the development process forward by utilizing such opportunities as the continuity of the successful programs of poverty reduction strategy, commitment towards MDG, and opportunities created after getting WTO membership, and trade relations and industrial development of the neighboring China and India.

The historical declarations made by the Legislative Parliament in accordance with the feelings expressed by the people in the People's Movement and the political level agreements thereafter, the state responsibilities, guiding principles and policies stated in the Interim Constitution, and the common minimum program of the Interim Government have been taken as the guiding documents for the formulation of the Plan. The objectives, targets, strategies, policies and programs of this Plan were formulated on the basis of a long-term vision.

December 2007

The National Planning Commission

The National Planning Commission

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Table of Contents

Part - A Status Review

| | <u>Page</u> |
|---|-------------|
| Chapter 1: Background | 1 |
| Chapter 2: Review of the Tenth Plan | 2 |
| 2.1 Poverty Alleviation | 2 |
| 2.2 Macroeconomic Situation | 2 |
| 2.3 Social Justice and Inclusion | 9 |
| 2.4 Economic Development | 10 |
| 2.5 Social Development | 14 |
| 2.6 Infrastructure Development | 17 |
| 2.7 Peace, Reconstruction/Rehabilitation and Reintegration | 19 |
| 2.8 Local Development, Good Governance and Decentralization | 20 |
| Chapter 3: Existing Challenges and Opportunities of the Development Process | 24 |
| 3.1 Challenges | 24 |
| 3.2 Opportunities | 24 |
| Chapter 4: Vision, Goal and Strategy of the Interim Plan | 26 |
| 4.1 Vision | 26 |
| 4.2 Goal | 26 |
| 4.3 Objectives | 26 |
| 4.4 Strategies | 26 |
| 4.5 Priority Areas | 28 |
| 4.6 Quantitative Targets | 29 |
| 4.7 Major Policies | 29 |
| 4.8 Economic Growth Rate and Management of Resources | 33 |

Part - B Macroeconomic Policy and Sector Plans

| | |
|--|----|
| Chapter 5: Macroeconomic Policy | 41 |
| 5.1 Savings | 42 |
| 5.2 Revenue | 43 |
| 5.3 Foreign Aid Management | 43 |
| 5.4 Public Expenditure Management | 46 |
| 5.5 Inter-linkages between Periodic Plan and Annual Budget | 48 |
| 5.6 Public Debt Management | 51 |
| 5.7 Money, Banking and Credit | 52 |

| | | |
|---|--|----|
| 5.8 | Agriculture, Rural Credit and Micro-finance | 56 |
| 5.9 | Prices | 58 |
| 5.10 | Foreign Exchange and Balance of Payments Situation | 60 |
| 5.11 | Capital Market | 62 |
| 5.12 | Private Sector Development | 63 |
| 5.13 | Disinvestment of Government Investment | 66 |
| 5.14 | Contractual Savings and Investment | 68 |
| 5.15 | Foreign Investment | 69 |
| 5.16 | International Relations and Economic Development | 71 |
| 5.17 | Insurance | 72 |
| Chapter 6: Social Justice and Inclusion | | 74 |
| 6.1 | Human Rights | 74 |
| 6.2 | Inclusive Development | 77 |
| 6.3 | Regional Development | 79 |
| 6.4 | Poverty Alleviation and Employment | 82 |
| 6.5 | Food Security | 86 |
| 6.6 | Environment Management | 91 |

Sector Plans

Peace Process and Inclusive Development

| | | |
|------------|---|-----|
| Chapter 7: | Peace, Reconstruction, Rehabilitation and Reintegration | 94 |
| Chapter 8: | Gender Mainstreaming and Inclusion | 100 |
| 8.1 | Empowerment of Women and Gender Equality | 100 |
| 8.2 | Upliftment and Development of Dalits | 110 |
| 8.3 | Adibasi Janajati | 119 |
| 8.4 | Madhesi Community Development | 128 |
| 8.5 | Muslim Community Development | 133 |
| 8.6 | Person with Disability | 136 |

Economic Development

| | | |
|-------------|---|-----|
| Chapter 9: | Agriculture | 141 |
| Chapter 10: | Co-operatives Sector | 165 |
| Chapter 11: | Land Reform and Management | 175 |
| Chapter 12: | Forests and Soil Conservation | 188 |
| Chapter 13: | Culture, Tourism and Civil Aviation | 205 |
| Chapter 14: | Industry | 219 |
| Chapter 15: | Commerce | 228 |
| Chapter 16: | Supply Management | 236 |
| Chapter 17: | Labor Management and Employment Promotion | 245 |
| Chapter 18: | Transport Management | 257 |

Social Development

| | |
|--|-----|
| Chapter 19: Education and Sports | 261 |
| Chapter 20: Health | 279 |
| Chapter 21: Population | 301 |
| Chapter 22: Water Supply and Sanitation | 307 |
| Chapter 23: Children | 316 |
| Chapter 24: Youth | 323 |
| Chapter 25: Senior Citizens | 329 |
| Chapter 26: Natural Disaster Management | 334 |
| Chapter 27: Local Development | 337 |
| Chapter 28: Non Governmental Organizations | 356 |
| Chapter 29: Human Resource Development | 362 |

Infrastructure Development

| | |
|---|-----|
| Chapter 30: Road Transport (SRN) | 365 |
| Chapter 31: Electricity and Power | 378 |
| Chapter 32: Irrigation | 390 |
| Chapter 33: Information and Communication | 402 |
| Chapter 34: Housing and Urban Development | 413 |
| Chapter 35: Environment, Science and Technology | 422 |

Good Governance

| | |
|---|-----|
| Chapter 36: Good Governance | 452 |
| Chapter 37: Decentralization and Devolution | 459 |
| Chapter 38: Planning and Statistical System Development | 467 |
| Chapter 39: Implementation, Monitoring and Evaluation | 471 |

Annexes

| | |
|--|-------|
| 1. Process Followed in the Formulation of the Plan | A-1 |
| 2. Quantitative Review of the Tenth Plan | A-4 |
| 3. Policy and Result Matrix | A-38 |
| 4. Maps | A-276 |
| (a) Drinking Water Development | |
| (b) Strategic Road Network Development | |
| (c) Electricity Development | |
| (d) Telephone Development | |

Chapter: 1

Background

Nepal has moved forward in the direction of ensuring sustainable peace after the past historic movements and the People's Movement of 2006. At present, there is a consensus among the political powers in an unprecedented manner. The opportunity emerging after the end of a decade long conflict, enthusiasm, feelings and thoughts raised among the common people is owned as the new energy. This has created a golden opportunity to move forward in raising the living standard of the Nepali people living in poverty, deprivation and backwardness, with strong determination to dismantling old attitudes, obsolete structures and feudal remains. The principal goal of the country now, is to take a right turn on development by institutionalizing the historic achievements of the past movements, using such a golden opportunity.

Ten periodic plans have been completed in the five decades of Nepal's efforts on planned development. During this period, development efforts focused on different aspects like the development of physical infrastructure, regional development, fulfillment of basic needs and poverty alleviation. As a result, there has been the construction of huge physical and social development infrastructure and a substantial change in the mutual relationship among the government, civil society and the general people. But the targets of economic growth rates set in the development plans could not be achieved and Nepal lagged behind in economic progress even in relation with the least developed countries. Policies followed in the past, failed to address the structural problems of the economy like inequitable access to productive resources and means, distributional conflict and shortfalls in good governance. Expected improvements could not be realized in the economic and social conditions of women, *Dalits*, *Adibasi Janajati*, *Madhesis*, *Muslim* community, and the residents of the Karnali zone. Such a situation urged conflicts and provided additional energy to it.

The People's Movement of Nepal in the past have exposed the existing structural and feudal attitudes in economic, social and cultural areas the legacy of classifying the Nepali people in different ways, discrimination based on caste, language, culture and religion, violation of the human rights and the conditions of deprivation in social and geographical terms. These have made the people strong at the same time. The revolution of 1951 helped to initiate changes in the system of untouchability, child marriage and the feudal system. Although there appears to be overall positive outcomes and impacts after the People's Movement of 1990 due to the implementation of various programs in line with the changed economic and social policies, disparities have increased. During this period, the concept of inclusive development could not be comprehensively applied. But the historic struggles of the Nepalese people and the latest movement have directed the country towards a new vision in order to enhance social and economic development with inclusion covering women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims and the people with disabilities.

Chapter: 2 **Review of the Tenth Plan**

2.1 Poverty Alleviation

Some of the past plans had been implemented with poverty alleviation as the principal objective. The past experiences show that the objective of poverty alleviation might not be achieved even if the overall economic indicators remain positive. Based on this reality, the Tenth Plan divided poverty into mainly three categories – income poverty, human poverty and social exclusion. Analyzing all these categories, the overall poverty and human development indices have significantly improved during the past years.

According to Nepal Living Standard Survey (NLSS) 2003/04, during the last eight years, the people living below the absolute poverty line, has fallen to 31 percent from 42 percent. The reasons behind this poverty reduction are:

- Increased wage rate in both the agricultural and non-agricultural sectors.
- Increasing urbanization.
- Increased proportion of active human resources in the population.
- Inflow of huge amount of remittances.

However, during this period, the Gini-coefficient which shows the inequality of income distribution has increased from 0.34 to 0.41 which indicates that the gap between the rich and the poor has increased further. Similarly, according to the Human Development Report of 2006, although the human development index of Nepal has increased from 0.513 in the earlier year to 0.527, Nepal still remains as the country with the least HDI in South Asia, and Nepal is placed at the 138th position in the global human index.

Millennium Development Goals (MDGs) Progress Report, 2007, has shown that the MDGs, except in primary education and HIV/AIDS, can be achieved by 2015 provided that the economy becomes reform-oriented and the achievements made during the last few years could be continued.

2.2 Macroeconomic Situation

2.2.1 Economic Growth Rate

In the Tenth Plan, based on an investment analysis, expected and normal projections of economic growth rate were made, considering the existing situation as well. The normal economic growth rate for the Plan period was 6.2 percent. Of this, the projected growth rate in the agriculture sector was 4.1 percent while it was 7.5 percent in the non-agriculture sector. In the same way, if the internal security situation would improve only at a later stage of the Plan, the economic growth rate was expected to increase at about 4.3 percent. Of this, the annual average for agriculture was 2.8 percent, and for non-agriculture about 5.2 percent.

In the FY 2002/03, the total value added was 3.4 percent. In the same way it increased to 5.1 percent in the FY 2003/04. It was 3.2 percent in the third

year, 3.3 percent in the fourth year and 2.5 percent in the fifth year. These worked out to be 3.4 percent on an average during the Plan period. This growth rate was 0.9 percent point less than the normal growth rate. In the same way, in the agriculture sector, the annual average growth rate remained at 2.7 percent as estimated, which was less by 0.1 percent point from the normal growth rate. In the non-agricultural sector, annual average of 3.8 percent is estimated to be the growth rate, which is less than the normal growth rate by 1.4 percent point.

Of the non-agricultural sector, the sub sectors in which the growth rates are more than the normal targeted growth rate are community and social services (6.7%) and finance and real estate (5.0%). Other sub sectors had achieved growth rates less than the targeted growth rates corresponding to normal economic growth rate. It has been estimated that the annual growth rates of manufacturing, mining and quarrying was 1.9 percent, construction was 2.6 percent, trade, hotel and restaurants was 1.6 percent, transport and communication was 5.4 percent, and electricity was 6.6 percent during the Plan period.

On the whole, agricultural production has not been encouraging in the first, third, fourth and fifth year of the Plan due to unfavorable weather condition and because of the increasing conflict and unfavorable international situation the production of most of the sub-sectors of the non-agriculture sectors has been negatively impacted and hence reduced the production growth.

During the Tenth Plan period, some changes have been observed in the structure of the economy. In the base year 2001/02 of the Plan, the contribution of the agricultural sector in the GDP was 37.4 percent, which was gradually reduced and reached 33.1 percent in the fifth year. Similarly, the contribution of the non-agricultural sector was 63.5 percent in the base year, which gradually increased and reached 66.9 percent in the fifth year of the Plan (Annex 2, Table 2.4).

In the fifth year of the Plan, among the non-agricultural sectors, contributions from transport, commerce, finance and real estate, and social services have increased slightly, whereas there has been a slight decrease in the contributions from industry, hotels and restaurants, and electricity, gas and water sectors (Annex 2, Table 2.4).

2.2.2 Consumption, Savings and Investments

During the Tenth Plan period, in order to achieve the 4.3 percent of normal economic growth rate, target gross fixed capital formation of Rs. 457.3 billion had been projected. Of this, government investment was envisaged to be Rs. 129.4 billion, and for this, the total development expenditure was worked out to be Rs. 178.4 billion. With increases of 10 to 15 percent, the overall incremental capital output ratio (ICOR) was expected to be 4.8:1.

Looking at the achievements of the Plan period, Gross Fixed Capital Formation at the 2001/02 constant prices was Rs. 532.1 billion and the total investment has reached Rs. 565.8 billion. Of this, it was estimated that the public sector investment was only Rs. 83.8 billion and the private sector investment Rs. 506.9 billion.

Looking at the trend of consumption and savings, there is little change in the ratio of consumption to the total GDP. Similarly, the ratio of gross domestic savings to GDP was 9.5 percent in the base year; it decreased to 8.6 percent in the first year. But there was some improvement in the second year and it rose to 11.8 percent. It then decreased to 11.6 percent in the third year and to 9.4 percent in the final year.

Analyzing on the whole, during this Plan period, although there had been no considerable changes observed in domestic savings and consumption, positive changes in the gross capital formation and gross domestic savings were observed. The trend of total consumption, savings and investment, and its ratio with GDP are given in Annex 2, Tables 2.5, 2.6, and 2.7.

2.2.3 Government Fiscal Position

The Tenth Plan had estimated 277.9 billion for the regular expenditure and Rs. 178.4 billion for the development expenditure. The total expenditure is, thus Rs. 456.3 billion at the constant prices of FY 2001/02 for the normal economic growth rate.

a. Regular expenditure

During the Tenth Plan period, the regular expenditure was Rs. 281.3 billion at the constant prices of the FY 2001/02. This comes out to be 101.2 percent of the estimated amount. The average growth rate of regular expenditure was 4.2 percent. There was 8 percent increase in the regular expenditure in the first year. In the second year it was 2.4 percent and 7.7 percent in the third year. In the fourth year there was a negative growth rate of 1 percent and in the fifth, it grew again by 3.6 percent (Annex 2, Table 2.8).

b. Development expenditure

Looking at the achievements of the Plan, the total development expenditure at constant prices of the FY 2001/02 was only Rs. 162.2 billion. This works out to be 90.9 percent of the estimated figure. The average growth rate was 5.5 percent. In the first year of the Plan, development expenditure decreased by 12.0 percent and in the second year there was some improvement and the increase was 2.5 percent. In the same way it was 13.6 percent in the third year, 1 percent in the fourth year, and 26.1 percent in the fifth year (Annex 2, Table 2.9).

Looking at the trend of the development expenditure, it is less than the target. Analyzing on the basis of economic classification, budget allocated were 7.6 percent for agriculture, 9.7 percent for irrigation, 2.1 percent for forestry for the normal economic growth. Among the non-agriculture sector, budget allocated were 15.9 percent for transport and communication, 1.1 percent for tourism, 0.2 percent for commerce, 0.1 percent for labor, 1 percent for industry, 15.1 percent for electricity and other energy, and 2.8 percent for miscellaneous.

During the review period, 6.7 percent of the total development expenditure was spent on agriculture, 6.5 percent on irrigation, and 1.6 percent on forestry. Similarly, 1.1 percent was spent on industry, 14.2 percent on

transport and communications, 14.5 percent on electricity and other energy, 13.1 percent on education, 8.3 percent on health, 7.5 percent on drinking water, and 14.7 percent on local development. In this way, during the Tenth Plan period, the expenditure on economic services was 17.9 percent, infrastructure development 29 percent and social services 47.1 percent, and administration and contingencies 6 percent (Annex 2, Table 2.10 and 2.12).

c. Sources of financing development expenditure

The development expenditure required to achieve the normal growth rate target is envisaged to be met through the mobilization of revenue savings of Rs. 13.4 billion (7.5%), domestic borrowings Rs. 45.3 billion (25.4%), foreign grant Rs. 51.5 billion (28.9%) and foreign loans Rs. 68.2 billion (38.2%). As regards to the achievement during the Plan period, of the total development expenditures of Rs. 162.2 billion, Rs. 5.8 billion was borne from revenue savings, Rs. 54.9 billion from domestic borrowings, 57.3 billion from foreign grants and Rs. 34.1 billion from foreign loan.

1. Revenue

The target was to raise Rs. 291.3 billion of revenue at the FY 2001/02 constant prices during the Tenth Plan period for the normal growth rate. In the Plan period, the growth rate of revenue was 11.3 percent on an average at constant prices. Of the total revenue, tax revenue accounted for 78.2 percent and non-tax revenue 21.9 percent.

The proportion of tax revenue in the revenue collection was 78 percent in the FY 2001/02. The figure gradually increased to 81.3 percent in the FY 2006/07. The non-tax revenue share was 22 percent in 2002/03 which was gradually decrease 18.7 percent in 2006/07. The main reason behind the increase in tax revenue is the increase in the proportion of VAT and excise duties (Annex 2, Table 2.15).

2. Deficit financing

The Plan had the target to limit deficit financing to the extent of 21.1 percent. The deficit finance in the base year of the Plan, FY 2001/02, was 15.24 percent. For that year, the share of deficit financing was 3.3 percent of GDP. It decreased to 2.4 percent in the first year, 1.5 percent in the second and third year, and increase to 2.6 percent in the fourth year. And in the fifth year, this proportion had reached 2.1 percent (Annex 2, Table 2.18).

3. Foreign aid

It was estimated that in the Tenth Plan, total Rs. 119.7 billion foreign grant would be mobilized of which Rs. 51.5 billion would be foreign grant and Rs. 68.2 billion would be foreign loan. During the Plan period, Rs. 91.3 billion total foreign aid at the constant prices of 2001/02 was mobilized. Of this, foreign grant was Rs. 57.3 billion and foreign loan Rs. 34.1 billion. The total foreign aid during the Plan period turned out to be 76.3 percent of the amount envisaged under the normal economic growth rate. The difficulty in fulfilling covenants of foreign aid

and projects not being completed on time due to conflicts, are the major reasons for this low level of foreign aid.

During the Tenth Plan period, it was estimated that 67.1 percent would be contributed from foreign aid for the normal target. It was 54.7 percent in the first year, 61.1 percent in the second year, 64.4 percent in the third year, 55.1 percent in the fourth year and 48.9 percent in the fifth year, working out to 56.8 percent on an average for the entire Plan period. The share of foreign grant in the total development expenditure was 21.2 percent in 2001/02. This gradually increased to 29.7 percent in the final year 2006/07. Similarly, the share of foreign loan in development expenditure was 24.5 percent in 2001/02. It gradually decreased to 19.2 percent in the year 2006/07. The share of foreign loan seems to have decreased specially due to hurdles in the implementation of projects financed by foreign loans and the inability of the government to fulfill the covenants of the loan agreement (Annex 2, Table 2.20).

2.2.4 Monetary Situation

During the Plan period, the targeted annual average growth rate of narrow money supply was 11.5 percent and that of broad money supply was 14.5 percent. Inflation rate was targeted to be limited within 5 percent. The actual average annual growth ratio of narrow money supply and broad money supply growth were 10.4 percent and 12.0 percent, respectively, during the Plan period. The inflation rate was 5.5 percent on an average. The growth rate of money supply has been less than the targeted figure. The major reason for this being the adoption of tight monetary policy.

Even in the context of government not being able to increase development expenditure, there was some increase in overall investment due to liberal monetary policy which encouraged the banking sector to expand its credit to the private sector.

a. Domestic credit

In the Tenth Plan, the average annual increment rate of the domestic credit was estimated to be 16.2 percent. The actual increase in the Plan period was only 11.7 percent on an average. Of the total domestic credit, the growth rate of claims to the government was estimated to be 6.3 percent on an average which stood at 5.7 percent in the Plan period. Similarly, it was estimated that claims to the private sector would increase by 5.7 percent but it only increased by 16.8 percent. Especially due to internal conflict, the reduction in the private sector loans has occurred. The claims to the government corporations have decreased by 9.6 percent during the Plan period.

b. Net foreign assets

During the Tenth Plan period, the annual growth rate of net foreign assets remained low at 8.3 percent. The reason behind reduction in the growth rate of net foreign assets is the reduction in exports and foreign capital inflows.

c. Time deposits

In the base year of the Tenth Plan 2001/02, time deposit was Rs. 146.8 billion. It reached to Rs. 268.6 billion in the year 2006/07. The growth rate in the time deposits has remained at 12.8 percent in the Plan period.

d. Net unclassified liabilities

In the base year of the Tenth Plan 2001/02 net an unclassified liabilities were Rs. 71.8 billion. It increased annually on an average by 6.3 percent and reached Rs. 97.2 billion in the year 2006/07. In particular, the net unclassified liabilities have increased with high rate due to the increase in paid up capital profits of the banks.

2.2.5 Price Situation

Inflation was envisaged to be limited to 5 percent during the Plan period. During the review period, in the first year, it was 4.8 percent, 4 percent in the second year, and 4.5 percent in the third year. It was 8 percent in fourth year and 6.3 percent in the fifth year. These work out to 5.5 percent on an average. Thus, when looked at from the classification of consumable goods, food and beverages will account for 5.3 percent, and non-food items and services for 5.7 percent of the inflation rate, on an average. The items with the maximum price rise under the non-food items and services are fuels, lighting and water 12.3 percent, transport and communications 9.4 percent and housing services 8.3 percent.

During the Plan period, the reason behind the inflation rate to be higher than the target is the price rise in petroleum products. Price rise is also due to non-competitive behaviors like the artificial shortage of essential goods, cartelling, hoarding and syndicates, etc. There was been pressure on prices also due to strikes which restrict regular supplies. As the agriculture sector is still dependent on the monsoon, there has been a tendency of increase in the prices of the agricultural products during the time of decrease in the agricultural production caused by drought or excess rainfall.

2.2.6 Foreign Trade Situation

For the normal growth rate in the Tenth Plan, the target for the average growth in exports was 3.1 percent and 2.6 percent in imports. During the Tenth Plan period, the export of goods at current prices has increased by an annual average of 5.3 percent. At the FY 2001/02, constant prices, it has reduced by 0.2 percent. In this way, export was much less than the target. In particular, after Nepal joined WTO as a member, with the ending of the quota reservation, the export of readymade garments declined. At current prices, in the first year of the Plan, export has increased by 6.4 percent in the first year, and by 8 percent in the second year. It was 8.9 percent in the third year, 2.6 percent in the fourth year and 0.9 percent in the fifth year. But, export to India, has reduced by 5.5 percent in the first year. Nevertheless, it increased by 16.5 percent and 26.5 percent respectively in the second and the third year. In the fourth and the fifth year, the increase was 4.0 and 22.9 percent. Although exports to third countries increased by 23.8 percent in the first year. It decreased by 1.6 percent in the

second year, by 14.5 percent in the third year, by 1.4 percent in the fourth year and by 1.3 percent in the fifth year.

The average annual growth rate of imports was 12.3 percent at current prices and 6.4 percent at constant prices of the FY 2001/02. The import growth rate exceeded the targeted growth rate of the Plan. The growth rate of import from India was very high. In the first year of the Plan, the import from India increased by 25.3 percent at current prices, by 11.0 percent in the second year, 12.6 percent in the third year, by 20.8 percent in the fourth year and by 9.9 percent in the fifth year. The growth rates of imports from the other third countries, were 5.2 percent in the first year, 7.7 percent in the second year, 5.7 in the third year, 9.6 percent in the fourth year and 11 percent in the fifth year. Thus, the overall trade deficit increased at the annual average rate of 16.7 percent.

In the base year, FY 2001/02, the proportion of trade to India in the total trade was 54.8 and 45.2 percent to other third countries. But the proportion of trade to India gradually increases to 63.2 percent in FY 2006/07 (Annex 2, Table 2.26 and 2.27).

2.2.7 Balance of Payments

In the base year, FY 2001/02, of the Tenth Plan, the current account savings was Rs. 18.2 billion, which was increased by 14.0 percent on an average and reached Rs. 35 billion in 2006/07. The balance of payments savings in the base year was Rs. 3.3 billion but it turned to a deficit in the first year by Rs. 4.4 billion and Rs. 16 billion in the second. However, there was savings of Rs. 5.74 billion, Rs. 25.7 billion and Rs. 5.9 billion, respectively in the third, fourth and fifth year. In the Plan period, there was a negative growth rate in service income (net). This situation arose due to a notable increase in service payments. This further led to the increase in the negative balance between the trade and service sector, by 21.1 percent. The transfer income (net), has increased at an annual rate of 13.6 percent during the Plan period. Under the transfer income, remittance of the private sector has increased by 16.1 percent. As regards to the capital accounts, there had been a decline in the foreign direct investment in flow. Foreign loans had declined at an annual rate of 3.4 percent on an average. The principal repayment has increased on an average by 5.7 percent (Annex 2, Table 2.32).

2.2.8 Foreign Exchange Reserve

The Tenth Plan had targeted to limit the current account deficits within 3 percent of GDP and to maintain the foreign exchange reserve for the import of goods and services at least for six months. At the end of the base year of the Plan, 2002 July, the foreign exchange reserve was sufficient to import goods and services for 10.5 months. This changed to 9 months for the first year, 9.7 months for the second year, and 8.8 months for the third year. The figures for the fourth and fifth year reached 9.6 months and 8.5 months, respectively (Annex 2, Table 2.33).

2.3 Social Justice and Inclusion

2.3.1 Human Rights

At the national level, institutions like National Human Rights Commission, National Women Commission, National *Dalit* Commission and National Foundation for Development of Indigenous Nationalities, have been established for the protection, promotion and monitoring of human rights. National Action Plan related with human rights is under implementation, after being prepared. Modifications and revisions have been made in many discriminatory policies and acts.

Even then, some years preceding the historic movement of the people, human rights was in a deplorable stage. Although many organizations in the non-governmental sector have been active in watching the status of human rights, in conducting awareness programs, providing legal consultations and assistance, investigations and dissemination of information on the violation of human rights there is a lack of coordination among them.

2.3.2 Women Empowerment and Gender Equality

Gender development index and gender empowerment index of Nepal are 0.391 and 0.452, respectively. The labor force participation rate among women is 48.9 and among men is 67.6. Most of the women are engaged in informal, subsistence, domestic wage earning and care taking jobs. In the economic activities outside home, contribution of women is 36.3 hours per week and that of men is 42.6 hours per week. At home, the respective contributions are 42.5 hours per week and 46.5 hours per week. In the non-economic activities at home, their labor participation is 25.1 hours and 9.7 hours respectively. The involvement of women and men in the overall economic and non-economic activities are 103.9 and 98.8 hours, respectively. The contribution of women has been important not only in the normal period but also during the period of conflict. In the conflict affected areas, as the majority of men were engaged in the armed struggle, the women did all the activities including care taking and economic activities. Women were engaged in agricultural and other economic activities, and in managing these. In addition, women also participated in the armed conflicts.

The share of women in the income is 30 percent and in administrative services only 12.7 percent. The re-instated parliament has passed the resolution to ensure 33 percent participation of women in all the state mechanism. Beijing Action Plan, Convention of the Elimination of All Forms of Discrimination Against Women related National Action Plan and controlling girls trafficking, has been prepared. Discriminatory laws against women have been amended. Gender focal points in sectoral ministries and the National Women Commission have been formed. Support has been provided in skill development of single women for their social and economic empowerment. Mechanisms relating to gender budgeting have been formed in the Ministry of Finance. Making the involvement of women in the formulation and implementation of local development programs compulsory, has been institutionalized. The awareness among women has

increased through the active engagement of NGOs and civil societies for the protection of the rights of women. However, it has been felt that there has not been an adequate level of improvement in the legal provisions, development programs and budgets for gender equality.

2.3.3 Inclusion

In Nepal, poverty pressure is high among the *Dalits* and *Janajatis*. 46 percent of the *Dalits*, 44 percent of the hill *Janajatis* (Magar, Tamang, Gurung, Rai, Limbu) and 41 percent of the Muslim community are seen to be below the poverty line. In comparison with the national average of 31 percent, the figures are formidably high. This shows that these communities have limited access to productive resources and development investments, as well as outcomes.

There have been improvements in legal, policy level, institutional and program implementation in women empowerment, gender equality and gender mainstreaming. There has been an encouraging progress in savings and credit programs for the economic and social empowerment of women. Gender perspective could not be reflected in the overall economic environment, development process, and the budget and policy formation.

In the area of people with disability, National Policy and Action Plan for Persons with Disability 2007, has been prepared. There has been an increase in the free health services along with the waiving of custom duties on the equipments to be used by them. However, disable friendly feelings have not yet been incorporated in the economic and social development processes.

Various policy and institutional efforts have been made for ending untouchability and caste discrimination, and for the empowerment of the *Dalits* and *Adibasi Janajatis*. The participation of *Dalits*, *Janajatis* and *Madhesis* are extremely low in civil services. Concrete works have not been done in the protection and promotion of the culture and languages of the *Adibasi Janajatis*. Although, the inclusive political environment began to form, the management of the methods and process for including them in different programs of the State has remained as a critical challenge in mainstreaming the communities and castes of the Terai region, who are deprived from facilities. There have been limited benefits to the residents of backward and remote hill regions including the Karnali, from the development programs. There has not been any significant improvement in the participation of *Dalits* and *Adibasi Janajatis* in the policy formulation, institutions and processes.

2.4 Economic Development

2.4.1 Agriculture

As a result of past development efforts there has been a gradual transformation of the agricultural sector from subsistence to commercial agriculture. The production and consumption of cash crops have increased. Coordinated mobilization of research, dissemination, markets, business promotion, food technology and quality control, supply of inputs and rural infrastructure construction and promotion works have started. In the provision of

services, with the decrease in the role of the government, the presence of the cooperative, private and community organizations have appeared effectively. The production of consumable goods has been increasing as expected. In the policy sector, the National Agricultural Policy, 2005 and the National Agricultural Vocation Policy, 2007, have been enforced for the development of agriculture.

The target was to increase the production of consumables (including potatoes and pulses) from 264 kg in the initial year to 286 kg per capita in the final year. Against this target, the progress was 280 kg. Against the target of increasing the sugar production to 9.03 from 8.7 kg, the progress was 9.44 kg. Against the target of increasing the production of vegetables (including the off season) from 66.74 to 79.15, the production was 80 kg. Similarly the plan had the target of increasing the production fruits from 16.1 to 17.89, the production was 21.63 kg. Fish production was targeted to increase to 1.87 kg from 1.5 kg and the achievement was 1.87 kg.

Meat production was targeted to increase from 8.5 kg to 9.94 while the actual production was 8.6 kg. Milk production was targeted to increase from 47.05 liters to 50.85 liters, but 51 liters of milk was produced. This shows that the progress has been as expected. In addition, technology for the diversification of *Chiraito*, *Allo*, *Keshar* and herbal production, have been developed. In addition to this, high value agricultural production and high quality farming technology has been developed. In a similar way, attempts to diversify and modernize the agriculture sector, have been initiated.

The food problems in the remote hill areas are critical due to difficulties in transportation and the competitive nature of the markets. The major problems are seen as follows:

- Inability to utilize the investment and physical facilities in an effective manner.
- Reduction in crop intensity.
- Inadequate supply of chemical fertilizers, improved seeds, irrigation, loans and other basic agricultural inputs, and their limited use.
- Weak market mechanisms, risks in production.
- Mechanisms for agricultural extension not being effective.
- Agricultural research not conducted in the desired areas.

The problem of food grains availability and nutritious food has persisted in remote areas. Food security has deteriorated due to reduction in the access of means and resources, inequality within households, shortfalls in emergency assistance, consumption of easily available but unhealthy food.

2.4.2 Land Reform

The preparation of digital data base has been started. Re-surveying and the adoption of digital plot survey technology along with mapping of the remaining Village Development Committees (VDCs), Village blocks, and municipal areas have been started. In six land registration offices, Geographical Information System (GIS) has been established and the work to manage ammonia printing of maps in 74 districts, with printing at the central level, has been completed. The major challenges have been:

- Limited access to land of the landless and groups lagging behind from the economic perspective.
- The practice of dual ownership is existing even now.
- Scattering of lots due to fragmentation of agricultural land.
- Land use plans not being implemented.
- Settlements for the landless and freed *Kamaiyas* not managed.

2.4.3 Forestry

The forest coverage is 39.6 percent in Nepal. At the beginning of the Tenth Plan, there were 12,000 community forest users' groups managing the forest areas. At the end of the Plan, there have been 14,500 users groups formed to manage nearly 1.24 million hectares (25%) of land. In addition to the community forest, more than 950 leasehold forestry users committees have been formed to manage 3,700 hectares of forest land, in order to provide opportunities for those below the poverty line. This has resulted in improvements in the quality of the forest and the protection of forests, environment and bio-diversity leading to increased supply of forest products and sustainable management along with community development works for the population dependent on forests. Gender balance, empowerment of the communities and institutional development works are increasing due to community forest users' groups.

In the context of sustainable protection of bio-diversity in Nepal, protection areas cover 19 percent of the total land. In order to fulfill the obligation under the International Convention on Bio-diversity, Nepal Bio-diversity Strategy 2003 and Nepal Bio-diversity Action Plan 2007 have been enforced. It has become necessary to intensify diplomatic efforts effectively to cash the opportunity to receive international resources using provisions like carbon trade, climate change mitigation and payment against environmental services. The existing problems are as follows:

- Reduction in forest area due to encroachment.
- River cutting and landslides, making soil protection works costly and ineffective.
- Lack of awareness on bio-diversity.
- Lack of knowledge about invaluable NTFP, lack of information on farming technology.
- The initiative of the private sector not being as expected.

2.4.4 Tourism

Tourism development gained momentum after the political change of 1990. There was a notable increase in hotels, travel agencies, airlines as a result of the liberal policies adopted by the government. From 1991 onwards, there was a notable increase in the number of tourists and the duration of their stay. The growing trend of tourism in the country was reversed after the outbreak of conflicts in the country. The Tenth Plan had the target of achieving 516 thousand tourist arrival with an annual growth rate of 7 percent. It also had the target of increasing the foreign exchange earnings annually by 8 percent. In 2006/07 the number of tourists arrival was 375 thousand and U.S. dollar 148.4 million was

earned. This is about 7.1 percent of the total foreign currency earnings of the country. The average duration of stay was 9.1 days. The contribution of this sector to the total GDP has reached 1.2 percent in 2006/07. However, in absence of necessary rural infrastructure, reliable and adequate internal and external air connections, the hotel and tourism business has not been able to witness the desired improvements, and the sector had been badly affected by the internal conflict.

2.4.5 Industry

Against the set target of increasing the contribution of this sector to 9.32 percent of the GDP, it was only 8.4 percent during the review period. Likewise, the Plan had set the target of 7.8 percent growth rate in the industry sector, the actual growth rate turned out to be only 1.95 percent. The process of industrialization was adversely affected during the first four years of the Tenth Plan due to the deterioration in peace and security situation in the country. The industry sector has faced problems like, lack of physical infrastructure, low utilization of the capacity, lack of proper business environment, weak basic infrastructure, problems in technology transfer and other causes leading to a decline in the production, lack of competitive capacity and a small domestic market.

2.4.6 Commerce

Some efforts have been made on developing proper policy and legal bases for development of trade and commerce in the country. Competition Act, Insolvency Act, Company Act, Cyber Act etc., have been enacted in order to develop a healthy and competitive market and to establish good corporate governance. The construction of dry ports at Birgunj, Bhairahawa and Biratnagar have been completed during this period in order to expedite the transport of commercial goods and to reduce the cost of foreign trade through simplification in the procedures. New opportunities and challenges have cropped up as a result of Nepal joining the WTO and regional arrangements. In the Tenth Plan period, according to an estimate, merchandise export increased only by 0.5 percent and import by 8.7 percent. As a consequence, the target set by the Tenth Plan to limit the trade deficit to 12.2 percent of the GDP was not met, and it rose to 15.1 percent.

2.4.7 Supply

For a long period the government has been involved in supplying food grains, salt, chemical fertilizers, and construction materials at subsidized rates to the remote and backward areas, and has been running the Food for Work Programs. The government has been giving transport subsidy for food grains in 30 districts and supplying iodized salt to 22 districts. In accordance with the open and liberal economic system, there is no control in the prices, with the exception of some essential consumer goods like petroleum products, salt and food grains. About 60,000 kiloliters of petroleum products are being supplied against the

demand of 76,000 kiloliters every month. As regards to food grains, against the demand of 173 thousand quintals, the supply has remained at 73,000 quintals.

2.4.8 Labor Management and Employment Promotion

According to NLSS 2003/04, the total unemployment rate is estimated at 3.8 percent. For the domestic labor management, the New Labor and Employment Policy 2006, has been promulgated. Nearly 800,000 youth have gone to different foreign countries for work, due to inadequate job creation in the domestic labor market. A notable number of people have been estimated to go abroad for work without fulfilling the procedural requirements of the government. At the same time, the migrants including seasonal ones have increased in the recent years in comparison to the numbers going to third countries. There is a strong need for making the labor administration secure and respectable, and provisions are to be made for productive employment to female and male workers in the labor sector inside the country and abroad. Despite the increasing attraction towards foreign employment, the challenge to make it secure and well managed is prevalent. Skilled and competent human resources could not be produced to meet the demand of the foreign labor market.

2.5 Social Development

2.5.1 Education

Both boys and girls student participation seems to have increased at all levels of education, including primary schools. The net enrollment rate at the primary schools has reached 87.4 percent. Of the total children of school going age, the percentage of girl students is 48, *Janajatis* about 38, *Dalits* 18 and people with disability 1. The total number of public and private schools has reached 28,026. At the primary level, female teachers account for 30.6 percent, with *Dalits* 2.5 percent and *Janajatis* 17.8 percent. According to the Nepal Demographic and Health Survey, the literacy rate among those aged more than six is 63 (female 51% and male 77%) and among those aged 15 plus, is 52 percent (female 38% and male 69%) in 2006. Against the target of reaching the literacy gender equality index to 0.8, it reached only 0.61.

About 13 percent of the children are still deprived from primary education. Equal access has not been ensured for children by gender, group or region in schools and also for higher education. Class repetition rate and drop out rate is high and the passing out rate has not been satisfactory. In all the levels of education, although the access of children has been increasing, the enrollment rate of the poor, *Dalits*, especially those from the *Madheshi* and *Adibasi Janjati* communities, has remained low.

The number of universities now running in the country has reached five. Under these five universities, a total of 253,040 students are studying in 564 campuses. 230,617 students under 408 campuses under Tribhuvan University; 2,834 students in 24 campuses under Sanskrit University; 8,812 students in 89 campuses under Purbanchal University; 5,615 students in 26 campuses under

Pokhara University; and 5,612 students under 17 campuses under Kathmandu University.

2.5.2 Health

Nepal has accepted the universal recognition of "Health: people's basic right" and thus established the responsibility of the State on people's health for the first time, by owning this concept in the Interim Constitution, 2007. The access of the people to health services has been increasing due to policy, legal and institutional reforms in the health sector. Regional, zonal and district hospitals and health institutes in each and every VDC are in operation. As an outcome to this, maternity mortality rate has fallen down to 2,810 per million and child mortality rate to 61 per thousand. Similarly infant mortality rate is 48 per thousand and newly born infant mortality rate is 34 per thousand, according to the Nepal Demographic and Heath Survey 2006. The average life expectancy of the Nepalese people has reached 62 years and it is more for females than for males. The National Health Policy and other sub sector policies are under implementation for making reforms in the health sector. Alternate health services are being extended including Ayurvedic health services. The percentage of stunting children according to their age has declined to 49 in 2007 from 57 in 2001. The under weight children according to their height has increased to 13, from 11 percent. Underweight with respect to age has declined from 43 to 39 percent. However, necessary and quality health services could not be provided in an easy manner to the people due to the weak physical condition of the health institutes and lack of heath workers, medicines and equipments.

2.5.3 Population

The population growth rate of the country is still high (2.25%). In 1981, the fertility rate was 6.3, which has reduced to 3.1 at present. The crude birth rate has reached 28.4. And the use of family planning means is at the rate of 48 percent. Although the gross fertility rate in the urban areas has been declining, the population growth rate in rural areas is still very high. The number of dependants (children and the old), in the structure of Nepal's population, is at an equal proportion. Due to the out-migration of males, the ratio of men to women has become 100 to 89. Expected achievements have not been accrued in fertility health. There is duplication in the programs related with population and the coordination among the sectoral agencies is inadequate.

2.5.4 Drinking Water and Sanitation

There has been a wide increase in the involvement and participation of the users' groups in the construction, operation and maintenance of water systems. According to the Nepal Demographic and Health Survey, 2006, nearly 90 percent households in urban areas and nearly 80 percent rural households have access to drinking water. In the same way, in case of sanitation, about 37 percent in urban areas and about 20 percent in rural areas (households) have been using improved latrines. From the administrative records, about 77 percent of the people have access to drinking water and about 46 percent people use

proper latrines. In the field of drinking water and sanitation, legitimization and coordination are deficient in the works of different agencies. In many places, necessary services have not been provided. In addition, adequate attention has not been paid to improve the quality of the available drinking water, and proper repair and maintenance of the constructed water supply system could not have been done.

2.5.5 Children

The proportion of children below 16 years has remained 40.93 percent of the total population. About 87.4 percent of the children of school going age have been enrolled in schools. During the period of internal conflict, 230 children have died and 107 were disabled. For the welfare of children, there have been amendments in the *Mulki Ain* and a new law against sexual and labor exploitation has been formed. Master Plan 2005 - 2015 relating to Child Labor (to prohibit and regulate) Act 2000 is enforced. Voluntary provision of Child's Rights Agreement Convention and the SAARC Convention has been endorsed. Various programs are being carried out in accordance with the Ten Year National Action Plan for children. Minimum norms have been fixed for the operation of children homes. Although there have been reforms in health, education and children participation, improvements to the expected level as regards to the access of children and security condition especially for children of the *Dalits*, *Adibasi Janajatis*, *Madhesis*, rural and those in abject poverty families, are lacking.

2.5.6 Disability

The percentage of people in the total population, with diverse types of disabilities is estimated to be 1 to 8. Disability Service National Coordination Committee has been formed with the adoption of the National Policy and Action Plan, 2007, in this sector. Trainings like special education classes and disabled rehabilitation skills orientation are being run. Monthly social security allowance has been provided. According to a quota system, scholarship for students with disabilities is being provided. Efforts are underway to make the government buildings and physical infrastructure disabled-friendly. However, adequate programs have not been launched for their empowerment and rehabilitation. There have not been any notable reforms in their condition, due to the limited scope and lack of effectiveness in the conducted programs.

2.5.7 Youths

The number of youths in the total population of Nepal is notable. Attempts are being made to bring this large proportion of the population to the mainstream of development. In the period of the historic People's Movement, youths were seen in the front, for the political, economic and social transformation of the country. Effective strategies and programs are thus seen to be necessary to incorporate the energy of the youth in the development of the country.

2.5.8 Senior Citizens

The proportion of the people above the age of 60 represents 6.5 percent of the total population. In the past, some welfare and protective works for senior citizens have been initiated. Accordingly, health treatment programs are being run in 47 districts. Grants have been provided to old age homes and daytime services are being provided. A High Level Senior Citizen Coordination Committee has been formed, related to senior citizens. Old people left out and the helpless are being placed in old age houses. Model old age houses are being established in all the five development regions. A Senior Citizen Welfare Fund has been established. According to the Senior Citizen Policy and Strategies, 2004, works are being carried out in a planned manner.

2.5.9 NGOs

There has been a notable extension in the role and investment of NGOs in the social and economic life of the nation. At present, 19,994 NGOs out of the 22,685 registered ones are active. More than 50 percent of them are engaged in community and rural development. Although efforts have been made to bring them all under a one door system policy for implementation, and to make the social sector respectable, managed and responsible, it has not been possible to direct them, in a desirable extent, to national priority areas through the medium of easement, coordination and monitoring and evaluation of the investment and activities of the sector.

2.6 Infrastructure Development

2.6.1 Roads

Special emphasis has been laid on road construction for many years considering transport as the founding pillar of overall development. As a result, by the end of 2006/07, a total of 17,782 kms of road has been constructed, out of which 5,360 kms is black topped, 4,854 kms is graveled and 7,626 kms is road. This does not include the local level roads. Until now 1,197 motorable bridges have been constructed. Despite the existence of the policy to connect all the district headquarters by road transport, only 64 of them have road access. Kalikot and Jumla of the Karnali Zone were connected by road in the FY 2006/07. Although the concept of Build, Operate, Own and Transfer (BOOT) has been pushed forward with a view to enhance the involvement of the private sector in the building of physical infrastructure including roads, the private investments have not increased to the expected extent. The expected outcomes could not have been received due to the inability to repair and maintain roads in a proper way.

2.6.2 Electricity

A total of 560 MW of electricity has been produced all over the country in 2006/07. Only 2100 VDCs have access to hydro-electricity. The total length of the 33 KV to 132 KV capacity transmission lines have reached 3332.9 kms. The major problems and challenges are as follows:

- Inability to supply according to demand due to projects not implemented according to the increasing demand for electricity.
- Inability to control the electricity leakage to an expected extent.
- The situation of load shedding.

According to the policy to develop hydro-electricity in the form of industry with the enhancement of the participation of the private sector, some of the projects have been completed by the private sector. However, several projects despite getting the license to operate have not been operational.

2.6.3 Irrigation

Only 66 percent of the agricultural land has irrigation facilities at present. Although there is a policy to raise the agricultural productivity and production by extending the surface and underground irrigation facilities, expected progress has not been achieved in this sector. In the Terai area, there has been a decline in the extension of irrigation facilities after the reduction of direct grant to shallow tube wells. Problems have appeared in the proper repair and maintenance of the completed projects.

2.6.4 Information and Communication

As regards to the postal service, there has been notable extension in the domestic and foreign postal express services and the international money order service. In the same way, the work to safely transfer magazines and paper in CD ROMs, has started. Nepal Television has begun its transmission by establishing a satellite centre. The access of Radio Nepal has reached 72 percent of the people in a clearly audible level. Also with the involvement of the private sector, the density telephone (including mobiles) has reached 65 per 100. The number of telephone buyers has reached 1.23 million people, 2,908 VDCs have telephone services and 8 districts have e-mail/internet services. As regards to paper, there are 340 dailies, 1,661 weekly, and 2,613 others, totaling to 4,614 numbers registered. In case of television, 16 private televisions have received the license for operation but only 7 are seen in operation. 492 cable TVs have received the license. In case of radio, 72 are operating with license although 213 have taken the license for F. M. However, the expected targets are difficult to be met due to problems like the lack of timely and quality technology, difficult geographical conditions, and internal conflicts, lack of coordination, inadequate means and resources.

2.6.5 Housing and Urban Development

In Nepal, the population living in urban areas is about 15 percent at present. Its annual growth rate is more than 3.5 percent. One third of the total urban population is in small municipalities having less than 50,000 population. Two thirds are in the 16 major municipalities. The activity of the private sector is increasing for the organized settlement development at present. On one hand, it has not been possible to provide services and facilities in a convenient way to the urban residents, and on the other, there has not been adequate work to manage the scattered rural settlement and to strengthen rural urban inter linkages. During

the plan period, nearly 1,200 persons were provided with housing loan at subsidized rates. The environment in the squatter settlements has been improved, also with the participation of the Rural Housing Company.

2.6.6 Environment, Science and Technology

With the purpose of integrating environmental management with development works, EIA has been internalized as directed by the Environment Act. The work to produce human resources has been accomplished with the environmental education curriculum running from the primary to the university level. Environmental standards are under implementation for the mitigation and management of vehicle emission and industrial wastes. Advantages are being received through carbon trading according to CDM, under the Kyoto Protocol. Rural information centers have been established in different places of the country. Science and technology policy has been revised. There have been legal and institutional provisions including Bio-technology Policy, Rural Energy Policy, Electronic Transaction Act, and Regulations. DNA testing has been done for the first time in Nepal. In case of alternative energy, nearly 170,000 biogas plants have been established, 5 MW of hydropower has been installed, 81,000 solar home systems have been installed and 213,000 improved stoves have been installed. In the same way, renewable energy grant policy and procedures have been enforced and 5.1 percent of the population has received electricity services.

In the environment sector, environmental aspects have not received priority due to the lack of inter-agency coordination in implementation. It is necessary to use appropriate technology development, research and use it according to the need of the country in the field of science and technology.

2.7 Peace, Reconstruction/Rehabilitation and Reintegration

The nation had to bear a great loss in physical infrastructure along with human loss due to a decade long internal conflict, and in the process nearly 11,300 people lost their lives. In the same way according to the latest statistics, there has been physical loss equivalent to Rs. 5 billion. The most damaged elements due to the conflicts were police posts, VDC buildings, office buildings of local level service units and communication transmissions and telephone infrastructures.

The residents of the conflict-affected areas have been displaced to a notable scale. Those people were forced to leave their permanent settlement, and are living a hard life by taking resort to different areas. As they have been living in headquarters and other urban areas, the service providing centers of those places are facing maximum pressure. A separate ministry, called Peace and Reconstruction Ministry, has been established for the overall management of human caring and rehabilitation of the conflict affected. Commitments have been made from the friendly nations in social inclusion works.

2.8 Local Development, Good Governance and Decentralization

2.8.1 Local Development

In the Tenth Plan, local development programs were conducted with the aim of increasing the access of women, backward groups, *Dalits*, *Adibasi Janajati*, etc., through local bodies and civil societies to programs geared to develop social, economic, institutional and physical infrastructure, by mobilizing local resources, means and capacity for meeting the basic needs of the people. In 52 districts DDP had been prepared and implemented, whereas in 74 districts DTMP has been prepared. In case of local roads, 3,560 kms. of track road has been opened, 314 kms. have been upgraded, 1,446 kms. of road has been graveled, and 14 kms. has been black topped. In addition, 1,381 kms. of road has been repaired and maintained. In the same way, the construction of 1,263 suspension bridges has been completed in different parts of the country. In the northern part of the country, in particular the mountain, hill areas and remote districts, 22 rural electrification, 17 drinking water schemes, 67 km mule track and 76 suspension bridges have been constructed. For the institutional development of *Adibasi Janajatis*, documentation and dictionary compilation of endangered languages and institutional capacity enhancement have been initiated, and scholarships have been provided to the total of 2,374 students in schools and higher education institutions, in order to increase their access to education. In the area of upliftment of the neglected, depressed and the *Dalit* community, during this period, radio programs, higher education scholarship to 469 students, and 43 prizes for intelligent students, have been provided. Moreover, various skill-oriented programs of income generation and Public Service Commission (PSC) examination preparatory classes have been run. Repair and improvement works of 147 *Gumbas* have been done.

Village development programs have been extended in 880 VDCs with the extension of Decentralized Local Self Governance Support Program to 66 districts from 60 districts. In 20 districts, under the Decentralized Fiscal Management and Development Program, drinking water and sanitation, rural transport (roads), social services (health posts, school buildings), productive infrastructure (irrigation), environment protection (flood control, afforestation), and human resource development programs have been carried out. In 15 districts, programs related with education, child protection, maternity health, child health, nutrition, primary child development, drinking water and sanitation, awareness against HIV/AIDS, community action programs and programs related to good governance have been completed. In nine remote and deprived mountain districts, various programs with immediate impacts have been accomplished. Targeting the deprived families in 8 districts of the western Terai, social mobilization programs have been run in 80 VDCs. The establishment of community schools with community ownership and their operation in six districts has been carried out. During this period an additional 400,000 of the population had the facility of drinking water and sanitation facilities was made available to 319,000 people. In the final year of the Tenth Plan, the "One family one job program" had been initiated in the Karnali zone.

2.8.2 Good Governance

During the last five decades, the governance in Nepal has undergone different exercises and has made efforts on different components of good governance, in the process of assuming a democratic form. To establish political stability, the voice of the people, accountability and the control of corruption, is necessary. Despite such efforts, political instability has increased and the government is facing difficulties in mustering the full faith of the people. According to the latest indicators of Transparency International, Nepal is placed at the last quarter of all the countries in the World.

After the success of the last historic peoples' movement, promulgation of the legislative assembly, comprehensive peace accord between the Seven Party Alliance and the Nepal Communist Party (Maoist), and the adoption of the minimum common program of the government, the matters relating to the restructuring of the state has assumed the motion and the shape. It is indispensable to have structural and policy reforms for the real participation of the women, *Dalits*, *Adibasi Janajati*, *Madhesis*, Muslim, laborers, peasants, persons with disability, disadvantaged groups and regions.

With some changes in the vision of civil services, which is a founding pillar of governance, there is an understanding on the need for people-oriented and inclusive administration. Relevant aspects of new public management in the global context are being followed.

Local bodies are being strengthened through satisfactory implementation of the Local Self-governance Act. There is more accountability of the local representative organizations. However, due to the absence of elected representatives in these agencies, service delivery at local levels has been affected. The mechanism of decentralization and devolution to the local level by ensuring political, administrative and fiscal authority has not been constructed.

Because of the increasing awareness of the service takers, service providing agencies have become vigilant and service-oriented. In the process of development and service distribution, there has been a reduction in the delay of service delivery with the application of Act, Code of Conduct, Citizen's Charter related with the consumers' welfare through participation, transparency and accountability. As a result of increasing monitoring role of the civil society and media, public issues are more widely discussed and the way they are addressed is improving.

2.8.3 Decentralization

During the Tenth Plan period, the Local Infrastructure Development Policy and the Local Level Partnership Promotion Policy were formulated. With the second revision of the LSGA, 1999, efforts were made to form Local Level Revenue Advisory Committees and widening the tax net, in order to make improvements in revenue administration of local bodies. By making an arrangement to collect taxes imposed by local bodies at the collection centers, the highway and auxiliary highway taxes were removed. NGO mobilization policy was prepared and implemented for making them jointly work with DDCs in a simplified way. In the same way, works like Fiscal Decentralization Road Map

formulation, Local Service Act draft, and studies for responsibility including local bodies' expenditure management, were taken up. In the municipal areas, integrated property tax system and gender badger, revenue projection in DDCs, full devolution strategy formulation in the process of implementation of the LSGA, have been completed and have provided additional strength for making decentralization effective.

With the purpose of furthering the Decentralization Implementation Action Plan from 2001/02 onwards, devolution was tested in three sectors namely, agriculture, extension and livestock service, primary education and basic health services, in order to get these done through local bodies. In the FY 2002/03, the Local Infrastructure Development Policy was approved. According to this, works under seven sectors (rural roads, suspension bridge, small irrigation, community water supply and sanitation, etc.), have been devolved and conducted through local bodies. But, during this period, notable progress could not be achieved in the area of decentralization and devolution due to conflicts in the country and the absence of local representatives.

2.8.4 Implementation, Monitoring and Evaluation

a. Implementation: Programs are being implemented based on priority in line with MTEF. The Public Procurement Act has been enforced to simplify and bring about competence in the process of public procurement. There is a provision whereby the DDC itself is authorized to transfer funds and revise programs at the district level along with the devolution of authority and inputs in local bodies. During the time of conflict also, in order to conduct development activities at the local level, community organizations, users' committees, and NGOs had been mobilized. There has been delay in the implementation of projects and programs due to the following reasons:

- Authorization and annual programs not reaching the field level on time.
- Because of complicated contractual procedures, contract agreements could not be done on time.
- Accountability of the staff members is more process-oriented rather than results-oriented.
- Lack of linkages between work performance and staffs personal performance appraisal.
- Likewise, there were adverse impacts on the implementation of projects and programs due to the following reasons:
- Obstacles in the implementation of the on-going development programs.
- National attention focused more on peace management rather than on development works, etc.

b. Monitoring and evaluation: The past system of limiting reviews to fiscal and physical progress at the project and program level has been improved. Efforts had been made to institutionalize PMAS after its preparation at the central

level. Moreover, the defined indicators of PRSP annual progress have been publicized. In the same way, initiation has been made to institutionalize DPMAS. The system of Citizen Report Card has been outlined and tested, based on the participatory poverty monitoring system. In order to make improvements in the drawbacks in family surveys, surveys have been made systematic. NLSS and population and family health surveys have been accomplished. In the same way, performance based budget release system has been adopted in order to link budget release with performance.

Lack of institutionalization of efforts to strengthen the monitoring and evaluation system, a more process oriented monitoring and evaluation system and lack of desired commitments are the main problems of this sector.

Chapter: 3
Existing Challenges and Opportunities of the Development Process

3.1 Challenges

The following challenges have been identified for the rapid development of Nepal in transition:

- To prove the existence and relevance of the State.
- To orient the State to sustainable peace and progress by integrating the development efforts in the interim period with the restructuring of the state, and to make the common people hopeful for the future by making them feel the changes.
- To provide relief to, and rehabilitate all the people affected by the past conflict, and to reconstruct the damaged infrastructure.
- To ensure the development outcomes by making the community and groups lagging behind in the development process, participate in the development process of the State.
- To establish the relationship of mutual trust between the government, citizens and the private sector.
- To give continuity to policies of national interest through a consensus.
- To promote people's participation in country's governance system to make service delivery effective at the local level, and to develop institutional form of democracy from the people by moving forward the works of decentralization and devolution.
- To make a comprehensive increase in human resource development and employment.
- To prepare a system to reflect the mobilization and use of family savings and non-monetary activities in development plans and investment plans.
- To create a reliable investment climate, in order to achieve a high economic growth rate by boosting up very weak economic activities.
- To increase investment in productive areas and the productivity of capital and labor.

3.2 Opportunities

Although there are challenges as mentioned above, the country has definite opportunities available. There is a condition of advancing the development process of the country by utilizing them.

- New opportunity has been created for achieving economic prosperity and social justice by utilizing the political understanding and consensus established in a historical manner.
- New zeal and awareness have emerged for development.

- Adequate cultural, bio and ecological diversity exist due to the country's topographical structure and the climate.
- Necessary human capital available for the development of the country in the context of increase in the proportion of active human resources in the population structure.
- Investment opportunities have increased for the development of the vast water resources of the country.
- There has been improvement in the image of the country in the international arena, due to the establishment of democracy and the strengthening efforts and commitment to human rights, and also to maintain good governance.
- International interest and concern in helping Nepal has been enhanced.
- Cashing the opportunities created through a high economic growth in India and China, possibility has appeared in the market mechanism and infrastructure extension, as well as bilateral and multi-lateral cooperation.
- The physical and social infrastructures are already in place and efforts and experience has been made for good governance and decentralized governance during the last 50 years, all of which have created a base for future development.
- New opportunities have become available to use a new vision in the reconstruction of damaged structures by reviewing old structures.
- A favorable environment has been created for domestic and foreign investments after the establishment of peace.
- Civil societies and NGOs have become dynamic and strong, and appear to be supportive in the development process.
- The possibility of investing the ever increasing remittance sent by Nepalese people working abroad, and the potentials for engaging Non-Resident Nepalese (NRNs) in the development of the nation.
- A condition for the utilization and promotion of successful technology and process found by different groups such as, individuals, industrialists, the business community and researchers.

Chapter: 4
Vision, Goal and Strategy of the Interim Plan

4.1 Vision

The vision of this Plan is to build a Prosperous, Modern and Just Nepal. With the realization of this envisaged Vision, Nepal will be self-sustaining and free from the absolute poverty level. The gap between the rich and the poor would have been reduced. The relationship and behavior between the people to people, community and State will improve. All Nepalese would have received equal rights according to legal, economic and social opportunities, to enable them to use their potential. There would be a condition whereby, all Nepalese would exercise their rights legally for utilizing their competence. There will be changes in the conditions of the people in the overall context including social, cultural, educational, economic and fiscal, inspired by the modernization mindset. There will be an improvement in behavior and appropriate technology and innovations would be absorbed and used. At the same time, all types of discrimination and inequalities including legal, social, cultural, lingual, religious, caste, gender, physical and geographical, will end. There will be a situation where people experience social justice, basic human rights and good governance. Nepal will be established as a dignified member in the international community.

4.2 Goal

The main goal of this Interim Plan is to lay a foundation for economic and social transformation to build a Prosperous, Modern and Just Nepal.

4.3 Objectives

The main objective of this Plan is to generate an experience of a direct feeling of change in the lives of the general public by supporting in the establishment of peace and reducing the existing unemployment, poverty and inequality in the country.

4.4 Strategies

The strategies of this Pan are as follows:

To give special emphasis on relief, reconstruction and reintegration:

Priority will be accorded to programs targeted by the Plans like reconstruction and rehabilitation of rural infrastructure, investment plan for roads, and master plan for infrastructure, in order to reconstruct, rehabilitate and reintegrate physical, economic and social infrastructures damaged due to conflict, those that could not undergo maintenance, and those that could not be constructed according to their program. Special emphasis will be given to relief operation and social rehabilitation of individuals or groups affected by the conflict.

To achieve employment-oriented, pro-poor and broad-based economic growth:

The government will play the lead role as well as a facilitator, in creating opportunities for employment according to competence and skill of the new entrants to the labor market, while making the education system employment oriented. Policy reforms will be done to provide a working environment suitable for humans, for workers and laborers in both the formal and informal sectors. Institutional arrangement will be made for providing skills and training in order to support, to increase the productivity of labor. In the informal sector, for the enhancement of skills, training and transfer of technology for laborers, matching their absorption capacity will be made. In this process, special emphasis will be given to big projects with the capacity to generate jobs and small participatory projects. Priority will be given to projects providing more employment to women, *Dalits*, *Adibasi Janajatis*, youths and the *Madhesi* communities, immediately.

For economic prosperity, strategies will be adopted to make the role of the private and cooperative sectors effective. For the alleviation of the existing poverty in the country, economic activities will be created and extended in order to raise their income by making them participatory for the poor and the helpless people. To this end, the production and service sectors will be broadened, and the self-employment sector will be included.

Conducive environment will be created to run economic activities in a transparent, legitimized, and safe environment. Strategies to provide role of the private sector and cooperatives, and the concept of PPP will be adopted. The role of agriculture in economic growth will be enhanced. Inter linkages of this sector with the overall economy will be enhanced. Special programs will be run to enable the poor and the helpless to make them use their competence in order to increase their income. NGOs will be mobilized in the implementation of such programs.

To promote good-governance and effective service delivery:

By strengthening the value of the rule of law and the state machinery, and creation of people's participation, transparency, accountability and a corruption-free environment, access of all Nepalese including those excluded in economic and social service delivery, will be increased. For this, the private sector, civil society (including NGOs, and community organizations) will be accepted as partners in development, and necessary laws, policies and programs will be revised, formulated and implemented in addition to an emphasis on decentralization, institutional strengthening and capacity development.

To increase investment in physical infrastructures:

In addition to putting special emphasis on reconstruction and development of social and physical infrastructures, new concepts will also be utilized. In the context of infrastructure, strategy will be adopted for both, the construction of mega projects and medium and small-scale projects, based on identification and participation of the local people. In addition to roads that connect district headquarters and north-south corridors, rapid transit roads and

road networks will be given special emphasis. Similarly, transport mediums like cable cars and ropeways significant from the perspective of tourism will be developed. Small and medium hydroelectric projects currently being constructed will be completed, while initiatives will be taken for mega hydroelectric projects. Information and communication technology will be extensively expanded. In order to get the most out of infrastructures built through large investments, priority will be given to regular maintenance and quality improvement.

To give emphasis on social development:

Additional investments will be made on education, health, drinking water and sanitation and other social development activities, to develop human resources and raise the living standard of the people. In order to make the services from these sectors effective, the responsibility of managing these services will be devolved gradually to the local bodies.

To adopt an inclusive development process and carry out targeted programs:

Clear policies, institutional structures and programs will be implemented focusing on the excluded groups due to prevailing discriminatory practices in society and weaknesses of state structures, such as *Adibasi Janajatis*, *Dalits*, *Madhesi*, women, and people with disability, extremely poor people, and people of the remote geographical areas. While adopting the inclusive development process, participation of excluded groups in development investment and outcomes will be ensured and geographical, economic, social, gender solidarity and re-integration will be emphasized. This approach seeks to make special efforts in ending all forms of discriminations and in promoting multiculturalism and peace. In order to ensure a basis for inclusive development macro-economic, social and political development processes will gradually be engendered.

Special programs for areas falling in the shadow of development programs in the Karnali zone as well as regions along district borders, and international border regions, will be carried out. Programs directly targeting, women, people excluded from facilities, *Dalit* groups, marginalized *Adibasi Janajatis*, *Madhesis*, people with disability, laborers and the poor, will be implemented bringing them into the mainstream of development. Even in the 21st century, many individuals, groups and communities are still living a life that is unacceptable from a humanitarian point of view from the perspectives of food security, health, education, and other social and economic conditions. Therefore, targeted programs will seek to end these conditions. Similarly, the people affected by conflict will be provided relief and they will be rehabilitated, and socially reintegrated.

4.5 Priority Areas

The following will be the priority areas of the Plan:

- Physical infrastructure will be reconstructed and rehabilitated and people affected by conflict will be provided relief and rehabilitation, as well as social integration.

- Investments will be increased to accelerate the pace of development through the inclusion of excluded groups, areas and gender in all mechanisms, spheres and processes of development.
- In order to revitalize the national economy, investments will be increased in physical infrastructures like hydropower, roads, irrigation and communication for supporting agriculture, tourism and industries.
- Investment will be increased in education, health, water supply and sanitation sectors for the development of human resources.

4.6 Quantitative Targets

The quantitative targets are shown in Table A below.

Table A: Quantitative Targets

| S.No. | Indicators | Situation as of FY 2006/07 | Interim Plan Target |
|-------|---|-------------------------------|------------------------|
| 1 | Economic growth rate (%) | 2.5+ | 5.5 |
| | Agriculture | 0.7+ | 3.6 |
| | Non-agriculture | 3.6+ | 6.5 |
| 2 | Population below poverty line (%) | 31 | 24 |
| 3 | Employment growth rate | 3.0 | 3.5 |
| 4 | Human Development Index (HDI) | 0.534 | 0.570 |
| 5 | Gender Development Index (GDI) | 0.520 | 0.556 |
| 6 | Gender Empowerment Measurement (GEM) | 0.351 | 0.450 |
| 7 | Women receiving delivery assistance from health workers (%) | 23.4 | 35 |
| 8 | Contraceptive prevalence rate (%) | 48 | 51 |
| 9 | Total fertility rate (women aged 15-49 years) | 3.1 | 3.0 |
| 10 | Maternal mortality ratio (per 100,000 live births) | 281 | 250 |
| 11 | Infant mortality rate (per 1,000 live births) | 34 | 30 |
| 12 | Child mortality rate (per 1,000 live births) | 48 | 42 |
| 13 | Women's representation in overall state machinery (%) | - | 33 |
| 14 | Population with access to improved drinking water (%) | 77 | 85 |
| 15 | Population with sanitation service (%) | 46 | 60 |
| 16 | Literacy rate (%) - 6+ years | 63 | 76 |
| 17 | Literacy rate (%) - above 15 years | 52 | 60 |
| 18 | Net enrollment rate at the primary level (%) | 87.4 | 96 |
| 19 | District Headquarters with road connectivity (number) | 63 | 75* |
| 20 | Telephone, including mobile (per 100 density) | 6.5 | 25 |
| 21 | Electricity generation (MW) | 560 | 704 |
| 22 | Irrigation (Hectares) | 1,168,144 | 1,263,824 |

+ Situation in FY 2006/07

* Simikot, district headquarters of Humla will be connected from Tibet side

4.7 Major Policies

In order to attain the objectives set by the Plan the following major policies will be adopted:

- To prepare a structural and legal base for the formation of “Federal Nepal”, in a new form.
- By adopting a market economy, in general, the policy of welfare-oriented economic development through government, cooperatives and the private sector, will be followed.

- Maximum utilization and mobilization of the overall physical and human-made assets of the State will be made, by preparing their objective records.
- The macro economic framework will be made socially inclusive through engendering. Moreover, government mechanisms will be gender mainstreamed.
- The process of identification of the people living below the poverty line will be initiated and economic and social policies based on social justice, economic growth and equitable distribution will be formulated, by focusing development efforts for poverty alleviation.
- Respecting the contribution of subsistence households to the national economy, emphasis will be laid on their development.
- Reconstruction and rehabilitation of damaged or demolished physical infrastructures during the conflicts will be carried out.
- Arrangement for the rehabilitation and re-integration of, and immediate relief for the individuals, families and communities affected by the conflict will be made.
- Relief including waiving of interests on credits for small farmers and small cottage entrepreneurs affected by natural disasters and conflicts will be provided.
- Appropriate programs will be conducted in view of the features of diverse geographical conditions of the Terai, Hills and Mountains.
- Adopting the Agriculture Perspective Plan as a principal policy for the development of agriculture, the production and productivity will be increased through the government, cooperatives and the private sector by modernizing the agriculture sector and using appropriate technology. Moreover, agriculture will be made the main basis of development and other sectoral policies will be made agriculture friendly.
- By preparing a base for scientific reforms and managing land reforms, emphasis will be laid on the economic and social upliftment of agricultural workers, freed *Kamaiyas*, and landless squatters.
- To create an environment to make investments in productive sectors by consolidating the savings of the community through cooperatives.
- High priority will be accorded to agriculture, hydroelectricity, tourism, information and communication, science and technology, physical infrastructure and HRD.
- Programs in the modern sectors of the economy including industry, banking and financial business, transport and communication, will be conducted with importance.
- Nepal diplomatic missions abroad will be made to perform works on foreign trade, development cooperation, labor management, and tourism promotion with priority.
- Special priority will be accorded to quantitative and qualitative tourism development. To this end, identification, improvement and

development of geographical diversity and historic, religious and cultural areas will be carried out.

- Cheap, convenient and effective services will be provided, by making improvements in the management of corporations responsible for delivering services to the people.
- Corruption and red tapism will be abolished and transparency and good governance will be enhanced. For this, existing mechanisms will be strengthened with necessary changes.
- Action plan for democratization, formation of a national and inclusive character, determination of appropriate number and structure and training, inculcating human rights values for the Nepal Army implemented and formulated.
- Maoist combatants staying in the camps will gradually be adjusted and rehabilitated.
- The participation of women will be expanded in all the walks of national life and various organs of the State. Necessary actions will be taken for the proportional representation of the *Adibasi Janajatis*, *Madhesis*, *Dalits*, the deprived groups and people with disability, and people of backward areas.
- Education, health and employment will be more forward, as rights-based development programs.
- Special emphasis will be laid on quality, employment-oriented, vocational and technical education, within the access of the common people. Government budget and involvement will be enhanced in literacy campaigns and informal education.
- The policy of community health will be adopted by increasing the investment in rural health, in order to make health for all easy and convenient. In addition, emphasis will be given to drinking water and sanitation.
- Perspective Population Action Plan will be gradually implemented effectively for population management.
- The coordination among sectoral ministries and programs will be made more effective. Completed projects will be made more useful through repair and maintenance. New projects will be formulated, based on regional balance.
- Policy to promote innovations will be adopted for industrial and business infrastructure development, private sector development and trade and export promotion.
- The private sector will be developed by giving emphasis on the enhancement of the competitive culture, entrepreneurial development, and increase in productivity, and so on.
- Assistance will be provided for creating the necessary security, in order to continue to increase domestic and foreign investments in the country.

- Domestic and foreign investments will be promoted for the development of the economic sector of the country. But in certain sectors, domestic investment will be especially encouraged.
- Economic activities will be geared to enhance formal and informal sector employment, national capital formation, promotion of economic equality and economic development contribution will be favored.
- Opportunities will be provided for self employment and employment for youths, particularly those affected by the conflict. In addition, remittances will be directed towards the productive sectors by making foreign employment well managed.
- The rights of the consumers will be protected by removing drawbacks in the public distribution system.
- Local level service delivery and development of construction works will be devolved to the local bodies by clearly demarcating the responsibility between the central and the local levels. Accordingly appropriate management of the fiscal system, local mechanism and human resources, will be done.
- Special targeted policies will be brought out, by preparing the estimates for food security and socio-economic empowerment of the deprived people, *Dalits*, *Adibasi Janajatis*, *Madhesis*, backward classes, people with disability, freed *Kamaiyas* and laborers.
- Supply system will be regularized for making the essential goods and services for the people easily available and affordable. Inflation will be controlled with monitoring.
- Participatory policy will be adopted for sustainable development, management and utilization of forest area.
- Provisions of the United Nations and other international declarations endorsed by Nepal including Human Rights, will be enforced with effectively.
- The concept of proportional development will be promoted by implementing special programs including social security for the development of the groups, communities and regions pushed backwards. Concrete programs will be launched for the development of remote and backward regions, and special programs and mechanisms will be made for the development of the Karnali region.
- All the discriminations related to religion, language, and culture will be abolished completely. Special arrangements will be made for the protection, promotion and development of the languages and cultures of all the castes and *janajatis*.
- The skills and capital of the immigrant Nepalese will be encouraged to invest in Nepal along with the protection and promotion of their welfare by the State.
- NGOs will be taken as drivers and partners of development.
- Development will gradually be engendered.

4.8 Economic Growth Rate and Management of Resources

The country's low economic growth rate, existing unemployment, poverty and increasing income inequality are the main problems. In resolving such problems, it is absolutely essential to have broad-based economic growth in order to have a proportional and balanced utilization of the available natural, physical, human and other assets, decent employment growth, and to reduce income disparities and alleviate poverty. In addition, it has become necessary to:

- Make the operation and expansion of economic activities dynamic by reconstruction and further expansion of physical infrastructure.
- Improve social development qualitatively.
- Make the Nepalese labor sector competitive within and outside the country by maintaining high quality in education and skill development.

Target of Economic Growth Rate

Taking into account the current situation and potential availability of internal and external resources, the annual average economic growth rate for the Interim Plan is projected to be 5.5 percent, which will increase per capita income by 3.3 percent. Of the overall growth, the agriculture sector is estimated to grow by 3.6 percent and non-agriculture sector by 6.5 percent. During this Plan period, the average annual rate of inflation is estimated to be 5.6 percent.

During the Plan period, the agriculture sector will be oriented towards commercialization; cooperatives will be promoted; and emphasis will be put on irrigation, agriculture roads, agriculture loans, research and technology dissemination, rural electrification and development of market mechanism to increase production and productivity. The average annual growth rate of the agriculture sector is projected to be 3.6 percent.

In the industrial sector, policy, procedural, and institutional reforms will be carried out to improve industrial environment. Similarly, there will be development of industrial and commercial infrastructure, expansion of services, expansion and promotion of small and medium-scale industries. By guaranteeing peace in the industrial sector, and creation of an environment for existing industries to make full use of their established capacity, the growth rate in this sector is estimated to be 6.3 percent.

During the Plan period, rural electrification will be given special attention. In addition, some hydroelectric projects will be completed with the participation of the private sector also. Together with energy available from other sources the average annual growth rate of the electricity sector is estimated to be 7.1 percent.

In the construction sector, projects that could not be carried out due to conflict and other reasons in the past will be completed, damaged and destroyed infrastructures will be reconstructed, and new infrastructures will be constructed. The participation of the community and private sector will also gradually increase. This is estimated to raise the growth of this sector to an annual average of 7.3 percent.

As peace has been restored, there is an encouraging environment in the tourism sector and during this Plan period, new areas and services in the tourism sector will be developed and policy and institutional reforms will be carried out to remove structural obstacles to the development of tourism. As a result, this sector's growth is estimated to be 7.1 percent.

As the government is making a high level of investment by giving special priority to this sector, and the investment of the private sector is also expected to increase due to policy reforms, the transport and communications sector is projected to see a growth rate of 6.6 percent.

In the trade sector, the positive impact of economic diplomacy and improvement in the industrial environment is expected to increase the growth by 6.4 percent. After restoration of peace, the investment climate is expected to improve, and this is likely to generate 5.5 percent growth in the finance sector and 6.4 percent growth in the real-estate sector. In the social service sector, the government's priority is likely to generate an increase in investment, generating a projected growth of 6.3 and 6.5 percent in the health and education sectors. Similarly, due to the expansionary policy of the government in other community, social and individual services activities, the growth rate of this sector is projected at 7.0 percent.

Economic Growth Rate and Basis for Allocation of Resources

In order to achieve the targeted growth rates of the Three-Year Interim Plan, the allocation of sectoral investments will be made on the basis of the following:

1. Taking the post-conflict situation into account, priority will be given to allocation of resources for reconstruction, rehabilitation and inclusion.
2. Resources will be provided to priority areas that will support broad-based, inclusive and sustainable development. Public investment will be concentrated more on effective delivery of services and infrastructure development.
3. In agriculture development, special attention will be paid to agricultural roads, agricultural credit, research and dissemination of technology, irrigation, rural electrification and market mechanism development.
4. Backward geographical areas, ethnic groups, nationalities and communities will be included in the development process and outcomes.
5. Concrete contribution to poverty alleviation and economic growth will be made by emphasizing programs that raise the income of the poor and marginalized communities, and empower them.
6. Emphasis will be given to increase the private sector investment in potential areas like electricity, communications, rural electrification and roads, where the government is currently engaged.
7. Investment will be made in some big projects in order to generate people's confidence towards the state and to generate opportunities

for employment. At the local level, multiple projects that are identified and manageable by the communities will be implemented, increasing people's participation, ownership and employment.

**Table 1: Gross Domestic Product during the Interim Plan and Sectoral Value Added
(at 2006/07 constant prices)**

| Sectors | Estimated GDP of 2006/2007 | | Estimated GDP of 2009/10 | | (Rs. in million) | |
|---|-------------------------------|-------------|-----------------------------|--------------|--|---|
| | Production | % | Production | % | Incremental Capital Output Ratio | Interim Plan's average annual growth rate (%) |
| Agriculture, fishery and forestry | 228,677 | 33.1 | 254,273 | 31.28 | 2.8 | 3.6 |
| Non agriculture | 462,882 | 66.9 | 558,528 | 68.72 | 5.4 | 6.5 |
| Industry, mining and quarrying | 55,193 | 8.0 | 66,354 | 8.16 | 4.2 | 6.3 |
| Electricity, gas and water | 13,530 | 2.0 | 16,635 | 2.05 | 18.5 | 7.1 |
| Construction | 44,186 | 6.4 | 54,533 | 6.71 | 1.8 | 7.3 |
| Retail and wholesale trading | 96,284 | 13.9 | 115,974 | 14.27 | 2.8 | 6.4 |
| Hotel and restaurant | 9,802 | 1.4 | 12,052 | 1.48 | 6.5 | 7.1 |
| Transport, storage and communication | 81,341 | 11.8 | 98,529 | 12.12 | 8.5 | 6.6 |
| Financial intermediation | 22,686 | 3.3 | 26,612 | 3.27 | 5.2 | 5.5 |
| Real estate, rent and business activities | 58,546 | 8.5 | 70,451 | 8.67 | 5.6 | 6.4 |
| General administration and defense | 12,500 | 1.8 | 13,966 | 1.72 | 3.8 | 3.8 |
| Education | 39,661 | 5.7 | 47,953 | 5.90 | 3.2 | 6.5 |
| Health and social work | 8,890 | 1.3 | 10,668 | 1.31 | 8.9 | 6.3 |
| Other community, social and individual service activities | 20,263 | 2.9 | 24,800 | 3.05 | 9.3 | 7.0 |
| Total value added | 691,559 | 100.0 | 812,801 | 100.0 | 4.8 | 5.5 |
| GDP (at producer's prices) | 719,476 | | 847,163 | | | 5.6 |

Capital Investment and Incremental Capital Output Ratio (ICOR)

During this Plan period, it is assumed that the implementation of progress will be faster and sound due to the expected peace establishment and improvement in the investment climate. Based on this assumption, ICOR is expected to slightly increase, due to increment in the utilization of the existing capacity in different sectors. In this plan, investment in infrastructure will be increased and the benefits of this will not be immediately accrued. So the ICOR is expected to be 4.8:1 with slight improvement. Based on this ICOR and the projected economic growth rate of 5.5 percent, it is estimated that the total fixed capital investment will be Rs. 587.68 billion at 2006/07 constant prices. Of the total investment the government investment is estimated to account for 30.5 percent.

Of the total government investment, 12.3 percent will be allocated to agriculture, and 87.7 percent to the non-agriculture sector. The major chunk of the non-agricultural sector goes to transport and communication, accounting for 25.8 percent followed by electricity, gas and water (19.4%). Similarly 20.3 percent is allocated to other community sectors, 8.2 percent to education and 7.2

percent will be allocated to the health sector. In areas like electricity, communication, industry, finance, real estate etc., the private sector is attracted. In these sectors private investments will be encouraged and the reduction in the government investment due to additional private investment will be transferred to agriculture, social services and infrastructure development (Table 2).

While deciding on the capital investment and ICOR, labor-intensive technologies will be used wherever possible. The goal is to create additional opportunities for employment in majority of the sectors of national economic activities, and to reduce the additional need for the capita.

Table 2: Sectoral Fixed Capital Investment of the Private and Public Sector in the Interim Plan (at 2006/07 constant prices)

| Sectors | Public Sector | | Private Sector | | Total | | <i>(Rs. in million)</i> |
|---|---------------|--------|----------------|--------|---------|--------|-------------------------|
| | Amount | % | Amount | % | Amount | % | |
| Agriculture, fishery and forestry | 22,043 | 12.31 | 49,626 | 12.14 | 71,669 | 12.20 | |
| Industry, mining and quarrying | 1,650 | 0.92 | 45,226 | 11.07 | 46,876 | 7.98 | |
| Electricity, gas and water | 34,658 | 19.36 | 22,783 | 5.57 | 57,440 | 9.77 | |
| Construction | 0 | 0.00 | 18,625 | 4.56 | 18,625 | 3.17 | |
| Wholesale and retail trading | 717 | 0.40 | 54,417 | 13.32 | 55,133 | 9.38 | |
| Hotel and restaurant | 1,402 | 0.78 | 13,226 | 3.24 | 14,628 | 2.49 | |
| Transport, storage and communication | 46,101 | 25.76 | 9,994 | 24.47 | 146,095 | 24.86 | |
| Financial inter mediation | 2,834 | 1.58 | 17,583 | 4.30 | 20,417 | 3.74 | |
| Real estate, rent and business activities | 0 | 0.00 | 66,670 | 16.31 | 66,670 | 11.34 | |
| General administration and defense | 5,572 | 3.11 | 0 | 0.00 | 5,572 | 0.95 | |
| Education | 14,671 | 8.20 | 11,863 | 2.9 | 26,533 | 4.51 | |
| Health and social works | 12,930 | 7.22 | 2,895 | 0.71 | 15,825 | 2.69 | |
| Other community, social and individual service activities | 36,413 | 20.34 | 5,779 | 1.41 | 42,192 | 7.18 | |
| Gross Fixed Capital Formation | 178,990 | 100.00 | 408,686 | 100.00 | 587,676 | 100.00 | |
| Agriculture Sector | 22,043 | 12.31 | 49,626 | 12.14 | 71,669 | 12.20 | |
| Non- Agriculture Sector | 156,947 | 87.69 | 359,060 | 87.86 | 516,007 | 87.80 | |

Government Budget and Source of Financing

During this Plan period the total revenue (at constant prices of 2006/07) is estimated to be Rs. 318.89 billion. While projecting the revenues, it is assumed that the revenue will increase on an average by 10.2 percent each year as a proportion to the GDP. It is assumed to be 11.97 percent in 2007/08 and it is projected to reach 13.6 percent in 2009/10.

As regards to government expenditure, during the Plan period the total expenditure (at constant prices of 2006/07) is estimated to be Rs. 511.38 billion. Of this the regular expenditure is estimated to be Rs. 285.48 billion. It is estimated to be 11.17 percent of the GDP in 2006/07. This will increase to 11.60 percent due to the election of the Constituent Assembly, pay rise of the civil servants, and other recurrent expenses. As regards to capital expenditure, it is projected to be Rs. 178.99 billion during the Plan period. In the FY 2006/07, the proportion was 5.06 percent of the GDP. This will gradually increase to 7.96 percent in the final year of the Plan.

As regards to foreign aid during the Plan period (at constant prices of 2006/07), a total of Rs. 140.66 billion, is expected to be mobilized. Of this, grant is estimated to be Rs. 84.14 billion and loan Rs. 56.52 billion. As a proportion to the total GDP, it comes out to be 3.65 percent in 2006/07. It is expected to gradually increase to 6.05 percent in the final year of the Plan.

In case of resource mobilization during the Plan period, there will be an increase in revenue mobilization, expected increase in the availability of foreign aid and there will be a control in the increase in regular expenditure. Due to these reasons, it is expected that the growth rate in domestic borrowings can be kept within a desirable limit. In the FY 2006/07, internal borrowings would be 27 percent of the GDP. It will decrease to 1.8 percent in the final year. In this way, it is assumed that the budget projection in the government sector will help to maintain the macro-economic stability of the economy (Table 3 and 5).

While projecting the government budget and the sources of funding it, it is based on the concept of maximum mobilization of inputs and the minimization of any type of leakages.

Table 3: Projection of Government Budget (at FY 2006/07 constant prices)

| | 2006/07 | As Percentage of total Expenditure | Three Years' Total Budget | | (Rs. in million) |
|---|---------|--|------------------------------|------------|------------------|
| | | | Amount | Percentage | |
| Total Expenditure | 131,851 | 100.0 | 511,378 | 100.0 | |
| Current Expenditure | 80,331 | 62.46 | 285,483 | 55.8 | |
| Capital Expenditure | 36,380 | 27.13 | 178,990 | 35.0 | |
| Principal Repayment | 15,140 | 10.41 | 46,905 | 9.2 | |
| Sources of Financing Total Expenditure | | | | | |
| Revenue | 86,136 | 62.38 | 318,893 | 62.4 | |
| Foreign Aid | 26,277 | 24.23 | 140,660 | 27.5 | |
| Grant | 15,946 | 13.62 | 84,137 | 16.5 | |
| Loan | 10,331 | 10.61 | 56,522 | 11.1 | |
| Domestic borrowing | 19,439 | 13.39 | 51,826 | 10.1 | |

Investments and Sources of Funding

During this Plan period, the total capital investment (including the change in stock) of Rs. 680.5 billion, Rs. 539.8 billions (79.3%) would be borne through national savings, and Rs. 140.7 (20.7%) through foreign assistance. In the same way, total fixed capital investment of Rs. 588 billions, of this the private sector share is Rs. 409 billion (69.5%) and the government sector will have 179 billions (30.5%).

**Table 4: Sources of Gross Fixed Capital Formation in the Interim Plan
(at FY 2006/07 constant prices)**

| Sectors | Amount | (Rs. in million) Percentage |
|---|----------------|--------------------------------|
| Total Investment (including change in stock) | 680,488 | |
| Gross Fixed Capital Formation | 587,676 | 100 |
| Private Sector | 408,686 | (69.54) |
| Public Sector | 178,990 | (30.46) |
| Total Resources | 680,488 | 100 |
| A. National Savings | 539,828 | (79.33) |
| B. Foreign Aid | 140,660 | (20.67) |
| Total Expenditure | 511,378 | 100.00 |
| Current Expenditure | 285,483 | (55.83) |
| Capital Expenditure | 178,990 | (35.00) |
| Principal Repayment | 46,905 | (9.17) |
| Sources of Financing Total Expenditure | | |
| Revenue | 318,893 | (62.36) |
| Foreign Aid | 140,660 | (27.51) |
| Grant | 84,137 | (16.45) |
| Loan | 56,522 | (11.05) |
| Domestic Borrowing | 51,826 | (10.13) |

**Table 5: Projected Investment, Public Expenditure and its Sources in the Interim Plan
(as percentage of GDP)**

| Sectors | FY 2006/07 | Final Year of the Interim Plan (2009/10) |
|---|--------------|---|
| Total Investment (including change in stock) | 25.35 | 31.30 |
| Gross Fixed Capital Formation | 22.73 | 26.72 |
| Private Sector | 17.67 | 18.76 |
| Public Sector | 5.06 | 7.98 |
| National Savings | 28.56 | 28.90 |
| Gross Domestic Savings | 9.35 | 12.65 |
| Net Factor Income | 6.18 | 6.50 |
| Current Transfer | 19.94 | 22.60 |
| Current Account (Savings) | 2.30 | 3.50 |
| Total Expenditure | 18.33 | 21.45 |
| Current Expenditure | 11.17 | 11.60 |
| Capital Expenditure | 5.06 | 7.96 |
| Principal Repayment | 2.10 | 1.89 |
| Sources of Financing Total Expenditure | | |
| Revenue | 11.97 | 13.60 |
| Foreign Aid | 3.65 | 6.05 |
| Grant | 2.22 | 3.60 |
| Loan | 1.44 | 2.45 |
| Domestic Borrowings | 2.70 | 1.80 |

Allocation of Development Program Expenditure

As regards to the expenditure in development programs, at the constant prices of 2006/07, it is assumed that Rs. 280.3 billion would be spent. Of this agriculture will have 12.9 percent and transport, storage and communication 17 percent. Similarly, electricity, gas and water will have 19.5 percent followed by education 12.6 percent. Local development will have 17.5 percent and health and social works 10.8 percent. Peace and reconstruction will have 1.8 percent, according to the budget allocation. Out of the total development expenditure 63.9 percent would be government investment.

**Table 6: Sectoral Allocation of the Development Expenditure of the Three Year Interim Plan
(at 2006/07 Constant Prices)**

| S. No. | Description | Amount | (Rs. in million) Share (In %) |
|--------|---|----------------|----------------------------------|
| 1. | Agriculture, Irrigation and Forestry | 36,018 | 12.85 |
| 1.1 | Agriculture | 14,341 | 5.12 |
| 1.2 | Irrigation | 16,506 | 5.89 |
| 1.3 | Forests | 2,895 | 1.03 |
| 1.4 | Land reform and survey | 2,276 | 0.81 |
| 2. | Industry, Geology and Mining | 1,676 | 0.60 |
| 3. | Electricity, gas and water | 54,602 | 19.48 |
| 3.1 | Electricity | 32,400 | 11.56 |
| 3.2 | Other energy | 4,694 | 6.25 |
| 3.3 | Drinking water | 17,508 | 1.67 |
| 4. | Wholesale and Retail Trade | 3,239 | 1.16 |
| 4.1 | Commerce | 1,742 | 0.62 |
| 4.2 | Supplies | 1,496 | 0.53 |
| 5. | Hotel and Restaurants | 1,970 | 0.70 |
| 5.1 | Tourism | 407 | 0.15 |
| 5.2 | Culture | 1,563 | 0.56 |
| 6. | Transport, Communication and Storage | 50,195 | 17.91 |
| 6.1 | Roads | 33,084 | 11.80 |
| 6.2 | Civil aviation | 7,457 | 2.67 |
| 6.3 | Communication | 3,654 | 1.30 |
| 6.4 | Housing and urban development | 6,000 | 2.14 |
| 7. | General Administration and Defense | 8,639 | 3.08 |
| 7.1 | General administration | 200 | 0.07 |
| 7.2 | Revenue and financial administration | 252 | 0.09 |
| 7.3 | Constitutional organs | 1,403 | 0.50 |
| 7.4 | Planning and statistics | 374 | 0.13 |
| 7.5 | Home | 308 | 0.11 |
| 7.6 | Other financial* | 4,505 | 1.61 |
| 7.7 | Labor and transport management | 598 | 0.21 |
| 7.8 | Others** | 999 | 0.36 |
| 8. | Social Services | 116,348 | 41.51 |
| 8.1 | Education | 35,350 | 12.61 |
| 8.2 | Health and other social services*** | 30,174 | 10.76 |
| 9.3 | Local development | 49,129 | 17.53 |
| 8.4 | Women, children and social welfare | 1,696 | 0.60 |
| 9. | Miscellaneous | 7,595 | 2.71 |
| 9.1 | Environment | 130 | 0.05 |
| 9.2 | Science and technology | 897 | 0.32 |
| 9.3 | Peace and reconstruction | 5,046 | 1.80 |
| 9.4 | Other miscellaneous | 1,522 | 0.54 |
| | Total | 280,301 | 100.00 |

* Including budget for financial intermediation.

** Budget for senior citizen, people with disability, youth and NGO.

*** Including Rs. 60 million for population activities.

Impact of Investments in the Overall Economy

It is assumed that the proposed investment of the Interim Plan will have a positive impact on the overall economic indicators of the economy. In this Plan, the macro economic stability will be maintained and economic growth will be made employment-oriented, more inclusive and broad-based.

Expressed as a proportion to the GDP, the revenue is expected to increase from 11.97 percent in 2006/07 to 13.6 percent in 2009/10. In the same

way, the total expenditure will increase from 18.3 to 21.4 percent. Current expenditure will increase from 11.2 percent to 11.6 percent and the capital expenditure from 5.1 percent to 7.96 percent. Likewise foreign aid will increase from 3.65 percent to 6.05 percent and Internal borrowing will decrease from 2.7 to 1.8 percent. The proportion of total investment to GDP increases from 25.4 to 31.3 percent (Table 5).

During the Plan period, the growth rate of employment is expected to increase from 3 to 3.5 percent in the final year. With the effective mobilization of investment, employment opportunities will be created and the income of low-income families is expected to increase. There will be a positive contribution to capital formation due to the investment made in the plan period.

Chapter: 5 **Macroeconomic Policy**

5.1 Savings

1. Background

Achievement of sustainable high economic growth rate inevitably requires the mobilization of a high rate of savings. The slower expansion of economic activities and increasing rate of consumption in recent years led to a weak gross domestic savings position. For achieving the targeted economic growth rate, it is necessary to have a good adjustment between gross domestic savings and total investment. Moreover, it is also required to increase the capacity of the households to save by making available the instruments which encourage the women to save.

2. Review of Achievement in the Tenth Plan

The Tenth Plan envisaged two growth rates, namely, the desirable growth rate of 6.2 percent and normal growth rate of 4.3 percent. Projected average ratio between the gross domestic product and the gross domestic savings for the desirable growth rate was 13.9 percent, and for the normal growth rate it was 9.1 percent. Correspondingly, the gross national savings ratios were 20.4 percent and 15.7 percent.

In the Plan period, gross domestic savings ratio of 9.8 percent, which is a bit higher than the target 9.1 percent, corresponding to the normal growth rate of 4.3 percent. Annual total consumption increased by 3.5 percent, which consists of an increase of 4.3 percent of government sector and 3.3 percent of private sector. Annual gross domestic savings increased by 3.3 percent. Ratio of gross domestic product to total consumption averaged at 91.2 percent. Compared to the target of 20.4 percent as ratio of gross domestic product to gross national savings corresponding to 6.2 percent growth rate, the ratio achieved was 27.2 percent due mainly to remittances.

3. Problems and Challenges

The problems are like less saving habits or even a lack of it, among the high-income groups. Availability and access to savings instruments for the people of remote areas are limited. Development of institutions to encourage savings is still not adequate and the interest rates on savings low. Making the positive interest rate on deposits, mobilizing the remittances on the productive sectors, and gradually increasing saving ratios of the cooperatives and public sector, are some of the important challenges.

4. Objective

The main objective is to mobilize gross domestic savings to the maximum possible extent for the investment needed to achieve the economic growth rate envisaged in the Plan.

5. Quantitative Targets

In order to achieve 26.7 percent ratio of gross fixed capital formation/gross domestic product by the end of the Plan, the ratio of gross domestic savings/gross domestic product will be maintained at 12.7 percent.

6. Policies and Working Policies

- Emphasize enhancement of the savings through increasing saving opportunities and diversifying the savings instruments.
- Instruments made available to increase the savings of the households, and to additionally encourage the women to save in order to invest.
- Restrain expansion of public current expenditure and consumption, and emphasize increase in government revenue and gradually increase the public sector savings through disinvestment of public enterprises.
- Emphasize enhancement of the capacity and maintenance of economy of government expenditure, and increase in revenue and on the promotion of public sector investment in the productive sector.
- Raise the level of financial savings by promoting competitiveness in deposit mobilization through the sound development of banking and financial institutions.
- Create additional avenues of savings through expansion of insurance, pension fund and stock market.

5.2 Revenue

1. Background

As the revenue is the main basis of domestic resources, the government should pay special attention to its optimum mobilization. The entire economic activity during the Tenth Plan period was on the decline due to the prevalent situation of insurgency which adversely impacted government investments, tourism, industry and trade.

2. Review of Achievements in the Tenth Plan

Revenue collection in the first year was 98.4 percent of the target, in the third 99.7 percent and in the fourth year 88.3 percent. In the second and the fifth years, however, collection was 100.2 percent and 101.5 percent, respectively. The ratio of revenue collection to the gross domestic product was 11.4 percent in the first year, followed by 11.6 percent in the second, 11.9 percent in the third, 11.2 in the fourth and 12.0 percent in the fifth year. This ratio for the during the Plan period averaged 11.6 percent.

3. Problems and Challenges

- The revenue base is still not broad enough.
- Leakage in revenue collection continues to hamper full realization of the revenue potential.

- Proportion of direct tax in the tax structure is low and tax administration lacks transparency and efficiency.
- Sources of tax leakage need to be identified and plugged while the tax administration needs to be modernized.
- The system of income tax needs to be simplified and made more transparent.
- Timely changes in tax rates and broadening of tax base are also other challenges.

4. Objective

The objective is to emphasize on the maximization of domestic resource mobilization through broadening of the revenue base, mainly tax base.

5. Quantitative Targets

It is targeted to mobilize the revenue by 13.6 percent of the GDP. To this end, revenue growth rate during the Plan period will be maintained around 16.0 percent.

6. Policies and Working Policies

- Tax base will be gradually broadened, by controlling tax leakages through modernizing the Value Added Tax collection process.
- Tax payer's education and information technology will be more focused on promoting self assessment of tax.
- Revenue collection will be enhanced by increasing the competitive capacity of domestic industries and by improving the services and facilities.
- Tax rates including those of non-tax revenues, will be reviewed to streamline them.
- Tax administration will be made efficient, cost-effective, transparent and tax payer friendly.
- The Revenue Advisory Board will be strengthened and developed to function more effectively on a permanent basis.
- The tax system will be adjusted according to the commitments made by Nepal to international and regional forums like the World Trade Organization, SAFTA and BIMSTEC.
- Double tax exemption treaties will be negotiated with capital exporting countries with a view to enhance mobilization of foreign investment.
- Institutional strengthening process necessary to improve the revenue system will be pursued.

5.3 Foreign Aid Management

1. Background

Mobilization and utilization of foreign aid have played an important role in enhancing the country's efficiency through acquisition of new skills and

technology. This has helped in bridging the resource gap between domestic savings and investment requirement, and in narrowing the external deficit. Its role has become more pertinent towards meeting the resource gap to emerge in the bids to reconstruct and rehabilitate the economy, meeting the heightened demands of the people for more inclusive development geared towards poverty alleviation.

2. Review of Achievement in the Tenth Plan

For the Tenth Plan period, a total of Rs. 134.62 billion including Rs. 53.85 billion foreign grant and Rs. 80.77 billion foreign loan at the constant price of the FY 2001/02, was estimated to be required to realize the desirable economic growth rate. The total foreign grant mobilized during the Tenth Plan period was Rs. 57.25 billion in excess of the estimate, while the foreign loan mobilization amounted to Rs. 34.6 billion, far too short of the estimate. The total foreign aid mobilization in the Plan period was Rs. 91.31 billion.

3. Problems and Challenges

In relation with the amount of foreign aid mobilized, progress achieved towards sustainable economic growth, balanced and inclusive development, and poverty alleviation has remained less than satisfactory. The government's decisive capability in the context of foreign aid mobilization and utilization continues to be weak. The total amount of foreign aid on the whole, could not be channeled through the government budget. Foreign aid management continues to suffer from proper coordination among donors, the government and the concerned parties.

4. Objective

Foreign aid shall be mobilized and utilized towards the achievement of the objective of the Interim Plan.

5. Quantitative Targets

The total amount of foreign aid estimated to be mobilized in the Plan period is in the tune of Rs. 140.66 billion at the constant price of the FY 2006/07. Among this Rs. 84.14 billion foreign grant and Rs. 56.52 billion loan will be mobilized.

6. Policies and Working Policies

- Special emphasis will be given to increase the grant proportion in total foreign aid and the concessionary loan will be devoted to the development of infrastructure and other productive sectors on a priority basis.
- Technical assistance will be used with a focus on the objective of achieving sustainable national capacity development.
- Accountability of government and local stakeholders' role in development projects and programs will be ensured.

- In the management of development programs and projects, transparency, accountability and good governance will be institutionalized and it will be ensured that the project implementation would be completed on the stipulated time, quality and quantity cost, with a view to utilize resources in a sustainable manner.
- Foreign aid utilization will be enhanced through improvement in management, operational procedure and system simplification. Foreign aid conditionalities shall be improved.
- Promotion of indigenous skill, efficiency and technology will be the conditions of foreign aid acceptance.
- All foreign aid will be reflected in the national budget.
- Effectiveness of foreign aid will be enhanced by coordinating the donors' interest with the national policies and priorities.
- Effectiveness of foreign aid utilization will be ensured, by mapping the areas of cooperation between the government and donors, so that the duplication of aid mobilization and utilization is eliminated.
- Foreign aid will be utilized in the reconstruction of infrastructure destroyed during the conflict.
- Sense of government ownership of development projects and programs will be promoted.
- Initiatives shall be taken by the concerned ministries to prepare project/program bank as a basis of foreign aid mobilization.
- Priority will be given to the rehabilitation and re-integration of the displaced people during the conflict while institutionalizing foreign aid.
- Infrastructure such as roads, bridges, electricity, and communications will be given priority for foreign aid mobilization.
- In order to channelise foreign aid exclusively to the sectors, programs and projects of national interest and priorities, the following measures, will be initiated:
 - Foreign aid mobilization will be focused on the priority sector identified in this Plan.
 - Foreign aid shall be mobilized in the form of mixed package of project/program/sector/budgetary support as offered by participating donors with gradual transformation towards sectoral SWAPs and budgetary support mechanism.
 - Priority will be given to augment the amount of grant assistance. In the situation of lacking such assistance, the policy of mobilizing concessionary loans to high yield productive sector, human resource development and to the essential infrastructure construction will be continued.
 - Technical assistance will be utilized to promote national capacity building.
 - Foreign Aid Policy, 2002, will be reviewed to make it implementation-friendly and more practical.

- Special attention will be given to ensure foreign aid mobilization and its utilization consistent with the national policy, plan and the provisions of law.
- In order to ensure that the aid received from INGOs is mobilized for the optimal benefit of national priority endeavors, a national policy will be drafted and necessary legal provisions will be made for its enactment.
- Foreign aid flow to potential private sector investments will be discouraged.
- Aid flow to the public-private partnership program, local level organizations and the community-based-professional agencies will be considered with due care.
- Implementation plan for all the priority sectors will be drafted.
- A “Foreign Aid Efficiency Monitoring Committee” chaired by the concerned sectoral member of the National Planning Commission with membership of the sectoral ministry will be set up, to ensure the effective use of foreign aid.
- Project bank will be located in the Ministry of Finance and the National Planning Commission.
- To establish a mechanism of economic diplomacy in Nepalese embassies abroad, a system of swift communication and coordination will be developed for facilitating on aid mobilization efforts.
- Active participation of all the stakeholders in project and program identification through monitoring and evaluation will be emphasized.
- Efforts will be focused to ensure that the commitments made under the Paris Declaration and such other international forums are met.
- In coordination with the development partners, procurement for project activities will be executed in accordance with the Public Procurement Act, 2006.
- Emphasis will be given to a uniform system of project/program monitoring, evaluation, auditing and progress reporting.
- Common financial plan for projects/programs will be prepared and implemented.

5.4 Public Expenditure Management

1. Background

It is the main responsibility of the government to maintain a balance between savings and investment. The government should focus its efforts on the development and expansion of socio-economic infrastructure, production, employment, and income-generating sectors, through Public Expenditure Management (PEM). In the past, the capital expenditure lagged far behind the targets. The targets set for various sectors could not be achieved due to the

increase in current expenditure as a result of an increase in security expenditure due to the conflicts; PEM will therefore be geared to the investment and productive use of resources.

2. Review of Achievement in the Tenth Plan

It was estimated that, the ratios of regular expenditure and development expenditure to GDP would be 11.9 percent and 7.6 percent, respectively during the Tenth Plan period. However, the corresponding ratios achieved during the Plan were 10.6 percent and 4.6 percent, respectively.

3. Problems and Challenges

- The current budgetary system is not as effective.
- The government expenditure system could not be streamlined as desired.
- Current expenditure could not be restrained to the desirable limit.
- Non-budgetary expenditure continued to rise.
- The government expenditure monitoring and evaluation lacked effectiveness.

4. Objective

The objective of the PEM policy is to realize the goals of poverty alleviation through development of effective budgetary system, which will ensure allocation of national resources to the priority sectors focusing on sustainable peace based on social inclusion, reconstruction and rehabilitation.

5. Policy and Working Policies

To Review the Present Budgetary System

- Feasibility of implementing the zero based budget system will be studied and multi-year budget allocation system, as the main stay of budget preparation will be strengthened.
- After a review of the medium-term expenditure framework, a cost/return/effectiveness system will be adopted to ensure investment efficiency and sectoral allocation priorities.
- To enable the local level organizations to execute local level development and construction works, PEM will include fiscal devolution to such organizations.
- To make public expenditure gender accountable, the budget system will be remodeled accordingly.
- In the preparation of the government policy, program, projects and resource allocation, factors benefiting gender will be analyzed.
- In resource allocation also, the budget will be classified as, directly gender specific, indirectly gender specific and neutral.

Limit the current expenditures: Unproductive expenditures and new expenditures, returns of which cannot be measured, but which incur annual liabilities to the government, will be discouraged.

Increase capital expenditures: Resource allocation will be strictly guided by the program's returns. To increase the productivity of capital expenditures, management aspects will be improved. Capacity to select and approve projects that ensure benefits to the people will be developed.

Determine expenditure priority: In general, no liability will be created without ensuring the source of payments. There will be a separate criteria developed and implemented for various kinds of grants, financial assistances, compensation, etc., which the government may provide.

Maintaining transparency in financial transactions: To make financial transactions under the PEM transparent, and to ensure that the public procurement system is competitive and transparent, effective measures will be taken to implement the Public Procurement Act with a view to ensure that the goods and services procured are of standard quality.

Bringing effectiveness in monitoring and evaluation of expenditures: Management infrastructure needed for making the financial statements of public assets and liabilities available to the public every year will be put in place. Mechanisms for expenditure tracking and measuring efficiency will be developed.

5.5 Inter-linkages between Periodic Plan and Annual Budget

1. Background

With the beginning of the Tenth Plan, the Medium Term Expenditure Framework (MTEF), and the Immediate Action Plan (IAP), were introduced. Project prioritization, reclassification of budget expenditures, performance-based disbursement, budget expenditure authorization immediately after budget approval by the parliament, sectoral business plans were also brought into practice. All these practices have initiated a firm footing of both institutional and working relationship. There is however, a room for further improvement of coordination between Three Year Interim Plan and the annual budget in order to allocate available resources to realize the objectives of the Plan.

2. Problems and Challenges

Participation of stakeholders in the project selection and preparation is inadequate and hence the projects do not reflect reality. Inter-linkages between the plan and long-term policies on the one hand, and the annual programs on the other hand are lacking. Budget and the programs do not match. Non-budgetary expenditures have increased considerably and programs are not approved in time for implementation, as MTEF is not ready in time. Performance based

disbursement process still needs improvement. The tradition of increasing annual budget continues and foreign aided programs suffer from inadequate counterpart fund allocation.

3. Long Term Vision

A strong linkage between the thrust of the periodic development plan and annual allocation of resources will be strictly maintained.

4. Objective

The objective is to develop a system that ensures maximum returns from the use of internal and external resources, in order to strengthen inter-relationships among all the concerned agencies will be strengthened through the annual programs so that the objective and the targets of the Plan are best achieved.

5. Strategies

- The Plan will be made consistent with the reality, dependable and result-oriented.
- Functional relationship among the National Planning Commission, Ministry of Finance, sectoral ministries, development partners and the implementing agencies will be strengthened.
- Three-year MTEF will be made realistic and result-oriented through sound linkages with the sectoral business plans.
- Half-yearly review of budget implementation will be continued.

6. Policies

- Millennium Development Goals, commitments made under the international forums, and the long-term sectoral policies will all be included in the Plan, and the programs will be put in place accordingly.
- Capacity of the concerned agencies to prepare the plan and program by themselves will be developed.
- Division of functions of the National Planning Commission and the Ministry of Finance in plan preparation, resources allocation, program approval, and budget exercise will be clearly delineated.
- Concerned agencies will be required to compile a list of feasible projects/programs on the basis of priorities defined by the periodic plan, which will be used to mobilize resources.
- Policy and pertinent legal provisions relating to fiscal accountability and transparency will be drafted and implemented.
- Coordination among the monitoring and evaluating agencies will be established and their capacities will be upgraded and strengthened.
- Resources to be made available by the development partners for the annual budget will be determined after pre-budget interaction and coordination with them.

- Annual cash flow plan will be prepared on the basis of a realistic estimate of the internal resources.
- Appropriate rules and guidelines required to implement the Public Procurement Act, 2006, by all sectors including foreign aided projects will be prepared and necessary steps will be taken to make its application uniform.
- Annual budget proposal to the legislature will be submitted at least two months prior to the start of the fiscal year.
- Steps to prepare MTEF gradually for all the districts will be initiated.
- Devolution of fiscal resources and authority to the local agencies will be delineated through decentralization.
- Co-financing criteria between the center and local agencies will be developed.
- MTEF will be reviewed to follow a system of analysis of sectoral priorities and investment cost/effectiveness. Necessary initiatives will be taken to get it endorsed by the parliament.
- Multi-year budget system will be implemented effectively after proper coordination and consultation with the development partners.
- To make the output more realistic, a system of physical verification will be put in place.
- Prior approval of the annual program will be made a condition of budget allocation.
- Necessary steps will be taken for inclusion of implementation schedule and procurement plan in the annual program.
- The Ministry of Finance will disburse annual grants and the money allocated for reconstruction/rehabilitation directly to the concerned District Development Committees.
- MTEF and the annual budget will be prepared and made public simultaneously.
- Present system of priority marking as P1, P2, P3 under MTEF will be eliminated gradually, and the budget will be disbursed to all the projects and programs, on the basis of the benefits and outcomes to be derived from them.
- Schedule of annual budget preparation will be pre-determined and followed accordingly.
- Practice of including the performance report of the current year's programs in the coming year's budget proposal will be initiated.
- Submission of Mid-term evaluation report of the annual budget to the parliament will be initiated.
- Necessary steps will be taken to check and control the increasing imbalance between the recurrent and capital expenditures, unproductive and irregular expenditures.

5.6 Public Debt Management

1. Background

Still there is a need for mobilization of external and internal debt and also foreign grants to bridge the gap between government revenues and the rising public expenditures required for socio-economic development. Budget deficit goes unabated, as there is no match between availability of non-debt resources and the budget expenditures. As a result, on the one hand there is a necessity of controlling mobilization of loan in the public sector, reducing getting overdraft facility from the Nepal Rastra Bank (the Central Bank) and mobilizing domestic credit not above certain percent of the GDP and on the other hand, the requirements in fulfilling the covenants while utilizing the foreign loan has limited inflow of foreign loans. Nevertheless, there is need of more foreign loans due to low level of domestic savings, uncertainty in the current account balance and high requirement of capital goods for the mobilization of domestic resources and means.

2. Review of Achievement in the Tenth Plan

Available data for the fiscal year 2006/07, so far, shows a net outstanding external debt of Rs. 234.81 billion which is 32.6 percent of the GDP. On the other hand, the total outstanding domestic debt by the end of the fiscal year 2006/07 will amount to Rs. 99 billion 306.9 million (excluding payments of promissory notes issued to IMF). In GDP terms, it is 12.6 percent. Thus, the combined total of outstanding loan will amount to 45.2 percent of the GDP. In the base year of the Tenth Plan (2001/02), external and internal debt liability amounted to 47.9 percent and 15.1 percent of the GDP, respectively, and the total debt liability being 63.0 percent.

3. Problems and Challenges

It is obvious that the budget deficits so far are being met by the foreign and domestic loans. There is no denying the fact that there will be no alternative to external and internal loans, to meet the increasing expenditures for several years to come. Short-term loan liability heavily weighs in the outstanding internal loan as the one-year term treasury bills occupy 75 percent of it. As a result, interest rate risk looms large for the recurring issue of such bills. As for external loans, the foreign exchange risk can hardly be overlooked, as the external loan repayment liability amounts to 70 percent of the total loan repayment liability.

4. Objective

Recognizing a proper balance between government revenue and expenditure is possible only when the utilization of both, external and internal debt is maximized. The objective of public debt management is to ensure sustainability, efficiency and effectiveness in order to meet the debt liability.

5. Quantitative Targets

Total fiscal deficit in the Plan period will be limited within 3 percent of the GDP. External and internal loans will be raised accordingly. Net internal debt will not exceed 0.5 percent of the GDP.

6. Policy and Working Policies

- Debt management will be made effective by updating the internal and external records and computer technology will be used.
- An effective mechanism will be established in the National Planning Commission to monitor effective use of loans on a regular basis.
- The policy of not providing guarantee by the government in general, to the public enterprises and other similar agencies for their loans will be continued.
- The policy of foreign exchange risk of capital investment made by the government in the public enterprises through foreign loans to be borne by the concerned enterprise will be continued with such amounts to be adjusted in the interest payment.

5.7 Money, Banking and Credit

1. Background

According to the Nepal Rastra Bank Act, 2001, principal objectives of the monetary policy are (a) price stability, and (b) maintaining necessary surplus in the balance of payments. To fulfill these objectives, the open market operations have been made effective as a monetary measure. Using fixed exchange rate with the Indian Rupee as a monetary anchor, the monetary policy is operating in the course guided by money supply. In the past, economic growth did not increase satisfactorily, however, the financial sector expanded considerably. As a result of the remittance inflow and the low flow of credit to the private sector, the liquidity in the financial system remained high and kept the interest rate on deposits low. Amount of non-performing loan, though declining, is still high in the banking sector. This is also the situation with the government owned financial agencies and with some of the private sector financial agencies. In such a situation, a financial reform program is in operation with the objective of strengthening and enhancing the capacity of the financial sector. Under this program, inspection and supervision capacity of Nepal Rastra Bank has been made effective, and the reform in Nepal Bank Limited and the Rashtriya Banijya Bank is in operation. In addition, formulation of financial acts and an institutional development process for financial sector capacity enhancement is also in progress.

2. Review of Achievement in the Tenth Plan

Monetary Policy Related

- The objectives of the monetary policy in the Tenth Plan was to maintain macroeconomic stability by maintaining stability in prices

and balance of payments through managing necessary liquidity to achieve high economic growth rate. During the Plan period, average increase in the broad money supply was 12.1 percent and that of narrow money was 10.7 percent as against the targets of 14.5 percent and 11.5 percent respectively. Net foreign assets increased by an average of Rs.11.5 billion per annum against the target of Rs. 3.7 billion per annum, mainly due to the sizable increase in remittance inflow. Total domestic credit increased by an average rate of 12.5 percent against the estimated increase by an average of 16.2 percent annually. The lower growth rate in the total domestic credit was due to the slackness in credit flow to the private sector. Claims on government of the banking sector, was estimated to increase at an average rate of 6.3 percent per annum in the Tenth Plan but the actual increase rate was 7.3 percent per annum. Increase in claims on private sector during this period was limited to 15.0 percent as against the estimated increase rate of 20.0 percent per annum.

- Bank rate has been taken as the stand of monetary policy. At the beginning of the Plan, the bank rate was 5.5 percent but due to inflationary pressure this has been increased to 6.25 percent in the FY 2004/05. Similarly, compulsory cash deposit ratio at the beginning of the Plan was fixed at 7 percent for current and saving deposit, 4.5 percent for the fixed deposit, and 3.0 percent for keeping in the bank vault. In the fiscal year 2003/04, bank vault provision was eliminated and the compulsory cash deposit ratio was fixed at 6 percent of the domestic total deposit. It was further reduced to 5 percent in the fiscal year 2004/05 with a view to reduce intermediation cost and increase resources for investments.

Banking and Financial Sector Related

- Beginning with the Tenth Plan, the Financial Sector Reform Program was initiated. It included mainly, the strengthening of Nepal Rastra Bank, restructuring of Nepal Bank Limited and Rashtriya Banijya Bank, and efficiency enhancement of the financial sector. Under the Nepal Rastra Bank reengineering program, changes in the organizational structure by nature of functions, were made. With the aim of human resource development, required staff size was determined and voluntary retirement scheme was introduced. To make the regulatory, inspection and supervision functions more effective, financial standards were refined and updated. Information gathering, storing and dissemination works were also computerized.
- Credit Information Center has been registered as a company and its computerization has been completed. To facilitate the loan realization process, Debt Recovery Tribunal has been established as per the Debt Recovery Act, 2001. Secured Transaction Act, 2003 has already been made effective. Bank and Financial Institutions Act, 2006 has also come into effect. Prior to this Act, an ordinance of

2003 with a similar title had been promulgated to replace all the preceding acts concerning banks and financial institutions. The ordinance was revised, doing away with all the shortcomings, and outdated provisions. Further work is underway to include 25 core principles of banking supervision in the said Act, in force.

- The on-site and off-site inspection process has been made effective for strengthening the financial sector. To this end, On-site Inspection Guidelines and Inspection and Supervision By Laws, 2002 has been promulgated. Furthermore, Nepal Rasta Bank Act 2001, has been continuously reformed and new Bank and Financial Institutions Related Act 2006 has been promulgated to make inspection and supervision works effective. A separate monitoring committee for intensive supervision and monitoring of the problem-ridden bank has been set-up. Preparation to implement Basel II with its three basic principles of regulatory capital, inspection review method and market discipline concerning commercial banks is in progress.

Credit Related

- Flow of credit from the commercial banks at the beginning of the Tenth Plan was 29 percent of the GDP. It increased to 38 percent by the end of the Plan. By mid-July 2007, private sector credit accounted for 76.9 percent of the total domestic credit, compared to 65.7 percent of the base year of the Plan, amounting to a rise of 11.2 percentage point.
- In performing loan portfolio, some improvements have been visible during the Plan period. At the beginning, i.e. mid-July 2002, total non-forming loan of the commercial banks stood at 30.4 percent (Rs. 31.36 billion). By mid-April, 2007, the ratio dropped to 12.4 percent (Rs. 27.82 billion).
- Priority sector loan ratio, which was made mandatory for the commercial banks, was gradually reduced from the initial year of the Plan. After the Tenth Plan period, as a policy, this mandatory ratio provision is coming to an end. However, the mandatory loan flow ratio (3% of the total loan) to the depressed area continues. Sick industries loan refinancing facility remained in force and under this facility, a total of Rs. 3.24 billion was provided to various sick industries.

3. Problems and Challenges

The task of maintaining financial stability remains a challenge due to problem ridden government owned, and some private sector financial institutions. As the private sector's loan demand is at a low level, the banking sector as a whole is facing the problem of an excess liquidity situation leading to an ever-low interest rate in the deposits. The rural areas still lack access to banking services. Together the impact on savings tends to be negative and hence there is a challenge of making the real interest rate positive.

4. Objectives

The objectives are:

1. Maintain price stability and balance of payments.
2. Manage required liquidity to facilitate sustainable and high economic growth rate.
3. By strengthening and maintaining stability in the financial sector, access to the banking services will be expanded in the entire country and payment system will be strengthened.

5. Quantitative Targets

- Inflation will be limited to an average of 5.6 percent per annum.
- Broad money supply growth rate per annum will be 16.4 percent.
- Private sector credit is to increase on an average of 20.3 percent.
- Balance of payments surplus will be reached to 1 percent of the GDP.

6. Policies

- Monetary management will be geared to maintaining macroeconomic stability and making available the liquidity required for sustainable and high economic growth rate.
- Open market operations will be used as a prime tool of the monetary policy. A system of non-paper settlement will be brought into practice with respect to government bond transactions.
- Using the inflation rate target, monetary and credit aggregates and interest rates as required for the monetary strategic targets' alternatives will be studied.
- Monetary management will be oriented towards increasing the volume of credit to the private sector and gradually decreasing the ratio of the banking sector credit to the government.
- As a matter of principle, commercial banks will be given the freedom to manage their portfolio with a view to maintaining financial sector stability.
- Poor Group Credit Program, operating through the commercial banks, will be continued to reduce poverty in the country.
- Financial institutions will be encouraged to issue an infrastructure development bond for channeling the private sector remittance inflow in the infrastructure development.
- With a view to facilitating commercial bank investment in infrastructure, such as hydropower development, the existing single borrower limit will be increased.
- The financial sector will be further strengthened by implementing international financial standards.
- Risk management oriented regulatory system will be enforced more effectively. In addition, market monitoring and regulating will be brought into practice as they play an important role in stabilizing the

- financial sector. To safeguard the interest of small savers, a deposit insurance scheme will also be initiated.
- Legal provisions concerning the creditors rights will be formulated for inclusion in the financial sector legal reform and the legal provisions there under will be enforced effectively.
 - Bank and Financial Institutions Act, 2006 will be amended to include the 25 basic principles of Effective Supervision. Payments system of banks and the financial sector will be strengthened.
 - Regulation and supervision of financial institutions, which do not operate deposit accounts of the general public but only operate micro finance, will be entrusted by the Nepal Rastra Bank to the second tier agencies after they are established. The Bank and Financial Institutions Act, 2006, will be amended accordingly to classify deposit operating and non-operating financial institutions.
 - Rashtriya Cooperative Bank's organization, program and resource management aspects will be studied with a view to develop it as the main channel for rural and micro-credit supply.
 - An assessment of the banks operating in the rural areas, cooperatives, and non-government organizations engaged in rural and micro-finance services will be made and an appropriate institutional base for their coordination and monitoring will be established.
 - Appropriate standards of regulation and supervision of the rural and micro-finance service providers will be formulated and implemented.
 - A national micro finance policy will be brought into effect for the strengthening of this sector.

5.8 Agriculture, Rural Credit and Micro-finance

1. Background

Overall development of the country depends upon agriculture and rural sector infrastructure development. Rural sector development, in turn, depends on agriculture, and various kinds of industries, businesses and employment opportunities. Productivity of agriculture and industry is the combined result of technology being used or to be used, complimentary inputs such as irrigation, fertilizer, supply of raw materials, and marketing, and easy access to rural credit. Though there were various programs operating in the past for agriculture and rural development, expected increase in production could not be realized. It is, therefore, necessary to increase the access of people to agriculture and rural credit by removing the constraints faced in the past.

2. Review of Achievement in the Tenth Plan

Under the Plan, it was envisaged to mobilize all the banks and financial institutions involved in rural credit under a single coordinated system with the Agricultural Development Bank playing the lead role in providing agriculture credit. It was also intended that commercial banks and other development banks

would be mobilized, for their participation in such credit operations. The Plan also envisaged women and the unemployed youth to use credit facilities. Besides, mobilization of Rural Self Reliance Fund (RSRF) with added long-term capital provision was expected to enable the deprived people's access to micro finance, extending credit coverage to the maximum in rural areas through micro-finance institutions by reforming institutional structure. The program list also included gradual privatization of rural development banks, and the Nepal Rastra Bank to monitor the progress of the rural credit target.

During the Plan period, supply of agriculture and rural credit exceeded the target by 5.5 percent including credit supplied by the cooperatives. If cooperatives are excluded, the credit supply was 0.1 percent less than the target. Deprived sector credit ratio of 3 percent enforced as mandatory for the commercial banks also included credit made available to the individuals of this class going for overseas employment. Besides, the wholesale credit to the Nepal Rastra Bank licensed cooperatives and Rural Micro Finance Development Center (RMDC) and their deposits were also counted towards meeting the said mandatory credit ratio.

3. Problems and Challenges

Priority sector credit program has been withdrawn and the agriculture and micro-credit supply modality is not yet clear. After the competitive banking system came into operation, the deposit rate is set on a downward trend. Credit investment rate has also declined. Interest rate offered by the banking sector is not positive when compared to the inflation rate and the rates offered by the banks across the border. As a result, capital flight and the flow of capital to the non-financial sector have become imminent. Corrective policy intervention in this field is a challenging task. Identification and implementation of various kinds of instruments relating to insurance of deposit, agriculture crop, extension in livestock insurance, rural solar system and micro-insurance also remain as challenges due to the absence of an institutional set up to regulate such instruments.

4. Objective

To help the development of agriculture and rural sectors by enhancing access to credit, through micro-finance institutions and diversification of micro-finance instruments.

5. Policies

- Nepal Rastra Bank will take necessary measures to effectively play the coordinating role for the promotion of micro-finance.
- Agriculture, rural and micro finance together will be used as an effective medium of poverty alleviation by coordinating with the targeted programs.
- The policy of mobilizing the Agriculture Development Bank as a lead institution of agriculture and rural credit will be continued.

- Banks and financial institutions will be encouraged to gradually reopen, to the extent feasible, their dislocated branches, and to start new branches in the remote and rural areas.
- Bank and Financial Institution Licensing Policy will be reviewed to develop a healthy and efficient network of banking and financial institutions for widening the coverage of agriculture, rural and micro-finance.
- Poverty Alleviation Fund's role and its program will be reviewed and streamlined.
- Rural Self Reliance Fund will be developed as a "National Micro-finance Fund", in which the Nepal Government, Nepal Rastra Bank, donor agencies and other organizations and individuals may deposit their money. Interest income from such deposits will be exempted from tax provision.
- National Co-operative Bank will be developed as a vehicle to supply rural and micro-credit. To achieve this, its organizational structure, program and resource management will be reviewed.
- Based on the mapping of banks, co-operative societies and non-government organizations active in rural and micro financial services, an institutional co-ordination and follow-up mechanism will be implemented.
- Necessary standards will be implemented for regulation and supervision of rural and micro-financial institutions.
- A "National Micro finance Policy" will be issued for strengthening the micro finance sector.

5.9 Prices

1. Background

Price rise at a reasonable level might be considered a positive phenomenon. High inflation, however, will have negative impacts on the economy. The overall price level, therefore, needs to be stabilized. Price is the combined result of demand and supply. Nepal's price level is more exposed to supply constraints, particularly, due to fluctuations in the international price of petroleum products and the price situation in India. In recent years, budget deficit has remained under control and the monetary policy is focused on maintaining price stability. As a result, price has remained stable.

2. Review of Achievement in the Tenth Plan

Annual average inflation of 5.0 percent was targeted in the Tenth Plan. Such rate during the Plan period averaged at 5.5 percent annually. For the first 3 years, annual inflation was less than 5.0 percent. In the fourth and fifth years, inflation rose to 8.0 percent and 6.4 percent respectively due to high increases in the international price of petroleum products and of food items. As a consequence, domestic prices of petroleum products in the fiscal year 2005/06, was revised upwards two times to give a total increase by 35.7 percent. Its effect

ripped through many other sectors. As the production of food items remained negative in the last three years of the Plan due to unfavorable weather, rise in food prices also contributed to the overall price rise.

3. Problems and Challenges

As agriculture is still dependent on monsoon, prices of agricultural products increase rapidly whenever there is adverse weather condition and reduced agricultural production. The tasks of periodic adjustment of petroleum product prices in accordance with international prices, and creating enough storage capacity to ensure regular supply of food grains as well as other essential commodities, are also challenging. Moreover, due to uncompetitive market practices such as, cartelling, hoarding and transport syndicates, there is pressure on prices from time to time even when goods and services are available adequately.

4. Objective

The objective is to stabilize domestic inflation to a desirable limit during the Plan period.

5. Quantitative Target

Annual average price increase will be limited to 5.6 percent.

6. Policies

- Annual monetary policy and program will be prepared to maintain price stability and the increase in money supply will be kept within desirable limits.
- Foreign exchange policy will be prepared to match the external balance.
- Government fiscal policy will also be focused on maintaining a stable price level.
- Prices of essential goods and services hitherto determined by the government will gradually be left to market forces after developing an appropriate mechanism.
- A policy of developing a regulatory body for the functions carried out by agencies, such as Nepal Food Corporation and Nepal Oil Corporation will be adopted with a view to gradually increase the participation of the private sector in such functions.
- Competition law will be enforced more effectively, to discourage the practice of cartelling by monopolists, producers and suppliers, to determine monopoly prices.
- The methods of measuring the consumer price index will be updated and improved. A national level price index will be compiled by including rural consumer prices.
- An institutional arrangement will be in place to monitor and evaluate the price situation for taking appropriate measures.

5.10 Foreign Exchange and Balance of Payments Situation

1. Background

In the fiscal year 2006/07, the proportion of total merchandise trade to the GDP was 35.1 percent. Trade deficit has been rising due to increases in both volume and rate of import. Export to India, though increasing to some extent, remains limited to some items and the third country export has continuously declined for the last four years. In the recent years both export and import have been concentrated to India. Nevertheless, the overall balance of payments remained stable, due mainly to a sizable increase in remittance inflow from the increase in overseas employment of Nepalese in the recent years. Increase in the remittance inflow has also been greatly facilitated by the institutional improvement in the country.

2. Review of Achievement in the Tenth Plan

The Tenth Plan objective included liberalization of the trade sector. It envisaged maximum participation of the private sector, making it competitive and market friendly, providing access to the people in general, to benefits of the internal and external trade, interlinking import with industrial development and export promotion, thereby increasing its contribution to the GDP. The overall performance of this sector, however, remained less encouraging. Commodity export was negative by an annual average rate of 0.1 percent as against the annual increase target of 3.1 percent.

Goods import in normal situation was estimated to increase at an annual average of 3.1 percent. Import from India increased by an annual average of 9.8 percent and the third country import increased by an average of 2.2 percent. Total import during the Plan period is estimated to have increased by an average of 6.8 percent per annum.

Balance of Payments

During the Plan period, current account and the overall balance of payments remained favorable as against the estimated current account deficit of 3.0 percent of the GDP. The encouraging increase in private sector remittance inflow contributed not only in meeting the trade deficit, but also resulted in a surplus in the current account every year. Ratio of current account surplus to the GDP during the Plan period averaged at 1.9 percent.

In export, the Plan aimed at an average increase of 2.5 percent in goods and services export in normal times. On the contrary, export declined by an annual average rate of 2.0 percent at constant price of the fiscal year 2001/02, whereas import of goods and services increased by an annual average of 5.9 percent. In the initial two years of the Plan, income from tourism had expanded. In the following years, it started to decline substantially due to internal disturbances, hence contributing to an overall decline in income from services export. In addition, travel expenses of an increasing number of Nepalese going overseas rose considerably. There was, however, a sizable increase of 34.9 percent in the net income. Under the Transfer head, private sector remittance

inflow increased by an annual average of 10.8 percent, and foreign grants increased by 3.4 percent. As a result, the net-transfer income increased by an annual average of 7.9 percent.

Under the financial account, inflow of government loans amounted to Rs. 39.12 billion while the principal repayment amounted to Rs. 31.91 billion. Net government loan received, totaled Rs. 7.70 billion. Balance of payments surplus during the Plan period averaged at Rs. 11.52 billion per annum as against the per annum target of around Rs. 3.70 billion.

Foreign Exchange Reserve

Foreign exchange reserves with the banking sector had totaled Rs. 105.90 billion in the first year (2002 mid-July) of the Tenth Plan. By mid-July 2007, total reserve increased at the annual average rate of 9.9 percent to a total of Rs. 165.11 billion. In the initial year's total reserve, convertible currency occupied 75.8 percent compared to its share of 94.1 percent in 2007. Correspondingly, nonconvertible currency's portion decreased from 24.2 percent to 5.9 percent, as a result of a continued increase in the trade deficit with India, and payment of petroleum product import in Indian Rupees. Nepal Rastra Bank has followed two courses of action for the management of the Indian Rupee reserve: first, number of import items from India has been increased to 121 for which payment is made in US dollars; second, demand of the Indian rupee is being met by selling US dollars.

3. Problems and Challenges

- Enhancement of export through diversification to other overseas countries has remained a challenging task.
- Management of foreign exchange due to compliance to the commitment concerning the services sector given to World Trade Organization also poses a challenge.
- In the light of India's possible stance to further liberalize the capital account to the effect of making such an account convertible in the coming five years, its consequences to Nepal's foreign exchange management and economic stability needs to be evaluated and necessary measures need to be identified for implementation. This is a task ahead requiring a complex exercise.

4. Objective

The principal objective will be to maintain external sector stability through a favorable balance of payments.

5. Quantitative Targets

- To increase balance of payments surplus to 1.0 percent of the GDP.
- To maintain Nepal Rastra Bank's foreign exchange reserve amount sufficient for 6 months import of goods and services.

6. Policies

- Adopt a trade policy that facilitates external balance.
- Establish an institutional mechanism to maximize remittances from India.
- Effective monitoring of the real foreign exchange rate to minimize the possible risks and adverse impacts on foreign trade due to short fluctuations in the foreign exchange rates.
- Strengthening the management of the foreign exchange reserve, its income, expenditure and trade.

5.11 Capital Market

1. Background

Development and expansion of the capital market as an institutional base is essential for the mobilization of resources from small savers, and for the supply of long-term capital at a minimal cost, to the productive sector of the economy. In this context, the program initiated in the Tenth Plan will be continued. With a new vision and review of the capital market's needs, qualitative changes will be brought about in the capital market through market regulation and additional infrastructure development.

2. Review of Achievement in the Tenth Plan

With a view to strengthen the stock market regulatory system and to transform it to the international standard, a new Act has been promulgated. In addition, the drafts of the Nepal Stock Exchange Board Regulations, 2007, Share Market Operation Regulations, 2007, Share Dealers (brokers, traders and market makers) Rules, 2007 and Share Registration and Issue Regulations, 2007, are in the process of approval. During the Plan period, the Nepal Stock Exchange Board has been established as a single regulatory agency for the stock issuance work as per the new Act. To ensure transparency and dynamism in stock transactions, the open voice bidding system is being replaced by computerized transactions. To initiate transactions in the government bonds, pertinent rules and by-laws have become effective and stock professionals have been authorized. Several public information and awareness programs designed for the benefit of investors and other parties concerned with the stock market are also in operation.

3. Problems and Challenges

The regulatory agency is not yet adequately equipped to effectively regulate the share market. The organized sector remains credit oriented and lacks good governance practices. Regulation of non-financial corporate sector agencies is not effective. As a result, their annual general meetings are not held on time, and their genuine financial performance reports are not made public. Insider trading practice in the share market goes unchecked. Expected competition among share brokers does not exist. Legal provisions concerning price sensitive information and financial statements which are required to be

made public instantly, still remains ineffective. Investors are not sufficiently informed and aware about investment in shares, risks and returns, investment mechanism, portfolio investment, stock market tools and financial terminologies.

4. Objective

The objective will include development and expansion of the share market with particular attention to the productive mobilization of capital, and securing of investors' interest.

5. Quantitative Targets

- Work towards raising the number of share investors, to 5 percent of the population.
- Increase the total value of share transactions to 10.0 percent of the total market price.

6. Policy and Working Policies

- Financial and monetary policies necessary for the promotion of stability and development of the share market will be implemented. Such policies will also include supply of shares in adequate amounts and diversification of share investment tools.
- Measures to facilitate the sale of promoters' share to the general public, and to prepare management and operation of the collective investment plan, will be taken.
- Listed companies will be encouraged to sell shares to as many shareholders as possible.
- Legal provisions concerning the share market will be strengthened and market supervision will be made effective.
- To upgrade the standard and efficiency of the stock exchange market and trading, the transactions system will be modernized.
- Standards for the share market data management system and information flow will be developed, and the system of financial statement review of listed organized agencies will be put in place.

5.12 Private Sector Development

1. Background

The Nepalese economy is basically dominated by the private sector business entities under single or joint ownership. Private sector in Nepal can be broadly defined, as business owned and controlled by individuals single handedly and/or jointly. A major part of the economy is controlled by this sector. If narrowly defined, this sector is a modern a market driven non-government sector and is relatively small and at the initial stages of development. During the initial years, this sector remained controlled rather than encouraged to develop and expand. Several industrial and trading enterprises were established in the public domain but the private sector was denied entry to several sectors as a matter of policy. The share of public sector industries, however, did not grow as expected.

Increase in the private sector's role is rather obvious following privatization, liberalization and deregulation. Yet, there is much to be achieved by this sector in contributing to socio-economic development.

2. Review of Achievement in the Tenth Plan

The Long-term vision of the Tenth Plan was to develop the private sector as the center of all economic activities, and the public sector to be confined to policy formulation, monitoring and facilitation. In addition, it also visualized a strategy of making the private sector efficient, effective, and accountable and to develop a corporate culture within it. Moreover, the private sector was also expected to play a meaningful role in the drive for poverty alleviation for which the Plan assumed an objective of fostering a private sector friendly economic environment.

Accordingly, several private sector friendly programs were undertaken during the Plan period. A new Company Act was formulated and the implementation of the Financial Sector Reform Program was initiated. Accession to the World Trade Organization, participation in regional free trade areas like SAFTA and BIMSTEC were important events of this period. Initiatives were taken to privatize some public enterprises. Tax and Tariff rates as well as processes were revised, making them transparent and facilitating the private sector friendly environment. In order to enable this sector to play a greater role in infrastructure development the BOOT law was enacted. Measures to reduce the burden of non-performing loans were taken and the Financial Sector Reform Program was implemented. Works to mobilize capital and skills of Non-Resident Nepalese were begun. Despite all these, a sustainable private sector friendly environment could not materialize due to the continual conflict situation, absence of an elected and accountable government, frequent changes of personnel in the policy-making and implementation tiers, and above all, political instability. So much so that the conflict at its peak unleashed a sense of fear among the private sector operates during the Plan period. Towards the end of the Plan period, however, the country ushered into a stage of transition to a permanent settlement of the 15 year long conflict and there emerged some positive signs in the private sector development environment. Notwithstanding this fact, successive emergence of new issues has resulted in continuing negative policy environment. Thus, the country is still waiting to reap the benefits of peace.

3. Long Term Vision

Making the private sector, capable of competing in the global market by creating a conducive environment, to exploit, operate its business in a socially accountable manner.

4. Objective

The objective of this Interim Plan is to promote the private sector, capable of competing in the global market and operating its business in a transparent manner.

5. Strategies

- Role of the private sector as expected by the State will be clearly defined and the ongoing policy reform process, covering the important aspects of economic policy, will be continued.
- Private sector investment will be attracted to a sustainable and employment generating ventures, and the competitive capacity will be promoted.
- The private sector will be encouraged to keep operation transparent, to adopt corporate governance, and to carry out business with social responsibility.
- The private sector will also be encouraged to ensure the participation of stakeholders and labor employed in the management.

6. Policies

- With a view to ensure a consensus of various players in the economic policy formulation exercises, an Investment Promotion Board with wider participation of the private sector, to work for policy formulation, analysis, monitoring and evaluation, will be established.
- Private sector's role in the economy will be clearly defined, additional concessions and facilities, as appropriate will be provided to the private sector to channelize investment in the priority sectors determined by the State.
- In the infrastructure sector, the concept of public-private partnership will be promoted by clearly defining the rights and responsibilities of each partner. Relevant laws will also be revised to ensure the participation of the private sector.
- Nepalese diplomatic missions will be made engaged in industry and business promotional activities with the economic diplomacy used in measuring efficiency of missions.
- In order to facilitate the entry of goods and services of Nepal in the international market, entrepreneurs will be encouraged to enter into external market through collective efforts of both the private and the public sectors.
- Assistance, made available by the development partners, will also be utilized for the promotion of the private sector.
- Special Economic Zones and Export Houses will be established and the legal framework will be prepared to enable the private sector to establish and operate such zones.
- Investors will be encouraged to mobilize capital through the capital market and innovative financing instruments will be introduced.
- Merger of various business entities, contract manufacturing, inter mediation, and mutual conciliation management procedures will be simplified.
- Private sector establishments will be encouraged to adopt modern information technology.

- In order to promote regional balance, concessions and facilities to industries operating in the backward areas will be provided.
- Productivity enhancement of the private sector will be given special attention.

7. Expected Role of Private Sector

Private sector is comprised of investors who take business risks for a maximum return, by exploiting the opportunities available in the policy environment created by the State. As the private sector is not a single business entity but a composition of various such entities, it plays a crucial role in socio-economic transformation. This sector, therefore, is expected to contribute significantly towards investment, production, social development and employment, with the following roles:

- Generate assets and employment within the legal norms and standards defined by the State.
- Produce and supply goods and services on a competitive basis and supply Nepalese products and services in the competitive world market.
- Be a partner role with the government in the promotion of trade and industry in the country.
- Follow new and modern production technology, management principles, and professionalism and corporate culture in their businesses.
- Uphold an amicable environment where employees are properly remunerated, the work places are kept safe and secure, and the employees participation in the management is encouraged and a good industrial relational maintained.
- Pay attention to the rights and interest of the consumers and keep them sufficiently informed about the products and services.
- Invest in the sectors prioritized by the State.
- Pay proper attention to the environmental balance and minimize the adverse impact on environment.
- Provide necessary recommendations for formulating policies and programs required by the government, when required for the development of industry and businesses in the country.
- Contribute, as far as possible, to the programs of poverty alleviation, upliftment of targeted groups, environment protection and the likes as social responsibilities.

5.13 Disinvestment of Government Investment

1. Background

In the changing global economic context, the national economy has also undergone structural changes. As a result, the public enterprises of Nepal have also become the competitiveness. In the present national context of widespread poverty, and social and geographic disparities, the government needs to address

the resource requirement for inclusive development and poverty alleviation. It is, therefore, timely to adopt a disinvestment policy to release resources locked in those Public Enterprises (PEs) where the government's involvement is deemed no longer necessary and/or its presence renders them uncompetitive.

2. Review of Achievement in the Tenth Plan

The Plan had aimed to privatize three (PEs) every year, but only one was privatized during the whole period due to various problems faced.

3. Problems and Challenges

- Lacking a clear consensus on the privatization policy, regarding its concept and nature, selection of candidate PEs and the process of implementation of privatization program.
- Institutional mechanism for the effective execution of pre-and-post privatization measures was not in place.
- There were not enough resources required to clear the debt and other liabilities of the PEs.
- Privatization process remained dead locked due to unnecessary external interference in the management of PEs, lack of professional culture, managerial skills, efficiency and the fear of impunity and absence of accountability and responsibility.
- A few entities established under the concept of the public private partnership and others, where the government's presence as an investor continued, became sick. As a result, the whole liability fell on the government while the private sector was less benefited.

4. Objective

The objective underlying the disinvestment policy is to establish a role for the government as an accountable, just and conscientious regulator. In this context, the PEs, which are no longer required to remain under government ownership and management control, are to be disinvested or dissolved, and a healthy environment of competition is to be put in place.

5. Quantitative Targets

The amount of irregular expenditures of the PEs has continued to increase alarmingly. Every year, therefore, 50.0 percent of such expenditures in the PEs will be cleared. Government investment remained in the private sector entities will be divested and will be operated on professional basis.

6. Policies

- PEs need will be assessed after reviewing their objectives and scope in the light of the state's role in economic, social and cultural fields. PEs which are to remain in the public sector, will be restructured, and their management reformed, to emphasize professionalism and autonomy in their operation.

- PEs in loss will be studied, for taking necessary and appropriate decision about whether to continue, disinvest or to close them.
- To ensure effectiveness of the disinvestment program implementation, post disinvestment business plans of the PEs will be closely monitored and evaluated with feedback as necessary.
- Foreign investment in the PEs falling within the purview of national priorities will be encouraged to benefit from foreign capital and technology transfer.
- The entire government capital will be disinvested from the entities where private sector participation exists.

5.14 Contractual Savings and Investment

1. Background

In addition to the banks and the finance companies, further development of an institutional base to cater to the long-term capital needs is required for a balanced financial sector development. In this context, promotion of contractual savings and investment agencies is essential. In view of the contributions made by the Employees Provident Fund and Citizens' Investment Trust to the economy, further efforts are called for the enhancement of their role and for more of such agencies to come into operation.

2. Objective

The main objective is to mobilize the contractual savings and investment agencies for a better management of investment, social security and savings mobilization.

3. Quantitative Targets

- The Citizens' Investment Trust will raise the amount of savings to Rs. 16.20 billion by adding Rs. 7.63 billion.
- The Citizens' Investment Trust will achieve the target of Rs. 7.80 billion worth under the capital market services.
- The Citizens' Investment Trust will manage investment worth Rs. 16.25 billion of which, at least, 23 percent will be in the form of investment in shares.

4. Problems and Challenges

- Due to the current legal and policy norms, the scope of contractual savings and investment agencies has become narrow.
- Credit flow opportunities through co-financing is on the decline, due to the Nepal Rastra Bank guidelines, blocking existing funds, leadership to participate by the other banks and finance institutions.
- Proportion of bad dept is on the rise due to the dependence of participating finance agencies on the lead agency to realize co-financed loans.

- Development of professional capacity embedded with new technology and work process remains a challenging task.

5. Policies

- Increase in the mobilization of savings through the expansion of current and new savings programs.
- Concept of current investment trust will be continued for savings mobilization.
- Returns of the Citizens' Investment Trust will be increased, by reforming and simplifying the investment policy.
- Client relation system of concerned agencies will be adjusted and improved.
- With a view to enhance the supply of shares, big industries seeking investment through the Citizens Investment Trust will be asked to register as public limited companies on a priority basis and issue shares to the public.
- The Employees' Provident Fund will initiate a contributory, feasible social securities scheme to the benefit of the depositors.
- As a policy, the Fund's organization structure will be streamlined to enhance its effectiveness.
- The Fund's liquidity will be limited by promoting the effectiveness of resources collection and mobilization.
- Available resources of the Fund will be mobilized to diverse investment channels for secure and high returns, with a view to make the current social security schemes sustainable.
- By establishing the Fund as a countrywide saving entity, management of data base will be improved.
- The proportion of the non-performing loans will be defined.
- Standard quality services will be provided to the depositors through the maximum use of information technology.
- Financial transactions will be kept clear, regular, dependable and transparent through the up-to-date audit of accounts.
- Human resources plan and the management will be reformed to ensure the effective delivery of services.

5.15 Foreign Investment

1. Background

Internal resource alone is not enough to accelerate a people-oriented development of the country. Developing as well as developed countries are engaged in attracting investments, skilled manpower and management through external resource mobilization. This is evident from the recent experiences of Asian countries, with China and India in the lead. In China's economic growth rate of the past two decades, role of foreign investment has remained crucial. Despite past efforts to attract such investments by Nepal, remarkable gain is not

that visible. For Nepal's economic development, foreign investment is essential in hydropower, transport and communication sectors, which have the potential of better returns in the long run. In addition, such an investment is also necessary for the establishment and expansion of industries and other institutions to serve as pillars of the economy.

2. Review of Achievement in the Tenth Plan

In the Plan period, Rs. 1.46 billion worth of foreign direct investment was employed, while there was Rs. 470 million worth of investment outflow. Net inflow, therefore, was only Rs. 990 million.

3. Problems and Challenges

Despite various foreign investors including Indians showing a keen interest in hydropower development, foreign investment during the Plan period was very low. A relatively small domestic market, lacking integration with the regional markets, has hindered foreign investment inflow. Limited capital market and ambiguities in foreign direct investment policy, both have proved not to be helpful in inviting institutional and private foreign direct investment. Red tapism, host of document requirements, less flexible labor laws and, above all, the changing policy stances have all constrained foreign investment opportunities. Adding to these, insecurity and the conflict situation as well as political instability has hindered foreign investment.

4. Objective

The main objective includes enhancement of the foreign investment level by expanding industrial base, seeking foreign aid to supplement resources needed for a sustainable high economic growth and employment generation, and to augment technology and management skill transfer.

5. Policies

- Foreign investment in the form of joint ventures will be invited in hydropower production, constituents of tourism development such as airport construction and its management; airlines, star hotels and recreational facilities construction; agriculture and non-timber based high value products; development of education and health related facilities. Financial services, information technology, and biotechnology related industries, will also be included in the field of such investments.
- In the medium and large-scale production industries, hundred percent share based investment will be admitted. Likewise, export-oriented industries, natural resources excavation, construction of toll roads and construction of goods management terminal will also be included in that list.
- Individuals interested in investing in the development of the basis for the dissemination of employment technology making compatible with the existing economic structure will be encouraged.

- Investors willing to invest in joint venture with the Nepalese, with management skills and technology transfer package, will be welcomed.
- Appropriate policy will be adopted to attract capital, skills, efficiency and technology of the non-resident Nepalese.
- Foreign investment will be encouraged for venture capital.
- Nepalese diplomatic missions abroad will be mobilized to and promote foreign investment.
- A high-level investment promotion board will be established to facilitate foreign investment. This board will function as a "one window" shop for meeting the requirement of project approval, licensing, tax facilities and infrastructure management as necessary, for the large-scale investors.

5.16 International Relations and Economic Development

1. Background

In a situation whereby the world economy has adopted liberal economic policy, ushered in the wake of globalization, human rights advocacy, increasing role of the private sector and of citizens, Nepal is beset with political, social and economic transition. It is, therefore, high time that Nepal ushers into prosperity and modernization. Economic diplomacy has an important role to play in her identity and projection as an independent, sovereign and prosperous nation.

Economic diplomacy, in the context of Nepal's efforts on economic development, is an integral part of the foreign policy. It is therefore necessary that international, regional and bilateral relations be further strengthened. In the past, Nepal's foreign policy remained anchored to diplomatic ties. In today's changed context with the spirit of a republic, economic diplomacy also needs to be revitalized.

2. Problems, Challenges and Opportunities

There are many dimensions of relations that remain to be addressed for the economic benefits of the country. They include foreign relations in the light of dynamic globalization, regional organizational initiatives, as well as initiatives due in bilateral relations.

For economic diplomacy to play a role in ushering the country into a forward looking mode, the task ahead is how to optimize the utilization of foreign policy to comprehend bilateral and multilateral dimensions and to strengthen the relations with international and regional cooperation agencies to serve the economic development need. In the post-conflict scenario of Nepal, manifestation of international cooperation, goodwill and support, provide opportunities for the overall development of the country.

3. Long Term Vision

The long term vision is the promotion of international relations to serve Nepal's interest in fostering prosperity, modernization and justice to her people.

4. Objective

The objective is to promote international, bilateral and multilateral relations as a medium for mustering support to sustainable peace and overall development.

5. Policies

- The role of the Ministry of Foreign Affairs and diplomatic missions abroad will be enhanced by making it more effective through the medium of economic diplomacy in order to promote Nepal's interest in economic cooperation and tourism, trade, investment and technology transfer, and the promotion of foreign employment.
- For the welfare of Nepal, economic diplomacy in particular and the foreign policy in general, will be used as the principal medium in making bilateral, regional and multi-lateral agencies active and strong.
- In order to make the economic diplomacy effective, the capability of diplomatic missions abroad will be enhanced.
- A high-gearred mechanism will be in place to provide guidelines for conducting economic diplomacy, inter-agency coordination and monitoring.
- Role of non-resident Nepalese will be made effective to strengthen international economic ties.
- Keeping in view the accelerated economic growth of neighboring countries, Nepal's age-old relations with them will be further strengthened in order to enhance their support to economic development efforts. Appropriate policy to this end will be designed and adopted.

International relations as well as initiatives and programs under the policy of economic diplomacy are included in other sectoral chapters as well.

5.17 Insurance

1. Background

Insurance development in Nepal has gained momentum due to economic liberalization and globalization. During the review period, there has been a record increase in various fields of insurance industry, such as, insurers (life and non-life insurance companies), insured people (insurance service buyers), insurance agents, and surveyors, on the one hand, and the collection of insurance fees have also increased on the other hand. Investment flow from the insurance sector, contribution to the national economy, and direct and indirect employment opportunities, has also increased. Establishment of an Emergency Insurance Fund is another milestone. The participation of the Insurance Board in international and interregional organizations of insurance regulatory bodies has also increased. Insurance service, however, is yet to reach the people of remote and rural areas and the low-income groups. Quality of services now being made available, needs to be improved to meet the international standard.

2. Review of Achievement in the Tenth Plan

As envisaged by the Plan, implementation of a program to provide financial and social security against risks caused by natural disaster and social and economic activities was continued. The program helped reduce fund outflow due to insurance, secured investment of the insured people under life insurance schemes, and the credibility of insurance increased. In quantitative terms, the target was to increase the contribution of the insurance sector to the GDP from 1.0 percent to 2.5 percent. Accordingly, its contribution increased to 2.02 percent of the GDP, which comes around 68 percent of the target.

3. Problems and Challenges

The insurance sector is facing problems of lacking public awareness about insurance benefits. The funds available with the insurers remain idle, due to the lack of adequate investment opportunities. Challenging tasks ahead include:

- Enhancing the quality of insurance services to the international standard.
- Establishing non-life insurance as a powerful mechanism of managing the possible exposure to financial losses that occur due to social and natural risks.
- Developing it as an instrument for capital formation.
- Enabling people of remote and rural communities, low-income groups, and the society as a whole.

4. Objective

To enhance the standard of insurance service delivery to the international standard, and to make it responsive to the national need, including those of remote and rural communities and low-income groups.

5. Policies

- Problems of the insurance sector will be identified on the basis of international standards.
- Appropriate systems will be developed to upgrade service delivery standards as per the national need and capacity.
- Delivery of services at present will be refined and extended to new areas.
- Public awareness efforts will be focused to the rural areas.
- Existing provisions of law will be revised to incorporate legal provisions as appropriate to the policy requirements.
- Skilled manpower needs for further improvement of the insurance business will be developed.

Chapter: 6 **Social Justice and Inclusion**

6.1 Human Rights

1. Background

Human rights are the inherent rights of the human beings Universal Declaration of Human Rights 1948. Since the other time, international documents related to human rights have been promulgated. Among the declarations Covenants on Economic, Social and Cultural Rights 1966; Covenants on Civil and Political Rights, 1966; Convention on Elimination of all Forms of Racial Discrimination, Convention on Elimination of Torture and other Cruel, Inhumane, Misbehavior, or Punishment, 1979; Convention on Elimination of all Forms of Discriminations against Women, 1979; and Convention on the Rights of the child 1989 have addressed various aspects of human rights. Moreover, in the regional level, agreements, conventions and declarations have been promulgated for the protection and promotion of human rights. As a responsible member of the United Nations and international community, Nepal has been signatory of Millennium Development Goals, International Labor Organization and SAARC Declarations as well as more than 20 international instrument on human rights, and Nepal has also been trying to implement the provisions of all these in instruments through national laws and policies. This Plan will be focused on the creation of a favorable environment for living with human dignity to women, men and children of all the castes, *Adibasi Janjatis*, regions, groups and communities to fulfill responsibilities generated through these commitments and by developing the culture of human rights.

2. Review of the Current Situation

Although a separate policy and program on human rights was not included in the Ninth Plan, some aspects of human rights were included. In the Tenth Plan, social inclusion of women, children, *Dalits*, *Adibasi Janajati* and senior citizens, as well as separate policies and programs of human rights were incorporated. In this Plan commitments are made to ensure human rights provided by the constitution and provisions of international conventions on human rights issues including to support the poverty alleviation. This will be done by harmonizing human rights programs with the national development program, institutional strengthening of the judicial system, and also formulating and implementing the national plan of action on human rights.

With the wider participation of stakeholders, the National Plan Actions of in education and health; women empowerment and human trafficking; rights development of children; persons with disability; and senior citizens have been formulated and are being implemented. Moreover, the National Dalit Commission, the National Human Rights Commission, the National Women's Commission and the National Foundation for Development of Indigenous Nationalities are working for the protection and promotion of rights marginalized citizens.

3. Problems, Challenges and Opportunities

Problems

Nepal is passing through a transitional phase and, violation of human rights has been increasing. This has caused problems in maintaining stability in the political, social, and economic sectors.

- National working list based on wider national consensus in relation to the political, economic, social transformation and development not prepared.
- Poverty alleviation and social justice not institutionalized by ensuring peace, security and socio-economic development.
- Responsibilities have cropped up to empower women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims, persons with disability and different communities, sectors and groups, due to discrimination and injustice in the past.
- Access to basic services not ensured by making them participates in the process of socio-economic transformation.
- Women, children and the families of those affected by the armed conflict have not yet been rehabilitated.

Challenges

By addressing all the problems stated above at once, the challenge we have is to establish and institutionalize the culture and practice committed to human rights by fulfilling the responsibilities created by the commitments made in UNO, Regional and International forums in favor of human rights.

Opportunities

Human Rights, has become the main issue of discussion in the government and non-government sectors. Many organizations in the government and non-government sectors have been working in the field of human rights. There has been quantitative and qualitative increment in the institution to work in favor of human rights in the non-government sector, keeping vigilance, taking up study and research, keeping records and making the public aware of cases of human rights violation. The human rights concept has been getting importance in the national policies, laws, programs and all the stakeholders and institutions have shown a positive zeal to implement the human rights, by incorporating it in the national plan and the development process. In this way, basic infrastructures have been made to move the subject of human rights forward in the future, with more commitments and efforts required to make it more organized and coordinated.

4. Long Term Vision

The long term vision is to build an Inclusive, Just and Prosperous nation based on the human rights culture by implementing in practice, the commitments made by Nepal, on International Declaration on human rights.

5. Objectives

- To improve the human rights situation of the people and communities at risk and those made to be at risk by putting into practice the commitments made in the national and international levels by the State, for alleviating poverty and ending all forms of social and economic discriminations, deviations, crimes, exploitation and misbehavior.
- To institutionalize a well developed human rights culture, by controlling violation of human rights in all sectors.

6. Strategies

- To incorporate the issues of human rights in the development policies, plans and programs of all sectors.
- To implement special programs for targeted groups to promote human rights.
- To enhance the capacity and effectiveness of the government and NGOs engaged in human rights.
- To make social service delivery through comprehensive programs of education and awareness of human rights and good governance easily accessible and effective.

7. Policy and Working Policies

- In order to reflect commitments and implement human rights, as well as all other conventions and agreements ratified by the Government of Nepal, the existing legal provisions will be amended and new Acts will be formulated and implemented.
- With a view to protect and promote human rights, a custom of formulation, monitoring and evaluation of policies and projects of sectoral development will be adopted.
- In order to make the National Plan Action on Human Rights compatible with the present context, necessary programs will be formatted and implemented effectively. Necessary steps will be taken to protect the rights of the *Adibasi Janajatis*.
- To eradicate discrimination, untouchability, exploitation, violence and misbehavior based on caste, ethnicity, gender, region, language, religion and sect, programs will be launched to protect and promote the political, economic, social and cultural rights of all the citizens.
- By increasing the access of the marginalized communities like women, children, *Dalits*, *Adibasi Janajati*, *Madhesis*, person with disability, senior citizens, and people suffering from poverty and communities at risk from socio-economic perspective to natural and economic resources, a policy will be adopted to ensure their basic human rights.
- To end impunity, a policy of zero tolerance against impunity and corruption will be adopted and the rule of law and right of all citizens to leave with peace through the improvement and strengthening of

- peace and security, crime investigation and prosecution system, will be ensured.
- Public communication media will be promoted as an effective tool to communicate with security personnel, politicians as well as ordinary citizens, and to provide formal and informal education related to human rights.
- Human rights of the people in custody will be enhanced.
- Prisons will be developed as a reform home.
- Access and effectiveness will be enhanced through the expansion of social and economic services.
- Capacity, efficiency and effectiveness of the government and NGOs related to human rights will be enhanced.

6.2 Inclusive Development

1. Background

The issue of inclusion has come into the forefront due to weak implementation of past initiatives in making the society equitable by reducing the existing regional, class, caste/ethnicity and other disparities and discriminations. Recognizing this situation, the Tenth Plan included inclusion as a strategic pillar for poverty alleviation. Important provisions of inclusion have been included in the Interim Constitution, 2007 in the spirit of the People's Movement of 2006 so as to ensure citizen's rights for all castes/ethnic groups, gender, religions, regions, ages, and classes by restructuring the State.

Inclusion means to fulfill the physical, emotional and basic needs of all the people, groups or castes. It has to be achieved by respecting their dignity and their own culture and also reducing the disparities between excluded and advantaged groups and by reducing the gap in the existing opportunities and access. In addition to this, it is to help to build a just society by ensuring rightful sharing of power and resources for their active participation as a citizen.

2. Review of the Current Situation

There is a big difference between castes/ethnicity, men and women in Nepal in terms of economic, educational and health opportunities. Similarly, there is a big gap between different groups and communities in terms of access in the political and administration fields. *Dalit* families are living below the poverty line. The average life expectancy of *Dalit* women is 5 years less than other women. During 1996 and 2004 the poverty in Nepal has been reduced by 11 percentage points. During this period, it was found that poverty of Brahmins and *Chhetris* had been reduced by 46 percent, while that of *Dalits* by 21 percent. Similarly, the poverty of *Janajatis* had been reduced by 10 percent, while that of Muslims only by 6 percent. There is a big difference among children and youths from the perspective of gender, region, caste/ethnicity and group in Nepal.

The current situation of the improvements in excluded communities is not known because of the lack of disaggregated data. On the basis of available disaggregated information, the educational and health situation of *Dalits* and

Adibasi Janajatis, is found to be low. For example, in 2001 the average national literacy rate was 54.1 percent but that of *Dalits* was only 33 percent. In the case of *Adibasi Janajatis*, this ratio was 50 percent. Similarly, this ratio for backward/marginalized castes of the Madhesh was only 40 percent. If we look at the achievements in higher level education this difference is even more. For example, among the people who passed the diploma level in 2001, Brahmins and *Chhetris* accounted for 66.7 percent, while the *Dalits* accounted for only 0.8 percent. Similarly, the *Adibasi Janajatis* accounted for only 8.7 percent. Similar differences can be found in health and government services.

In all castes, the position of women is relatively lower than that of men in Nepal. The position of women and girls of excluded communities are even more vulnerable than the men, due to additional gender related obstacles that they have to face.

3. Problem, Challenges and Opportunities

Problems and Challenges

The problems that have been identified in this sector are:

- Poverty, negative social values, lack of education, poor access of resources and means, and services and facilities.
- Unfavorable policies, Acts and methods of functioning of the State.
- No clear mechanism for inclusion in the existing Plan and budget formulation directives and processes.

Moreover, additional problems have cropped up due to the crisis in the languages, cultures, traditions and identities of some *Adibasi Janajati* groups, problem in identification of *Madhesi* communities, poor representation of women and men of different castes/ethnic groups in the political and administrative structures.

Opportunities

- Commitments of political parties, policy makers and implementers to reduce the differences among communities of various castes/ethnicity, gender, groups, age and regions.
- Declaration of Nepal as a secular, inclusive, democratic and federal state in the Interim Constitution, 2007 and enshrining positive provisions in the areas of inclusion.
- Enhancement of knowledge among women, *Dalits*, *Adibasi Janajatis*, *Madhesis* and the Muslim community about their rights, and capacity development of their representative organizations to articulate their groups demands.

4. Long Term Vision

The long term vision is to develop the country as an 'Inclusive and Just State' for the equitable development of the citizens.

5. Objective

The objective is to improve the economic, social, human and cultural status of the excluded communities by mainstreaming them into development.

6. Quantitative Targets

- Human Development Index (HDI) of the excluded communities increased by 10 percent.
- Human Empowerment Index (HEI) of the excluded communities increased by 10 percent.
- Gender Empowerment Index (GEI) of the excluded women increased by 10 percent.

7. Strategies

- Mainstreaming the excluded communities to the whole development process and outcomes.
- Access to the resources of the excluded communities will be increased.
- Proportional representation of the excluded communities will be ensured in all decision-making processes and structures of the State.
- Special targeted programs will be launched for the excluded communities.
- The policy of positive discrimination will be adopted in the economic, education and health sectors for ensuring economic and social security of the weaker sections and communities among the excluded groups.
- Strategy of protection and promotion of all religious and cultural heritage and languages of the country will be adopted.

The required policies, working policies and programs for the implementation of the above mentioned strategies are included in a separate chapter related to inclusion.

6.3 Regional Development

1. Background

The regional development approach, which was initiated in the period of the Fourth and the Fifth Plans, was not continued in the following Plans. As a result, there has been the remained social and economic imbalances among development regions and, the resource of the country has not been properly utilized. Therefore, a new regional development strategy with working policies has to be formulated for the balanced development of the country by utilizing human and natural resources to the maximum extent, while keeping in mind macro economic growth, social justice and integration of the national economy.

2. Review of the Current Situation

The Human Development Report, 2004, has shown big differences in the Human Development Indices (HDI) of urban and rural areas. HDI for urban areas is 0.581 and for rural areas, where majority of the population lives, it is 0.452. In the Far and Mid-western regions of Nepal, the Human Development Index is very low (0.4) as compared to other regions of the country. During the period between 1996 and 2001, the difference between the lowest and the highest HDI for the regions has increased from 0.074 to 0.091. Moreover, it has been shown that there is a big difference in these regions in relation to the Gender Development Index (GDI), Gender Empowerment Index (GEI) and Human Poverty Index (HPI). The Living Standard Survey 2003/04 has shown that the difference has increased, between the castes and communities of different geographical regions. The main reason behind these regional inequalities is the centralized structure and vision of the State, political instability, weak economic and social situation, environmental degradation and natural disasters.

Increased regional disparities, has led to a high rate of migration from the rural and remote regions to the center and urban areas. Moreover, because of the decade long internal conflict, this trend has increased at a high rate. Limited initiatives have been taken in the past, like pocket areas for agricultural production, agriculture employment and energy development programs in the Karnali region, promotion of scarce herbs production, transportation subsidy, etc. But to supplement the reduction of local agricultural production due to the scarcity of agricultural labor, the intra-State supply trend has increased. The development of infrastructures like road transportation, communication, etc., has been emphasized to reduce the disparities between economically backward and economically active regions. The construction of infrastructures, like the Karnali highway, Chhinchu-Jajarkot road and the bridge connecting Chadani Dodhara over the Mahakali River, has helped accelerate the economic activities of that region.

3. Problems, Challenges and Opportunities

Problems

The major problems of regional development are given below:

- Lack of favorable use of natural resources.
- Lack of equal opportunities for human resource development.
- Lack of infrastructure development.
- Inadequate economic opportunities, including employment.
- Civil servants not willing to work in the remote regions.
- Lack of proper study and research on the possibilities of producing goods and services, on the basis of location or spatial dimension, and those goods and services not being used.
- Concentration of investments in privileged areas.

Challenges

This sector is facing the following challenges:

- To reduce inter-regional disparities.
- Integration of the national economy.
- Proper use of location or space specific natural resources.
- Providing equal opportunities for human resource development.
- Providing outcomes of development to the people of the Mountains, Hills and Terai regions.
- Creating employment opportunities by taking up study and research on the possibilities of producing goods and services, on the basis of location or spatial dimension, and creating an environment to induce civil servants to work in the remote areas.

Opportunities

The opportunities available are:

- To initiate social and economic transformation by restructuring the State, according to the federal structure and the concept of inclusion.
- Creation of an objective environment and awareness for the people to participate in the social and economic transformation of all the regions/areas.
- Existing possibility of supporting the implementation of the Regional Development Plan, due to basic infrastructure, which have been constructed by development efforts so far.

4. Long Term Vision

The long term vision is to build a Prosperous, Modern and Just Nepal through the activation of development works and balanced development of all regions, and maintaining a continuous relation between all the places of the country. While doing so, the inclusive vision will be adopted according to the regional concept defined within the structure of the national plan.

5. Objective

The main objective of regional development is to help increase the economic growth rate by identifying the comparative and competitive advantages of economic sub-regions that are identified for the development of relatively backward regions, in terms of development.

6. Strategies

- A strategy will be adopted to gradually reduce the existing regional disparities of development by analyzing the investment made so far. The annual development programs will be formulated according to this strategy.
- The main economic regions and lead economic sectors identified in related rural areas will be promoted.

- Through the prioritization of the geographical regions that have high possibilities of economic growth, these regions will be developed as lead regions for economic growth.
- Existing or the probable settlement of sectors that could be expanded in the rural areas will be developed in proper way.
- With the involvement of the private sector, local bodies, communities and other stakeholders, the local and regional development process will be enhanced.
- Settlements and towns will be developed in a proper way, in the periphery of the main infrastructures like highways, airports, electricity center, by formulating a land use plan.

7. Policy

To address all the problems of regional development the following policies will be adopted:

- While allocating resources special priority will be accorded to the backward areas in terms of economic and infrastructure development.
- Emphasis will be given to use local resource, skills and production system development on the basis of regional comparative advantage and local competitive capacity.
- Develop gradually the identified, main economic regions, on the basis of the existing trade volume, infrastructure development situation and social structure. Required infrastructure like roads, communications, etc will be constructed in such economic regions.
- Economic activities will be increased, by constructing infrastructures for organized settlement development.
- Private, public sector partnership will be encouraged in infrastructure development.
- The Government will provide investment support and promotional work, where the private sector is unwilling to invest, and in the pro-poor projects.
- The actual record of the State's natural resources will be prepared.
- Land use plan will be used as the basis while constructing infrastructures.

6.4 Poverty Alleviation and Employment

1. Background

The past experiences have shown that the goal of poverty reduction cannot be achieved only by maintaining positive overall economic indicators. Therefore, in the Tenth Plan, an approach has been taken to achieve a broad based and poverty alleviation oriented economic growth rate and to bring positive changes in the overall human development indicators and poverty reduction through social inclusion and targeted programs. In this Plan, programs were

implemented to reduce absolute poverty through the creation of employment under the broad economic growth.

2. Review of the Current Situation

Poverty

Out of the total population, 31 percent are living below the poverty line in Nepal. Although, absolute poverty has been reduced from 42 percent to 31 percent during the period from 1996/97 to 2003/04, the gap has been widened between urban and rural as well as between different geographical regions and groups.

During this period, urban poverty was reduced, by 12 percentage points and rural poverty, only by 8 percentage points. Urban poverty was greatly reduced because of increasing urbanization and increasing opportunities in the urban areas of the country. In terms of geographical regions, poverty in the mountain region was reduced by 25 percentage points, while very small change was seen regarding poverty in the hill regions. Similarly, poverty in the Terai region has come down by 13 percentage points.

In total, the main reason behind reduction of poverty by 11 percentage points were the faster growth in urbanization, increase in remittances from foreign employment, increase in wage rates in the agriculture sector, increase in employment and wage rates in the non-agricultural sector, and increase in the population of the economically active age group.

According to the Nepal Living Standard Survey, among the poor people living below the poverty line, 67 percent were people employed in agriculture and 11 percent agriculture laborers. In this way, 78 percent of the poor were those for whom the agriculture sector is the main stay of employment. The disparity in distribution of poverty could be seen not only on the basis of caste or ethnicity, but also on geographic/regional grounds. Among different castes or ethnicity, 46 percent of *Dalits*, 44 percent of *Janajatis* of Hills, 41 percent of Muslims, 31 percent *Janajatis* of the Terai and 31 percent of other minority groups are living below the poverty line. But 14 percent *Newars*, 18 percent Brahmins, 21 percent of middle level groups of the Terai are living below the poverty line. Thus, it is clear that there are differences in the level of poverty among the *Janajatis* due to unequal availability of opportunities, access in the national development sectors and an unequal State system.

On the one hand, it is a positive sign that per capita poverty has been reduced, but on the other hand during the same period the increase in disparities has increased the gap between the poor and the rich in the country. The Gini-coefficient, which indicates the sign of income disparity, has been increased from 0.34 to 0.41. This indicator is bigger in the case of different geographical regions and different caste and ethnic groups. The main reasons behind the increase in income inequality were the access of limited groups to opportunities, low agriculture wage rate, internal conflict, increase in the number of displaced people, increasing urbanization, increase in foreign employment and remittances.

Employment

According to the Population Census of 2001, there was 5.2 percent unemployment among the population of ten years and above, and according to the Nepal Living Standard Survey 2003/04, 2.9 percent were unemployed among the population of 15 years and above, 74.3 percent were employed and 22.8 percent were inactive. Among the unemployed population, 3.1 percent were males and 2.7 percent were females. Similarly, according to the national census of 2001, 11.43 percent are unemployed youth. In the total labor force 70.6 percent were involved in agriculture and 29.4 percent in the non-agriculture sector.

It has been estimated that the total labor force will reach 11.4 million in 2008 and its growth rate will be 2.6 percent. It is estimated that each year 0.3 million, labor force will be added in the labor market of Nepal.

3. Problems, Challenges and Opportunities

The main challenge of this Plan is to reduce the gap between the poor and the rich while continuing efforts on poverty reduction. Disguised unemployment has been wide spread in the agriculture sector due to lack of education, poverty and malnutrition. Promotion of self-employment is limited due to limited access of the majority of the people to skill, capital and technology. Although, the conflict has come to an end, the inability to ensure peace totally, has led to the erosion of the investment friendly environment and has created obstacles in the efforts towards the creation of new employment opportunities. As a result, people are getting more attracted towards foreign employment.

The major challenges are given below:

- Reducing the ever growing disguised unemployment, highly concentrated in the informal sectors.
- Gradually transferring the unnecessary population dependent on agriculture to non-agriculture sectors.
- Creating new employment opportunities.
- Promoting self-employment to those domestic entrepreneurs who have access to local skills, capital and technology.
- Making employment opportunities available to skilled human resources through industries based on joint ventures of the informal and organized sectors.
- Promoting secured foreign employment on the basis of competition.

4. Long Term Vision

The long term vision is to reduce poverty by producing skilled human resources and creating competitive employment opportunities through programs, which create opportunities and enhance capacity development.

5. Objectives

1. To promote the living standard of the people living below the absolute poverty line through programs that creates of income generation opportunities and capacity development.

2. To promote self-employment by mobilizing skills, capital and technology of the domestic entrepreneurs.
3. To increase access of the economically deprived women, *Dalits*, and persons with disability, minorities, *Adibasi Janajatis*, *Madhesis* and backward communities, in domestic and foreign employment based on capacity/skills.
4. To create the development concept, capital and environment to generate maximum employment.

6. Quantitative Targets

- Reduce the proportion of the population living below the poverty line from the existing level of 31 percent to 24 percent.
- Increase the employment growth rate from the present rate of 3 percent to 3.5 percent over the plan period.

7. Strategies

- To create new employment opportunities by attracting private sector investments in cottage and small-scale industries as well as in the medium scale agro-based industries.
- To create additional employment opportunities by attracting foreign direct investment on the basis of comparative advantage, in the mega hydroelectricity projects, highways, irrigation, tourism, services (education and health), financial sector and bio-diversity promotion and development projects.
- To provide employment opportunities for a certain period through the construction of rural roads, drinking water, and irrigation projects in the rural areas, as well as through reconstruction programs.
- To create employment by implementing separate targeted programs based on micro-credit in all the three regions namely, Mountain, Hill and the Terai, for income generation of *Dalits*, low income women, people with disability, *Adibasi Janajatis*, *Madhesis*, and the marginalized people.
- To commercialize agriculture and promote the Export Processing Zone, Special Economic Zone and Industrial Corridors, in the industry sector.
- To implement inclusive, targeted and special area specific programs based on both geographic region and social groups in different sectoral areas.
- To develop a system to identify the population living below the poverty line with the objective of targeted programs to reach the related groups effectively. After the identification of targeted groups, the State will deliver services and goods/incentives to these groups.
- Production oriented employment will be promoted to reduce unemployment and underemployment.
- To make employment more income oriented, skill development and soft loan will be provided to youths of the poor and targeted groups.

8. Policy and Working Policies

- An additional process will be started to identify the people living below the poverty line. Economic and social policies and programs based on social justice, economic growth and equitable distribution will be formulated, by focusing on the development efforts towards poverty alleviation.
- Appreciating the contribution of subsistence families to the national economy, emphasis will be laid on their development.
- Integrated development of skills, capital and market will be done in order to promote self-employment to the unemployed women and men in the informal and unorganized sectors.
- Priority will be accorded to industries, professions and programs based on labor-intensive technology, to generate employment opportunities in the rural areas.
- Support will be provided through education, training and skill development to increase the access of low income groups such as, *Dalits*, women, *Adibasi Janajatis*, *Madhesis*, minorities, backward classes, conflict affected and disabled people, in domestic and foreign employment.
- ‘Employment Information Center’ will be established to help the educated unemployed youths get employed, by disseminating information.
- Economic diplomacy will be effectively mobilized by making the provision of a Labor Facilitator in Nepalese Embassies abroad.
- Self-employment opportunities will be created, by attracting the skills and capital of the Non-Resident Nepalese.
- Self-employment will be promoted by generating records of the entrepreneurs who want to get involved in self-employment and by giving them necessary training about the promotion of self-employment, through the private sector.
- The economic growth strategy based on inclusion will be made favorable towards poverty alleviation.
- To encourage the commercialization of the subsistence production system, by increasing the productive use of small savings, general skills and limited land through the use of co-operatives.

6.5 Food Security

1. Background

Food security has been taken as the basic element of human rights. The Interim Constitution of Nepal, 2007 has also given recognition to food-sovereignty, as a basic human right. According to the World Food Conference 1996, food security means physical and economic access of all the people, everyday, to sufficient, hygienic and nutritious food, adjusted with their needs and choices. In this Interim Plan focusing on these subjects, necessary policies and

programs are outlined to reform the four main aspects of food security, which are, food availability, accessibility of food, proper use of food and food stability.

2. Review of the Current Situation

The ratio of the population who are not in a position to consume the minimum calories, at the national level, is 39.9 percent. This ratio for the Mountain region is 45.2 percent, Hill region 41.8 percent and the Terai region 37.4 percent. Similarly, this ratio in the Eastern, Central and Western Development Regions vary from 37.2 percent to 39.9 percent. In the Mid and Far-Western Development Regions, the ratio is 44.3 percent and 44.9 percent, respectively. In this way, in relation to geographical regions, the nutrition position in the Mountains and the Terai, and in relation to development regions of the Mid-west and Far-west are relatively worse. Among the children below 5 years of age, 50.4 percent are found to be stunting in relation to their age and 45.2 percent are found to be under weight in relation to their age. In case of gender, the nutrition position is serious among the girls group (39.7%) rather than the boys (39.5%). In terms of leanness of the mother, the nutrition level is found to be 18.9 percent.

Similarly, the access of *Dalit* communities on the land, which is the main base of agriculture, is very low. For example, in *Santhal*, *Jhagad*, *Kissan* and *Munda* communities, 58.5 percent are landless. Similarly, 45.8 percent of *Rajbansi* (*Kochi*), *Gangai*, *Dhimal*, *Tajpuria*, and *Meche* communities are landless. In total, 44 percent of *Dalits* in the Terai are landless and 44.6 percent of the *Dalits* of the hills are marginalized farmers (owning 0.18 to 0.40 ha. of land). Among the religious groups, 40.4 percent of Muslims, *Churoote* are landless.

Although, the government has distributed food in the remote districts through the Nepal Food Corporation, it is not sufficient (less than 1 kg per person) in relation to the food requirements of these districts. Other means of making food available are 'Food for Work' and 'School Feeding' programs. These are in operation in these districts, but in the majority part of remote rural areas, access to food has been very low.

3. Problems, Challenges and Opportunities

Problems

- About 35 percent of the population of the country feels the shortage of food materials.
- No fixed quality of the available food commodity and lack of awareness on nutrition.
- Existence of gender, age, and caste/ethnic discrimination in the distribution of food.
- Adequate attention is not paid to food security at the national level.
- Unreliability of food distribution due to high transportation cost in the areas not connected with road transport.

Challenges

- To increase the income source of groups/regions that are at risk and the productivity of both agriculture and non-agriculture sectors.
- To maintain a balance between the issue of self-reliance and dependency with regard to the import of food products.
- To implement the programs for the women, children and senior citizens at risk in an efficient manner.
- To change food habits.

Opportunities

- The role of the market in food distribution has widened, due to rapid development of road transportation.
- Abundant opportunities available to produce/consume the balanced and nutritious food products, by utilizing bio-diversity.
- Existence of the situation, which can provide more support to food security of the poor, *Adibasi Janajatis* and those at risk of food security, by the systematic use of forest based products (timber and non-timber) etc.
- Making appropriate and fixed markets for the low volume and high value products, available to all, could increase family income substantially. Access to the food products could be increased with this additional increase in income.

4. Long Term Vision

The long term vision is to ensure food sovereignty rights of every individual by strengthening in a coordinated way all aspects of food and nutritional security.

5. Objectives

The main objective of the food security plan is to make the life of the targeted people healthy and productive by improving national food sovereignty and the food and nutrition situation. The basic objectives of this Plan are as follows:

1. To increase national self-reliance in basic food products.
2. To improve the nutrition situation.
3. To enhance the quality, standard and hygiene of food products available in the market and those consumed by the households.
4. To enhance capacity of managing food insecurity that arises due to crisis situations like famines, droughts, floods, land slides, fires, etc.
5. To improve access to food of the people/groups at risk of food insecurity.

6. Quantitative Targets

To ensure improvements in the availability of food and nutrition position, the Interim Plan has set the following targets.

- Food availability will be increased from 280 kg per person in the base year 2006/07 to 289 kg per person in the final year of the Plan.

- During the same period, the percentage of stunting children below 5 years will be reduced from 39 percent to 35 percent. Similarly, the percentage of the population consuming less than the minimum calories will be reduced to 31 percent from 35 percent.
- The annual quantity of public food distribution will be increased from 20 thousand MT in the base year to 39 thousand MT in the final year of the Plan. In addition to this, in the three years period, 29,151 MT of food in total will be sold in the remote districts, by the Nepal Food Corporation.

7. Strategies

To achieve the objectives of food and nutrition, the following strategies will be followed:

- The production as well as the productivity of agricultural and forest based basic food product will be increased. Emphasis will be given to the production of those products which provide food and nutrition security.
- To increase the value addition of the products that is produced in the food deficit rural areas and to improve the capacity of the targeted groups to make them able to get a big chunk of the value addition.
- To enhance the comparative and competitive capacity of agriculture and to promote the rights of the farmer.
- To make changes in the food habits of the people to match food available in the local areas.
- To improve the production process of food products, as well as to improve its preservation technology and systems.
- To increase the feeding practices like, 'a little and many times a day', especially for infants.
- To increase awareness on balanced diet and its practices.
- To implement the national food standard according to international practices.
- To strengthen the institutional capacity to reform food Acts, standard setting and to build regulatory mechanisms.
- To establish the Projection Information System of the crops production and food supplies and to gradually strengthen it.
- To strengthen the crisis management capacity of national and local bodies as well as to enhance resources.
- To increase income through targeted programs.
- To strengthen the distribution system for making food available at cheaper prices.
- To establish, expand and operate food security storage at the district level.

8. Policy and Working Policies

- To develop and disseminate appropriate technology through doing research on the possibilities of production of food products according to geo-environmental situation.
- To encourage intensive production of nutritious vegetables in the urban and rural areas, and near the urban areas.
- To develop essential physical infrastructures like road, electricity, communication, storage, cold storage in the rural/remote areas.
- To develop and expand road transportation as well as other alternate transportation facilities like mule road, ropeways for the reduction in food transportation cost.
- To expand and manage food markets in coordination with local bodies, the District Agricultural Development and Livestock Service Office and the Industry Commerce Association in remote areas.
- To encourage production and consumption of food products according to the local culture.
- To increase the monitoring capacity of the standard and quality control agencies.
- To set standards for national food products.
- To enhance food test/analysis capacity to the international level by providing necessary training to technicians on food quality and standards.
- The whole cycle of the food chain will be organized to maintain food freshness.
- To effectively implement food Acts by updating them.
- Food Sovereignty Act will be formulated and implemented.
- Food insecurity regions/groups will be identified, by formulating indicators of food security and risk mapping in the districts.
- To implement the food distribution system and targeted programs for the identified food insecurity regions/groups.
- To establish the system of 'food coupon' and 'food credit card' in the food insecurity regions. Infrastructure construction and supply of minimum necessary food for the targeted groups from fair price shops and food depot program will be launched.
- Special food program will be implemented by forming poor women groups.
- Training programs and development of human resources program will be implemented to increase the food crisis management capacity of the related institutions at the central and local level.
- To develop coordination between related agencies for food crisis management.
- System of keeping stocks of extra food by setting certain ratio of extra food according to the total food required in each district by the geographical region (Mountain region 10%, Hill region 7% and the Terai region 5%).

- Nepal Food Corporation will be oriented and strengthened to assume new responsibility.
- Fair Price Shops will be operated, by expanding local cooperatives and the private sector.
- The possible sectors/groups of victims from natural disasters will be identified.
- The capacity of related institutions (Security, Red Cross, NGOs) will be enhanced to make the relief programs available in the disaster-affected areas as soon as possible.
- At least 100 days employment in a year will be made available with the current wage rate to all the families in the food unsecured regions.
- Rural employment and income generating opportunities will be increased through various sectors like (agriculture, forestry, water resources, trade, cottage industry and tourism etc.).
- Information will be disseminated, by expanding markets for local commodities.
- In the Ministry of Local Development and the Ministry of Agriculture and Cooperatives, Food Security Division and Information Center will be established.
- Statistics will be collected, by developing a format to collect information on food security.
- With the analysis of the food security status, quarterly information bulletins will be published and distributed.
- In all the districts formulation, implementation and monitoring works on food and nutrition related plans, will be coordinated through the Agriculture and Food Security Coordination Committee.
- The Poverty Monitoring Division of the National Planning Commission will monitor programs and progress related to food security.

6.6 Environment Management

1. Background

Since the seventies, policies and program on environment management has been incorporated in the periodic plans of Nepal. At that time, special priority was accorded to the prevention of soil erosion, flood and landslides and conservation of forest resources in the policy, strategy and programs of the periodic plans due to the increasing pressure on forest and land by the increase in population growth. In addition to this, there have been commitments shown in policy and programs to implement measures for mitigating negative impacts.

Similarly, emphasis was given to the policy of reducing water pollution generated by industries and urban areas in the early eighties. Due to these initiatives, institutional and structural development for the conservation and sustainable use of natural resources in particular was started, and consumers were taken as development partner. Efforts had begun to manage natural

resources through people's participation. In the meantime, although in some places the problem of environment began to reduce, in the majority part of the country, the existing problems began to widen and new types of problems began to emerge. In urban areas and industrial estates, the problem of pollution of solid waste, air, water, and noise began to expand. Especially, rural areas began to suffer from problems like soil erosion, flood, landslides, and reduction in water source. Reduction in biodiversity and erosion of fertile soil began to increase. Today, among the various problems of environment in the world, climate change has become a matter of serious concern. Because of the green house gas effect, a problem related with the outburst of glacier lakes in Nepal has begun to emerge. To reduce these problems, various initiatives have been taken by the government, NGOs and the private sector. In 1996, the then Ministry of Population and Environment was established. With the implementation of Environment Conservation Act, 1997, and Environment Conservation Regulations, 1998, environmental impact assessment of development works was institutionalized. To reduce the emission of green house gases by transport vehicles, standards related to the waste flow and quality standard of the air were implemented. But, the desired outcomes were not achieved in the environment quality standard.

2. Problems, Challenges and Opportunities

Problems and Challenges

The problems related to rural environment are as follows:

- Development initiatives in the environment sector aimed to achieve only the immediate benefit.
- Environmental management could not be implemented for sustainable economic development.
- Efforts were continued to implement programs according to the sectoral development concept rather than solving the problem by finding the causes of environmental damage.
- Deforestation, soil erosion, decrease in productivity and desertification, flood, landslide, decrease in biodiversity.
- Similarly in case of urban areas the major problems are solid waste management, and the widening of Water and air pollution.

Moreover, the problems created by high volume of noise in urban and industrial estates have also become the main subject of concern. Similarly, causes of increasing desertification, outburst of glacier lakes have also been taken as an integral part of environment degradation. In total, Nepal has been facing two types of environmental challenges- first, the problems generated by the pressure on natural resources and air as well as water pollution during the seventies and eighties. Second, the problems generated by climate change for which the country is not responsible but has to face it and it could even be dangerous in the future. The weaknesses in the implementation of environment policies and programs as well as mainstreaming the environment conservation issues in the development process are seen as the main challenges.

Opportunities

Even though there are problems as mentioned above, there are also opportunities in the environment sector. These are as follows:

- There has been enhancement in people's awareness related to environment in Nepal after the restoration of democracy and the United Nations Conference on Environment and Development held in Rio De Janeiro, Brazil in 1992.
- There has been an incorporation of environment education in the formal education.
- There has been implementation of environment Acts and standards.
- There has been the development of the system of information exchange by preparing and publishing the report on the implementation status of environment related conventions.
- There has been an increasing presence of NGOs working in the field of environment conservations.

3. Long Term Vision

The long-term vision of the environment conservation sector is to achieve sustainable economic development by reducing environmental impacts.

4. Objective

The objective of this sector is to help economic development by reducing the pressure on the environment through the implementation of international agreements and conventions.

5. Policy and Working Policies

Following policy and working policies will be adopted in the environment conservation sector:

- An integrated policy related to environment will be formulated and implemented.
- Adoption of environment standards, environment evaluation reports as well as implementation of works like cleaner production and energy efficiency and environmental monitoring and auditing will be widened.
- Programs will be formulated, implemented and monitored according to the spirit of treaties, conventions and agreements on environment that are endorsed by and to which Nepal is a part.
- By integrating the aspects of environment conservation with infrastructure development and social and economic development works, programs will be implemented and implementation status will be made public on a regular basis.

Chapter: 7

Peace, Reconstruction, Rehabilitation and Reintegration

1. Background

The economic and social policies adopted in the past have resulted in some positive results in the country. However, the country experienced a decade long internal conflict caused by persisting disparities and discriminations in the social, economic and cultural areas. This has, on one hand, caused a great loss in terms of human, social and physical structures pushing the development efforts backward, and on the other hand, has increased awareness among the general public, including the disadvantaged groups, about their rights by highlighting the prevailing discriminations in the society.

2. Review of the Current Situation

During the decade long internal conflict, the nation suffered a great loss in human and physical terms. Due to this conflict, nearly 11,300 people died, 3,500 families were displaced and 1,000 people are assumed to be missing. According to the latest statistics, more than Rs. 5 billion worth of different public physical structures were damaged. Against this background the Comprehensive Peace Accord (CPA) has been signed between the state and insurgents and the Interim Constitution has been promulgated. In addition, verification and cantonment of the Maoist combatants have been completed with UN involvement for sustainable peace. Likewise, efforts to reach an agreement with agitating groups through negotiations, is also going on.

3. Problems, Challenges and Opportunities

Problems

The immediate problems in the reconstruction, rehabilitation and reintegration works are:

- Absence of elected people's representatives in local bodies to carry out reconstruction, rehabilitation and reintegration programs up to the local levels.
- Inadequate number of necessary competent human resources.
- Resource shortfalls in relation to increased expectations of the general public.
- Difficulties in immediate rehabilitation of the displaced people.
- Problems which arose due to technical difficulties of actual assessment of the damage.
- Insufficient relief compared to the actual loss.
- The condition of the missing citizens has not yet been made public.
- Unable to reconstruct the damaged infrastructure in different remote locations.

Challenges

The biggest challenge is to heal quickly the damaged social relations and recoup the development momentum lost due to conflict, through programs of reconstruction, rehabilitation and reintegration. Moreover, the task of including different sides in the peace process through talks in order to achieve a national consensus for inclusion of all in the national mainstream is a challenge. In the same way, it is a challenge to normalize psychosocial effects of the conflict and to create friendly environment among the citizens. Besides these, the following challenges exist:

- Proper management of the insurgents in the cantonments.
- Promotion of positive and creative mind set in conflict management.
- To push forward the process of conflict management and transformation process in an effective way.
- Absence of effective state mechanisms for sustainable peace.
- Inadequate financial and physical resources for the operation of reconstruction, rehabilitation and reintegration works.

Opportunities

- Interest shown by various bilateral and multi-lateral donor agencies on peace promotion.
- Willingness of different groups to express their dissatisfactions openly and to resolve the problems through talks.
- Utilization of competence, labor and skills of the former combatants in the cantonments, in nation building.
- Peace keeping through peace mechanisms.
- To establish peace in the country by reviving the economy through programs such as relief to the families of those killed during the conflict, rehabilitation of the displaced, reconstruction of the damaged physical infrastructures, and reintegration of those isolated from the society.
- Opportunities to use innovative ideas, while reconstructing damaged infrastructures.

4. Mission

Establish a new prosperous, modern and just Nepal, by promoting peace, goodwill and tolerance through reconstruction, rehabilitation and reintegration.

5. Objective

To establish sustainable peace in the country through immediate relief and rehabilitation of conflict affected individuals and groups, reconstruction of damaged physical infrastructures, and social reintegration.

6. Quantitative Targets

- The families of all those deceased in the conflict would have received relief.
- All the displaced families would have received relief.
- Subsistence allowance distributed to families of all the martyrs.
- The children of all the martyrs would have been provided with scholarships.
- Relief distribution to all the widows and single women affected by the conflict.
- All the damaged infrastructures would have been reconstructed.
- Rehabilitation and reintegration of all the displaced families.
- Adjustment and rehabilitation of Maoist combatants in accordance with an agreed process.

7. Strategies

- Special emphasis will be given to relief and social rehabilitation of individuals and groups affected by the conflict.
- Reconstruction of physical infrastructure will be done in coordination with the line agencies and local bodies.
- Peace, reconstruction, rehabilitation and reintegration programs will be implemented with people's support mobilized through press and other media.
- The recommendations of the special committee for adjustment and rehabilitation of Maoist combatants will be implemented by forming a task force.
- Peace Fund will be increased and effectively used for the program of peace, reconstruction and relief. For this, the Peace Fund will also coordinate and collaborate with the United Nations Peace Fund.
- Participation of service recipients in formulation, implementation, monitoring and evaluation of programs and projects will be ensured. Institutional strengthening will be done to make reconstruction, rehabilitation and reintegration works effective. Wider participation of women will be ensured in all processes.

8. Policies

- The individuals and groups affected by the conflict will be provided immediate relief and social rehabilitation.
- Physical infrastructures and cultural heritages damaged during the conflict including government buildings, school building, airport towers, communication towers, roads, bridges and culverts, etc., will be constructed.
- Programs that strengthen peace and help in its institutionalization will be identified and implemented. In this process meaningful involvement of women, *Dalits*, *Adibasi Janajati*, *Madhesi*, people with disability and the minority will be ensured in this process.

- Necessary opportunities for psycho-social counseling, employment, or self-employment and security will be arranged for the relief, rehabilitation and reintegration of the individuals and groups affected by the conflict. Appropriate programs will be developed for women, *Dalit*, *Adibasi Janajati*, *Madhesi*, and people with disability, orphans, the minorities and the youth.
- Special programs will be conducted for the widows and single women.
- The Peace Fund will be effectively used for the establishment of sustainable peace.
- Peace committees at the center, district and village levels will be formed for the effective implementation of the works on peace, rehabilitation, reconstruction and reintegration.
- The recommendations of the Committee for the Readjustment and Rehabilitation of Maoist Combatants will be implemented.
- Statistics related to displaced, missing and the deceased will be updated.
- Collaborations and partnerships will be sought with the local, national and international NGOs for the reconstruction, rehabilitation and reintegration programs.
- In order to prevent conflicts in the country, built in conflict preventive measures and conflict sensitive approaches will be made mandatory for all development programs.
- Arrangements will be made for the special type of monitoring for the reconstruction, rehabilitation and reintegration programs.
- Institutional capacity will be enhanced for effective implementation of peace, reconstruction, rehabilitation and reintegration programs.

9. Programs

- *Physical Infrastructure Reconstruction and Rehabilitation Programs*
 - Under this program conflict damaged physical infrastructures will be reconstructed or rehabilitated.
- *Program for Relief and Rehabilitation for the Conflict Affected*
 - To provide financial assistance to the dependent families of the deceased, to rehabilitate people disabled in the conflict and to identify and verify the people missing in the conflict.
- *Post Conflict Social Reconstruction Projects*
 - To conduct programs related to social and community leadership development, employment and self-employment skill oriented trainings, psychosocial counseling, and community living settlement development programs.
- *Cantonment Management Program*
 - Manage boarding and lodging of the Maoist combatants and cantonment management and rehabilitation.

- *Adjustment and Rehabilitation Program*
 - To implement the suggestions of the Special Committees constituted for the Adjustment and Rehabilitation of the Maoist combatants.
- *Peace Promotion Program.*
Under this program following activities will be carried out:
 - Peace talks with dissatisfied groups.
 - Establish Truth and Reconciliation Commission.
 - Formation of local peace committees.
 - Dissemination of information about prevention and mitigation of conflict at local and national levels.
 - Monitoring of peace accords and agreements.
 - Formation of Communication, Coordination and Documentation Center.
 - Construction of peace memorial.
 - Establish awards to honor peace efforts.
 - Capacity enhancement programs.

10. Expected Outcomes

- People displaced due to conflicts will be rehabilitated.
- Social and physical structures damaged during the conflict will be reconstructed and rehabilitated.
- The dependent families of the deceased and missing people due to the conflict will start to live a new life with new hope and zeal.
- Maoist combatants in the cantonments adjusted and rehabilitated.
- An environment of sustainable peace and reconciliation in the society created.
- Youth involved in the conflict coming forward to provide constructive leadership in development of the nation by being in the mainstream of the society.
- Information, Resource and Coordination center related with reconstruction, rehabilitation and reintegration, developed.
- Institutional capacity enhanced.

11. Assumptions and Risks

For the successful implementation of the above-mentioned policies and programs, the following conditions should prevail:

- Inter-ministerial coordination and cooperation.
- International goodwill and cooperation made available.
- Active participation of service recipients in implementation.
- Programs to be identified and implemented based on the principle of social inclusion.
- Program identification on the basis of targeted service recipient's priorities and the needs of the marginalized groups.

12. Estimated Budget*
(at FY 2006/07 prices)

(Rs. in million)

| S.No. | Programs | |
|-------|---|----------------|
| 1 | Reconstruction and Rehabilitation Programs | 4,830.1 |
| 2 | Relief and Rehabilitation Program (Ganesh Man Singh Peace Campaign) | 37.2 |
| 3 | Post Conflict Social Reconstruction Project | 178.9 |
| | Total | 5,046.2 |

(except Peace Fund)

13. Implementation, Monitoring and Evaluation

Implementation

- Programs and projects will be implemented in a decentralized pattern in a transparent fashion.
- Participation of all service recipients will be ensured in all aspects of the programs, from detailed project formulation to the implementation stage.
- While reconstructing and rehabilitating physical infrastructures damaged by the conflict all activities/works which can be handled by local users' groups, NGOs and CBOs, will be directly implemented through them.
- During the implementation, situation specific necessary changes will be allowed with the approval of line agencies and the agreement of service recipients and stakeholders.

Monitoring and Evaluation

- Reconstruction, rehabilitation and reintegration programs will be monitored and evaluated by developing a special monitoring and evaluation mechanisms.
- Service recipients will be involved in the monitoring and evaluation process.
- Public hearing and social auditing will be conducted for all programs and projects.

Chapter: 8

Gender Mainstreaming and Inclusion

8.1 Empowerment of Women and Gender Equality

1. Background

The Government of Nepal has continued its effort to implement various commitments made in favor of gender equality in national and international forums. The government has taken significant initiatives in mobilizing the support of non-government, private sector, civil society and donor agencies. There are various programs and projects in operation under sector ministries and their agencies. Recognizing the shared, collective responsibility towards gender mainstreaming, various line ministries and agencies have launched different projects and programs in order to enhance the achieve participation of the women from the central level to village level and to reduce gender inequality. Although there has been positive change in gender development, substantial change in the status of women in the socially and economically backward groups and rural areas is yet to be achieved. There are women badly affected in the course of the internal conflict awaiting protection and a safe return to their homes. They need employment opportunities for a sustainable livelihood, and they also need to be socially rehabilitated and enabled to live with human dignity. There is now a favorable environment in place due to the comprehensive peace accord and the declaration of gender equality by the Interim Parliament, which has also been supported by the amended acts. All these measures are directed to putting an end to the present gender discrimination.

Since the inception of the Sixth Plan (1980-85), the Government of Nepal has focused its efforts on the development of women. The subsequent plans have also focused on the issues of women empowerment, gender equality and equity. Together with the relevant reforms on acts and policies to conform to the government's commitment to the implementation of provisions for women development, women empowerment and gender related conventions and declarations of the United Nations, as well as SAARC and national conventions, matching programs are being carried out. There is much to be done to fulfill those commitments and to ensure women's rights and gender equality.

The realization of the effectiveness and substantial differences in gender equality and women empowerment are the areas of concern in the Interim Plan. It has also adopted the process of recognition and monitoring and valuation of women's works and their roles in the entire economy by engendering macro economic framework and the development process and by making them gender sensitive. Special features of the program include:

- Protection and rehabilitation of women affected by the conflict.
- Inclusion of women in all sectors of development.
- Implementation of the State's commitment for complete gender equality.
- Creation of positive pressure and advocacy.

- Use of social development for conflict settlement and permanent political stability.
- Institutional capacity development of national mechanism, gender focal point and women development office.
- Identification of specialized and shared responsibilities of all agencies working on gender equality and women empowerment.
- Implementation of the gender management system.

2. Review of the Current Situation

Various programs targeted women's development, women rights and gender equality, all based on the national work plans and in line with the commitments of the government, are in operation. There are many tasks being performed by the NGOs and the civil society in the fields of social and economic empowerment of women. The Interim Parliament has passed a bill to ensure at least 33 percent women's representation in all the state machinery. Gender analysis and audit have been carried out for some line ministries' programs. In the planning and execution of local development, women's participation has been made mandatory. In the Ministry of Finance (MoF), a gender responsive budget committee is functioning to look into gender issues in development programs, budgeting and their implementation.

Currently many programs have been conducted to enable women of socially and economically marginalized groups to have access to employment-oriented skills and productive resources and to increase their decision making and organizational capacity, and women groups are active in that program up to the local level. In addition, there is a wider involvement of NGOs scale in the programs like economically empowering women of rural and poor communities, controlling girls trafficking and raising awareness on reproductive health.

In spite of these efforts, the indicators of gender development and gender empowerment in Nepal, are only 0.520 and 0.351 respectively. The participation of women and men in labor are 48.9 and 67.6 percent. Majority of women are engaged in informal, subsistence and domestic labor, without wage or with low wage. The contribution of women to economic activities outside their homes is 36.3 hours every week, while that of men is 42.6 hours. On the other hand, weekly contribution to in-house economic activities by women is 42.5 hours and that of men is 46.5 hours. Outside home non-economic activities of women occupy 25.1 hours of labor and that of men occupies 9.7 hours a week. On the whole, aggregate hours spent in economic and non-economic activities every week by women and men are 103.9 hours and 98.8 hours respectably. In income earnings and administrative services, women share 30.0 percent and 12.7 percent respectively.

3. Problems, Challenges and Opportunities

Problems

Inequality between men and women and gender discrimination prevails in the society from family to the national level. Women remain marginalized

economically, socially, and politically, which is the crux of the problem. Investment, which is a vital necessity for the economic and social upliftment of women who are marginalized and poverty-stricken, especially in the rural areas, has remained stagnant. Against this drawback, achieving gender equality and raising the representation of women in the policy-making level to 33 percent is an uphill task.

Challenges

The challenges ahead have many dimensions, such as:

- The condition of the women has become deplorable due to armed conflict and displacement.
- Opportunities of livelihood at the local level have been lost.
- Agreement to check cross-border human trafficking still does not exist.
- Labor exploitation by the informal and unorganized sector goes unabated and exposure to such risks is imminent.
- There is an increasing feminization of poverty.
- Use of women labor for income generating activities is not yet a reality.

The Ministry, Department and offices playing the role of focal points for gender equality and women empowerment continue to face enormous challenges for improvement, such as, limited infrastructure, development program and budget allocation, inadequate organization structure and inadequate staff capability due to the staff working on a temporary basis. With all these deficiencies, the effectiveness of the machinery is weak. Although overseas employment opportunities for women are increasing, they are vulnerable to the hardships of human trafficking, exposure to HIV, labor and sexual exploitation, and other such risks. On the other hand, in Nepal there is no system of a gender-sensitive database in an integrated and coordinated format. Gender-sensitiveness test, analysis of sector policies, programs and budget are yet to be realized in the true sense. In addition, monitoring and review of development programs hardly focus on gender related issues mainly due to the weak capacity of the focal point agencies responsible for gender issues.

Opportunities

Avenues to meaningful changes for equality in all aspects of the society have been opened by the amendments to acts that were discriminatory against women. An environment has been created for the partnership of the government, donor communities, NGOs and the private sector. The Interim Constitution, 2007, includes women's rights, gender equality and the empowerment of women as important liabilities and responsibilities of the State in legal and moral terms. International cooperation has continued and women are more aware of their rights. They are thus, in a stronger position now, to shoulder their responsibility than before.

4. Long Term Vision

The vision of this Plan is to build a new Nepal, as a just, gender inclusive and equitable country, by ensuring the fundamental and equal rights of women.

5. Objectives

- To build an equitable and gender inclusive society by ensuring equal rights of women of all castes, creed and regions in the social, political and economic aspects of national development.
- To put an end to all forms of violence and discrimination against women including human trafficking.
- Social rehabilitation of conflict-affected and displaced women and to ensure the active participation of women in conflict resolution and the peace process.

6. Quantitative Targets

- The gender development index will be raised to 0.556.
- Measure of gender empowerment will be raised to 0.450.
- Women representation in the policy-making bodies will be raised to 33.0 percent.

7. Strategies

- Women's active participation will be ensured through gender mainstreaming in all the areas of development.
- Policy and legal reforms as well as other necessary measures will be taken to ensure at least 33 percent representation of women in the policy and decision-making process at all levels.
- In the social, economic and political spheres, active participation and empowerment of women of the backward groups, *Adibasi Janajatis*, *Madhesis*, Muslims, single women, women with disability and the marginalized, will be ensured.
- In order to completely end all kinds of violence and gender discrimination against women including human trafficking, tasks will be undertaken to create a strong environment, including a legal framework.
- A special program will be run to protect the rights of conflict victims and internally displaced women, and to rehabilitate them.
- Active and meaningful participation of women in conflict resolution and peace building will be ensured.

8. Policy and Working Policies

- Women will be encouraged to actively participate in the institutionalization of democracy and the electoral process.
- Gender management and a gender management information system will be launched and enforced, and the policies and legal reforms will be closely monitored and evaluated.

- Advocacy and public awareness activities in favor of gender equality, mainstreaming and women empowerment will be conducted as a campaign. In addition, activities will be focused on forming partnerships and collaborations among the government, private and non-government sectors to mobilize the established state/national machinery.
- In the annual development plan/programming exercises, gender analysis and a gender sensitive budget process will be made compulsory. Mechanisms will be developed and adopted to institutionalize gender analysis, monitoring and evaluation in macro economic framework as well as sectoral and local development.
- In local level planning and programming, as well as implementation monitoring and evaluation, at least 33 percent participation of women including representation of those from the backward groups will be secured.
- Important development sectors like education and health, agriculture, water resources, forest, tourism and local development, will be engendered.
- Measures will be taken to ensure that 33 percent of the beneficiaries of the programs run by the ministries are women.
- At least 33 percent women representation in the state machinery will be ensured through legal, policy and institutional reforms. Composition of women representation will be proportionate to the structure and diversities of women in the society.
- Especially designed courses will be conducted at the national, regional and district levels to promote the capacity of women in general and those of the marginalized communities in particular, to contest in the appointment and promotion of public office posts.
- Industrial enterprises with women as chief executive officers and 50 percent women in their managing board as members will be given special incentives.
- To rehabilitate conflict affected and displaced women socially their active participation and meaningful in the conflict resolution and peace building exercises.
- To implement the international commitments of the State, all unacceptable discriminatory acts related to women will be eliminated.
- Specialized gender analysis, gender auditing, budget implementation and monitoring of national, regional and local development plans and programs will be strengthened.
- To check and control all kinds of violence against women including human trafficking, acts related to women's rights will be reformed and pro-rights perspective collaboration at cross-border points will be promoted.

- Skill development trainings and psychosocial counseling programs to remedy emotional suffering will be conducted for women who are victims of violence and at risk.
- To protect and control violence against girl children and women, legal provisions will be tailored to promote and mobilize the community on initiatives to seek legal remedy and for setting up para-legal committees.
- Special measures will be taken to socially and economically empower single women.
- Women's access to and control over natural resources will be ensured for their economic empowerment.
- Special program, to protect the rights of women engaged in the informal and unorganized sectors and to develop their professional skills, will be conducted.
- An intensive program targeted to employment and income generation for rural women of backward groups will be extended to the Village Development Committee level by increasing involvement.
- To upgrade the professional skill of rural women in their economic pursuit, steps will be taken to develop their entrepreneurial capacity, through an increased access to economic resources and information, market management, technology transfer and innovation.
- A targeted program to ensure women's rights to reproductive and sexual health will be launched.
- Initiatives will be taken to enhance gender issue dealing with the capacity of working women at the policy and decision-making levels, including those in political leadership to address gender issues.
- The Ministry of Women, Children, and Social Welfare (MoWCSW) will be restructured and its institutional capacity will be strengthened in order to develop it as an exclusively specialized national entity for coordination, facilitation, monitoring and information management in its areas of operation.
- The National Women Commission (NWC) will be strengthened and made autonomous in order to make it function effectively.
- The capacity of the monitoring and coordination network as well as the Task Force set up for effective implementation of the National Action Plans related to the CEDAW trafficking will be activated and enhanced.
- Infrastructure, staffing and institutional capacity of women development offices functioning as focal points of contact for gender issues at local levels will be strengthened for effective coordination, facilitation and monitoring of gender equality and women empowerment activities.
- Capability of community level entities working for women empowerment and the women's NGO agencies as well will be enhanced and made accountable.

- A special scheme will be set up to deliver basic services at the local level for the benefit of women in the poverty group.
- Social, economic and political empowerment of women categorized as the backward groups, *Adibasi Janajatis*, *Madhesis*, single women, Muslims, women with disability, marginalized and poverty-stricken, will be empowered to actively take part in all fields.
- In order to better utilize the skills and experiences of senior women, appropriate programs will be run at the community level.
- Rehabilitation centers will be opened and special programs will be launched in collaboration with NGOs for the protection of the rights of conflict-affected women, displaced women, single women and women with disability, and for their social security.
- National Action Plan as per the UN Declaration on social rehabilitation of conflict-affected women will be made ready and a process of facilitating a secure and courteous return of dislocated women will be set up in motion.
- Services and facilities such as free education and skill training, free basic health services, psycho-social counseling, easy access to financial investment and legal help will be extended to conflict-affected women.
- Cases of sexual exploitation and any kind of violence and infringement on the rights of women during conflict will be investigated and brought to justice.
- To make the implementation of the comprehensive peace accord women-friendly, an advocacy program will be launched and measures will be taken to ensure 33 percent national level and 50 percent local level representation of women in the peace councils and peace committees respectively.

9. Major Programs

Major programs in keeping with the strategies, policies and working policies to be implemented during the Plan period are as follows:

Women Empowerment Program:

- Policy and legal reform, coordination of regional entities and NGOs engaged in gender related fields.
- Leadership development.
- Participation of women in conflict resolution and the peace process, preparation of a national action plan for the social rehabilitation of women affected by the conflict and its implementation.
- Psycho social counseling service for transformation of emotional disturbances.
- Legal aid.
- Gender awareness and advocacy.

Women Development Program (Center): This program will consist of coordination, awareness and advocacy, household development, community development, social inclusion of targeted communities and economic empowerment.

Women Development Program (District Level): This program will include public awareness programs against domestic violence and human trafficking, women entrepreneurship and business promotion, development of adolescent girls, women's skill development and income-generation, women entrepreneurship fund operation, group forming, making a national network for gender equality and women empowerment active and its extension to local levels, control of domestic violence, security for women, human trafficking control, organizing women engaged in the informal and unorganized sectors, conducting campaigns against various malpractices, bad traditions, violence and such other unacceptable conditions present in the society.

Gender Equality and Women Empowerment Program: Enrichment of the institutional capacity of women development offices, legal economic and social awareness raising programs for the targeted community, and economic empowerment of the targeted groups.

Implementation, Monitoring, and Reporting on International and Regional Instruments Related to Rights of Women: Under this program, activities to be undertaken will include gender analysis and audit of all the sector ministries and selected DDCs, extension and strengthening of gender analysis and review of the gender-responsive budget system, monitoring and evaluation of the implementation status related to the international commitments made by the government and reporting there on.

Capacity Building of the Women Empowerment Mechanism: This program will consist of study and review of ministries and their subordinate agencies for necessary reforms, operation of development and reform programs, setting up gender management system, extension of the gender information management system from the central to local levels, strengthening of gender focal units, and capacity development of community based local women agencies.

10. Expected Outcomes

- At least 33 percent of the policy-making and other responsible posts of the public sector will be occupied by women.
- At least 10 percent of the national budget allocated to programs targeting women empowerment and similar programs will be implemented.
- An exclusive national work plan to implement the UN Security Council's declaration will be formulated, the rights of the women

affected by the conflict will be secured, and women displaced during conflict will return securely and be rehabilitated.

- Active participation of women by at least 50 percent representation in the local level peace process and by at least 33 percent at the national level.
- All discriminatory laws against women will be amended and equality before law guaranteed.
- All kinds of violence against women end, human trafficking will be checked and controlled, legal provisions for security at workplaces will be made, and domestic violence control will be enforced.
- An enabling environment will be established for single women, to empower them economically and socially.
- A capable and active national mechanism for gender equality and women empowerment will be in place.
- Gender issue addressing capacity of women will be increased, as also their political leadership role.
- Gender management system for the promotion of gender equality will be enforced in all the development sectors.
- A gender responsive national budget will be in place.
- A gender disaggregated information management system will be applied in all development sectors and gender-sensitive monitoring and evaluation system will be institutionalized.
- Enhanced collaboration and partnership will be made between the government and non-government sectors at all levels, for gender mainstreaming and women empowerment.

11. Assumptions and Risks

- The law and order situation will improve in 3 years.
- Cooperation and collaboration among all stakeholders and groups will increase.
- Implementation mechanism will be improved with enhanced capacity.
- Programs and their benefits will be accessible to the targeted groups.

12. Estimated Budget Allocation

It is estimated that a total of Rs. 28 billion will be allocated for the MoWCSW and other sector ministries to implement major programs like women development, empowerment, and gender mainstreaming. Programs and budget allocation estimates for the MoWCSW are as shown below:

Estimated Budget (at FY 2006/07 prices)

(Rs. in million)

| Item No. | Program | Amount |
|----------|---|---------------|
| 1. | Women Empowerment | 26.4 |
| 2. | Women Development Program at Center | 279.0 |
| 3. | Women Development Program at District level | 751.9 |
| 4. | Gender Equality and Women Empowerment Project | 423.2 |
| 5. | Implementation of International and Regional Instruments Relating to the Rights of Women and Their Monitoring and Reporting | 5.3 |
| 6. | Capacity Enhancement of Women Empowerment Mechanism | 101.6 |
| | Total | 1587.4 |

13. Implementation, Monitoring and Evaluation

Political and administrative commitments for an effective and result-oriented implementation of the Plan will be obtained. Legal provisions, institutional mechanism and procedures will be reformed and the active participation of citizens and collaborations and partnerships at various levels will be ensured. Accordingly, the following measures will be taken for effective implementation and monitoring:

- Active commitment of all political parties and policy-makers will be obtained to ensure women's rights as a national priority, and to implement gender equality and women empowerment programs.
- Communication and seminars will be conducted at the national and local levels, regarding the Interim Plan and its implementation mechanism.
- New acts as necessary will be enforced to put an end to all kinds of violence against women by reforming all the discriminatory acts. Appropriate legal provisions will also be made to reserve seats for women in the posts of the public sector.
- Training, awareness workshop, interaction, public debate and other such activities will be undertaken to promote gender capability, to make all tiers of the policy-making mechanism women-friendly.
- Institutional reform of the MoWCSW will be done. Capacity of the national agencies will be enhanced to mobilize information, resources and network, to promote collaboration and partnership, and to work responsibly in organized groups.
- A detail program implementation plan will be ready, showing annual quantitative targets, allocations of resources by programs, implementation schedule, identification of responsible implementing agencies, *Dalits*, and monitoring indicators, etc.
- To make gender focal points capable, effective and job-oriented, they will be provided necessary training, improved procedures, infrastructure, program and budget, etc.
- The gender management system will be utilized as an important base for implementation. Planning and programming will be based on primary data collected from gender analysis of all the ministries and central agencies in a gender module.

- There will be active and creative participation of the target groups, civil society and public communication media for the implementation of the Plan. During implementation, social evaluation and auditing will be conducted, feedback obtained, and mobilization of donors' assistance will be made result-oriented.
- Both institutional and participatory mechanism will be made active in the monitoring exercise and gender-sensitiveness indicators will be used to review and monitor programs being implemented by all agencies.
- All the mechanisms of participatory monitoring will be put to use by involving the National Planning Commission for macro-level and policy monitoring, ministries for work-policies and central level programs, and the DDCs at the local level.
- Performances of ministries, local bodies and NGOs in relation to gender equality and women empowerment will be evaluated for their outstanding values and they will be recognized.
- Monitoring of Plan implementation will be structured to identify the effectiveness of the strategies used and the physical outputs, with a view to inform the public about the performance results.
- Review and monitoring by the National Development Council, National Development Troubleshooting Committee and ministry level development problem-solving committees will be institutionalized for gender sensitiveness. Social evaluation of the Plan will be performed at the national and local levels.
- For the objective measurement of gender equality and women empowerment, gender development index and gender empowerment measures will be used. Gender related budget of all the ministries concerned would also be evaluated. In auditing the program budget, evaluation from the standpoint of gender sensitivity will be brought into practice. Initiatives will also be taken to include gender issue addressing capacity as one of values of performance evaluation of public officers.

8.2 Upliftment and Development of *Dalits*

1. Background

Living conditions of *Dalits* are way below those of others in Nepal. This community remains marginalized from the economic and social services and political opportunities. Untouchability is still prevalent as a scourge in the society. They are dishonored in the public places. There is no change visible yet in the attitudes of majority of people despite the State has declared the country as untouchability-free.

Until the *Dalits* who occupy 13 percent of the total population are mainstreamed in the society, all round development will remain a wishful goal. This Plan, therefore, aims to resolve the issues of mainstreaming them.

2. Review of the Current Situation

Since the beginning of the planned development, the Ninth Plan initiated policies and programs targeted to *Dalits*. As a result, signals of change in the overall situation have begun to emerge. Yet their problems remain unfathomable. Programs run by the government and non-government agencies as service providers are relatively scanty. No visible change, as derived, has come about in their living conditions. The table below shows the present status:

| Conditions of <i>Dalits</i> | | National Average | Dalit Average |
|-----------------------------|---|---|---------------|
| Item no. | Indicator | | |
| 1. | Average age (years) | 59 | 50.8 |
| 2. | Below 5 years age child mortality rate/1000 | 104.8 | 171.2 |
| 3. | Infant mortality rate/1000 | 75.2 | 116.5 |
| 4. | Reproduction rate/woman | 4.0 | 4.7 |
| 5. | Literacy (%) | 54.0 | 33.8 |
| 6. | High school graduates and above (%) | 17.6 | 3.8 |
| 7. | Graduates and above (%) | 3.4 | 0.4 |
| 8. | Poverty (%) | 31.0 | 47.0 |
| 9. | Landless (UNDP, 2004) (%) | 44% of Terai <i>Dalits</i> , and 15% Hill <i>Dalits</i> | |
| 10. | Representation in Legislature (2006) under Interim Constitution, 2006 (Nos.) | 329 | 18 (5.47%) |

Under the Tenth Plan, annual state expenditure for the primary and secondary education of *Dalits* was Rs. 150 million. On the whole, education level relatively has improved with the 3.62 years as national average years of schooling while that of *Dalits* is 2.1 years.

As regards to economic program, the Tenth Plan committed priority to the landless *Dalits* in distribution of land, to upgrade their skills oriented to overseas employment, update their traditional skill to modernization by imparting specially designed training, to determine skills levels of those who are skilled but do not have certifications. Land\distribution program, as mentioned, did not come into reality during the Plan period. In overseas employment, however, there was sizable increase in numbers of *Dalits* going to Gulf countries and Malaysia.

When the Tenth Plan began, country was engulfed in political disturbances. Activities targeted to *Dalits* intended to be run by the DDCs remained uninitiated as the elective officials in DDCs remained vacant since 1996 when the tenure of the elected officers then expired. This situation shelved many programs of *Dalits*, such as, compiling records, identifying the responsible persons, programming and budget allocations for the social and economic benefit of *Dalits*. In the last year of the Plan, at district level, district coordination committee for the uplifting of *Dalits* was instituted which can be considered as an achievement in itself.

3. Problems, Challenges and Opportunities

Problems

Dalits are far more vulnerable to prevailing economic, social political and educational conditions than other excluded communities. Poverty index for *Dalits* is 47 compared to the national average of 31. As their representation in national to local levels of governance is low, their access to state-managed resources and services is not just and under their control. *Dalits* itself is fractured in social and caste groups and there prevails discriminatory practices among the different groups of *Dalits*. Conditions of Terai *Dalits* is even worse than that of hill *Dalits*, for example, literacy rate of hill *Dalits* is 46 percent while that of Terai *Dalits* is only 25 percent. Within the *Dalits*, minority groups like Badi, Gaine (rural singer), Halkhor (ploughmen), and Dom are different from others in terms of social and economic hardship they face.

Challenges

Among *Dalits*, number of landless is sizable. Distribution of land, to the extent there is surplus over and above the legally provided ceiling of land an individual can hold, is a big challenge. To change traditional attitude of non-*Dalits* towards *Dalits* is not as easy. In the absence of adequate amount of data for monitoring, evaluation and for corrective measures to take in time, social inclusion task is equally difficult.

Opportunities

As all kinds of discrimination against *Dalits* have been eliminated with the provision of fundamental rights against untouchability in the Interim Constitution, 2007, there is a general consensus that there will be no reform in the country in true sense unless the conditions of *Dalits* would improve, and that *Dalits* are recognized as the people who are socially highly marginalized. These are important opportunities in favor of *Dalits*.

Besides, there are other important institutional initiatives taken: National *Dalit* Commission and *Dalit* Development Committee have been set up, *Dalit*'s issues are alive for the last ten years, *Dalit* lobby network has widened to global scale, and the inclusion of *Dalit* is in the agenda of donor community as an important issue of development.

4. Long Term Vision

To build an egalitarian society free of caste discrimination will be the long term vision.

5. Objective

To increase the access of *Dalits* to the social and economic resources and thereby promote their representation and influence in proportion to their population.

6. Quantitative Targets

- To raise HDI and HEI indices of *Dalits* to 10.0 percent.
- Representation in the central and local level state machinery will be proportionate to their population.
- 50 percent of men and women *Dalits* will realize that the caste-based discrimination is declining.
- Gender development index (GDI) of *Dalit* women will be increased to 10 percent.

7. Strategies

- State structure, policies and rules will be reformed to eliminate the constraints of *Dalit Upliftment*.
- To empower *Dalits*, capabilities of organization and agencies engaged for the cause of *Dalit* communities will be promoted and their partnership in the development process will be enhanced;
- To progressively deal with the poverty issues of the highly marginalized groups of *Dalits*, special program targeted to their needs will be undertaken;
- To improve social conditions of *Dalits*, steps to develop *Dalit* human resources will be taken under the principle of positive discrimination, reservation and special rights.
- As a master plan for the development of *Dalits* will be prepared and implemented for improvement in the overall conditions of *Dalits* to make the nation free from untouchability as per the declaration.

8. Policy and Working Policies

- Specially targeted economic program for poor *Dalits* will be implemented.
- Progressive measures will be initiated for encouraging *Dalits* in trade and businesses by providing special facilities.
- Necessary initiatives will be taken to make interest and collateral free for *Dalits* going abroad for employment.
- Physical infrastructure, electricity and communication will be developed in the areas with high population of *Dalits*.
- Emphasis will be given to certify traditional skills of *Dalits* for their commercialization, marketing and capital investment.
- To scale up *Dalit's* education level, free and compulsory education up to secondary level with incentives will be arranged.
- Positive discrimination policy will be applied for the development of *Dalit* human resources and their proficiency to the level of higher technical education by reserving seats for them.
- Access of *Dalits* to the health services will be increased by opening health posts/centers or by taking up focused programs in the areas of high population of *Dalits*.

- Organization representing *Dalit* interests will be compulsorily engaged in the preparation and implementation of social programs.
- At every level of school, measures to employ one *Dalit* teacher will be initiated.
- In all fields, reservation will be made for the benefit of *Dalits* under the policy of positive discrimination.
- Private sector and civil societies will be encouraged to integrate *Dalits* in their activity processes.
- Legal provisions will be enforced effectively against the practice of untouchability and caste based discrimination.
- Efforts will be made to institute a parliamentary committee of *Dalit* members for the monitoring and evaluation of all *Dalit*-oriented programs and their targets under implementation; programs and agencies set up for the benefits of women will be made *Dalit* women friendly.
- Special emphasis will be given to social, economic and political empowerment of *Dalit* women.
- In all the agencies set up for *Dalits*, 33 percent representation by *Dalit* women will be ensured.
- Special measures will be taken for the social, economic and political empowerment of Terai *Dalits*.
- Organizations of Terai *Dalits* will be strengthened through the cooperation of other organizations at work in the *Madhesi* majority areas.
- Implementation of community programs through Terai *Dalits* will be encouraged.

9. Major Programs

(A)

Economic Program

- Among *Dalits*, poorest and the poor will be identified and ID cards will be distributed to them. Targeted program for economic benefit will be launched in the selected districts.
- Program to transfer land titles to the landless *Dalits* will be launched. Those under Pratha System Karnali zone, Halias (ploughman) of Far-western and Mid-western regions will be provided with such land titles. Titles of land already occupied and used for shelter by *Dalits* for the past several years will also be transferred to them.
- For the marginalized farmers of the *Dalit* community, a high value crop cultivation package will be implemented.
- A special program targeted to income generation will be conducted for the benefit of minority group of *Dalits* (less than 15,000 population).
- *Dalit* targeted program to attract them to the commercial farming will be run.

- Cooperative societies will be set up with the membership of *Dalit* women and men.
- Program designed to provide skills of trading as middle man in the value chain of agricultural products will be operated to promote *Dalits* in such businesses.
- Loans free of interest and collateral, through economic assistance, will be provided to *Dalits* for overseas employment. To compliment, skill development program will also be initiated.
- Study and research on *Dalit's* traditional skills and culture-based intellectual property will be taken up to turn them as capital.
- Study and research on *Dalit's* skill and occupations will be conducted to determine their intellectual property rights.
- Program to commercialize and market the traditional occupation and skill will be implemented.
- To promote *Dalit's* entrepreneurship and skills, concessionary and easily accessible loans will be arranged.
- For *Dalit* men and women, skill development program tailored to the marketability will be launched.
- To safeguard the interest of *Dalit* men and women working in informal sector, appropriate mechanism and enabling environment will be developed.
- To promote industries based on non-timber forest produce and to market their products, *Dalits* communities will be given priority and programs necessary to support them will be conducted.

(B) Social Program

(B.1) Education

- For *Dalit* students enrolled in primary to secondary levels, stipend and other incentive scheme will be set up.
- Per 100 schools running in the localities densely populated by *Dalits*, a formal prospectus will be signed by the *Dalit* civil society and the school management committee to ensure that the school-going children of *Dalit* are benefited by the allocated stipends and grant, and to monitor the caste discrimination practice within the school is stopped.
- Seats will be reserved for *Dalit* students in higher education scholarships available for in-country and overseas studies.
- Hostels will be started for low income *Dalit* students in development regions and the existing hostels will be strengthened.
- In the existing hostels, proportionate lodging for *Dalit* students will be allocated.
- For non-Nepali speaking *Dalit* children, measures to provide education in their mother language will be taken gradually.

(B.2) Health

- To provide health services to *Dalit* women, Female Health volunteers from *Dalit* community in proportion to population will be employed after they are trained in modern health practices with view to eventually mobilize them as health manpower.
- For *Dalit* women to contest for the posts of maternity, child worker and auxiliary nurse-midwife, their capability will be enriched.
- *Dalit* men and women human resources development program will be conducted to enable them to compete for the rural health worker and health assistant posts.
- In 25 districts as selected by the Ministry of Health and Population (MOHP), ID cards to the poorest of poor *Dalits* will be distributed to provide them free-of -cost health service.
- To reduce drug addicts and exposure to HIV/AIDS infections, preventive and curative programs will be carried out.
- Social barriers related to caste and gender to the *Dalit* women and men in the course of health service delivery in their locations will be recorded.
- Water supply connections and toilets will be installed in *Dalit* communities.
- Program to raise awareness about the values of cleanliness among *Dalits* will be conducted.

(C) Participation and Representation

- To review *Dalit* related policies and laws and reforms, or formulate new laws for their mainstreaming.
- To formulate policies and issue regulations to give priority to uplift *Dalits* in government/non-government sector programs.
- To make the service providers *Dalit*-friendly, a social inclusion and justice orientation program will be conducted.
- National *Dalit* Commission strengthening program will be undertaken.
- Coordinating Committee for the upliftment of the *Dalits* in the district level will be strengthened.
- By enacting necessary laws, Dalit Upliftment Development Committee will be converted into Dalit Development Council.
- A program to enhance the capabilities of *Dalits* to contest for employment and representation opportunities in private and non-government sectors will be conducted.
- To ensure representation and participation of *Dalit* communities in the constituent assembly and constitution drafting process, a training program for public awareness, orientation and leadership development will be conducted.

- Programs to promote capabilities of *Dalit* women in proportion to their population for 33 percent women representation, in the state machineries will be undertaken.

(D) Religion, Caste, Culture and Language

- To reduce the practice of untouchability and to improve *Dalits'* status more visibly, a *Dalit* Development Master plan will be prepared.
- A program focused to *Dalit* rights will be carried out by setting up a *Dalit* desk in the National Human Rights Commission, the National Women Commission and the police offices.
- Training and orientation program against untouchability and discrimination for the law enforcement agencies will be taken up.
- Programs against untouchability practice will be launched through all kinds of public media and in all languages.
- Religious teachings program against untouchability will be conducted.
- Various programs directed to conservation and promotion of *Dalit's* traditional skill will be carried out under the craft village, and ethnic cultural activities.

(E) Economic and Social Condition of *Dalit* Women

- Conduct various programs in collaboration with *Dalit* organization to end various kinds of exploitation of *Dalit* women and prevailing social malpractices.
- Arrange incentives and awards for works which promote inter-caste goodwill.
- Conduct capacity building training and economic empowerment programs which help mainstream *Dalit* women in politics and decision making processes.
- Formulate special programs for empowerment, rehabilitation and income generation for the *Badi* women of the Far-western and Mid-western regions who are forced to engage in prostitution. Also conduct programs to provide employment oriented training and free education for *Badi* children.
- Implement targeted programs to increase access of *Dalit* women to education and health services.
- Conduct non-formal education for *Dalit* women.
- Conduct social mobilization programs for *Dalit* women to improve their access to health program.

(F) Terai *Dalit* Empowerment

- For the social and economic upliftment of *Chidimar*, *Dom*, *Dahnakar*, and *Mushahar* of *Dalit* community, special package program will be taken up.
- Community halls and toilets in the *Madhesi Dalit* settlements will be built.

- Campaigns for citizenship ID distribution to *Dalits* will be continued.
- A policy to provide special allowance to the senior people of Mushier and Dom communities till they reach to the national average age will be prepared and carried out.
- For compiling a complete information about all *Dalits* including Terai *Dalits*, appropriate forms will be designed.

10. Expected Outcomes

- Improved economic and social status of *Dalit* community.
- An increase in proportionate participation and representation of *Dalit* community in state, private sector and civil society.
- Visible reduction in discrimination based on religion, caste, culture and language.
- Improvement in economic and social status of *Dalit* women.
- Improvement in overall social status and empowerment of *Madhesi Dalits*.

11. Assumptions and Risks

- Social inclusion will continue as priority in the agenda of all state organs;
- Enough budget will be allocated to the programs; and
- Commitments of policy-makers to the inclusion policy will continue.

12. Estimated Budget Allocation

At least Rs. 13 billion is estimated for the *Dalit* upliftment and development programs during the plan period. This estimate includes allocation of Rs. 290 million for *Dalits* under MLD headings, and the rest of the amount to come from the programs of other sector ministries.

13. Implementation, Monitoring and Evaluation

Implementation

Economic programs relating to education, health, drinking water and environment, public awareness promotion through public media, on the one hand, and the programs and policies related to increasing access to overseas employment and the like on other, will be executed throughout the country by the sector ministries and their subordinate agencies.

In the districts, the *Dalit* Uplift District Coordination Committees will take up monitoring and evaluation of *Dalit* targeted district programs and all the tasks related to *Dalit* rights and uplifting. As an alternative to making special trips to Kathmandu for overseas employment procedures, measure will be taken to assign such duties to the above-mentioned committees in the districts. District level activities assigned for direct execution by the *Dalit* Development committees will be transferred to the said committees.

Monitoring and Evaluation

District Coordination Committee for the upliftment of *Dalits* will be mainly responsible for monitoring and evaluation of district level programs.

For the monitoring and evaluation of community and district level *Dalit* rights and uplift programs, a mechanism with *Dalits'* participation for auditing will be applied. The experts for the monitoring and evaluation will prepare necessary guidelines by a body of stakeholders and civil society representatives. Concerned units and departments will prepare report on *Dalit* programs in a quantitative form. Every four months, there will be a qualitative reporting with data and every year such reports will include reporting on program impacts also. Such report will be submitted to the National Planning Commission.

8.3 Adibasi Janajati

1. Background

Nepal is a multi-ethnic, multi-lingual, multi-religious and, multi-cultural country. Of the total population, 37.2 percent are *Adibasi Janajatis*. Among the scheduled 59 *Adibasi Janajatis*, *Bankariyas*, *Kusundas*, *Chhairotans*, *Rautes* are minorities while *Magar*, *Tharu*, *Tamang* and *Newar* are the major groups, each consisting of above 1 million population. Among *Adibasi Janajatis*, there are endangered groups like *Kusunda*, *Surel*, *Hayou*, *Raji*, *Lepcha* and large and high profile groups such as *Newar* and *Thakali*. Majority of the *Adibasi Janajatis* are socially, economically, politically and educationally, marginalized. In HDI terms, the disparities among various nationalities/ethnicities and castes and communities have widened. As the National Living Standard Survey, 2003/04, shows, average per capita income of *Brahmin-Chhetriya* is Rs. 18,400.00 compared to Rs. 13,300 of *Adibasi Janajatis*. Literacy rate of the *Brahmin-Chhetriya* is shown as 72.30 percent and that of *Adibasi Janajatis* as 48.8 percent.

After the restoration of democracy in 1990, the organizational activism and rights assertions of *Adibasi Janajatis* have increased substantially. However, they are not able to participate in the overall development process of the country. Sustainable peace and prosperity can only be guaranteed when the development is proportional, balanced and just to all cast/ethnic groups and communities. In this context, *Adibasi Janajatis* need also be included in political, economic and social development folds. To go with this recognition, the development policies and programs are to be designed and implemented accordingly.

2. Review of the Current Situation

In the Tenth Plan (1992-96), the programs relating to the *Adibasi Janajatis* included development of institutions, languages and cultures and human resources. Indigenous students of backward and endangered minorities were to receive special incentives and stipends, and the people were to be trained in occupational and employment-oriented skills.

Under the social and economic programs, poverty alleviation component targeted reduction of economic gap between *Adibasi Janajatis* living below the poverty line and other groups. Promotion of traditional skills and knowledge-based occupation with appropriate marketing, development of physical infrastructure in the indigenous population concentrated areas was also included in the program.

During the Plan period, the Federation of *Adibasi Janajatis* carried out an *Adibasi Janajatis* Empowerment project which helped highly marginalized and endangered groups to raise their capacity and the means of livelihood to some extent. On the whole, however, progress is very little of worth for the following reasons.

Adibasi Janajatis had no access to the resources and power due to the centralization of state power and structure:

- Even though there were targeted programs, they could not be implemented due to the lack of adequate resource allocation.
- There was no practice of properly addressing the interest and needs of *Adibasi Janajatis* leading lackluster performance.
- As there was no positive discrimination and the laws favoring reservation, *Adibasi Janajatis*, their access to services and facilities they were entitled to remained weak.
- Due to countrywide political instability, armed conflict, absence of elective officers in the local bodies, priority issues of *Adibasi Janajatis* remained unattended.
- There was no proper module for database and important information about *Adibasi Janajatis* current status. Their issues, therefore, went unnoticed for priority actions.
- Appropriate programs and budget resources to deal with the education, health reform and preservation of languages and cultural heritage of endangered, marginalized and the highly marginalized and disadvantaged groups were lacking.
- There was no clear-cut policy directed to progressively identify the valued traditional skill, technical knowledge, language and inherent capabilities of *Adibasi Janajatis*.

3. Problems, Challenges and Opportunities

It has been observed that the *Adibasi Janajatis*, whose life style revealed value of equality, bypassed due to the castism originating from the precepts of Manu Smriti, and the unitary form of governance by the state. Majority of the Nepalese laws is based in Hindu law system, which has led to imperceptibly deep institutionalization of discriminatory practices against *Adibasi Janajatis*. Many of the standing laws forbid them to freely observe their culture and traditional values.

As the Nepalese language is the only language of government business, *Adibasi Janajatis*, who do have their own mother languages, were deprived of various services and facilities provided by the state. There is no meaningful dialogue with the state, and they are not enjoying their natural right to education

unhindered. Discrimination based on language, culture, religion and ethnicity still persists. Some high caste and privileged class people dominate government bureaucracy.

As the *Adibasi Janajatis* were deprived of education opportunities for ages, their human resource remained as less productive. They are not in a position to compete with the high caste individuals enjoying state protection.

People in the leadership role and the policy-making bodies are less convinced of the fact that the issues of *Adibasi Janajatis* need to be addressed. Consequently, their access to power is not visible. The Interim Constitution declared that Nepal is an inclusive and democratic state, yet, to realize it is a challenging task. *Adibasi Janajatis* have rare representation in the leadership level of the political parties. Good governance is lacking. Instead, corruption is thriving, and that they are not getting their share of rights and access to the services. Political commitment for reform, in the given situation, is an uphill task.

With the end of about ten year long armed conflict and the political changes due to the People's Movement 2006 have provided opportunities to the subordinated and marginalized *Adibasi Janajatis* to recover their lost rights and to participate in the overall development process. As the Interim Constitution has declared Nepal to be a secular, inclusive, democratic and federal state, avenues to development of *Adibasi Janajatis* have been opened.

Following the end of armed conflict and the initiation of peace process; opportunities of domestic and foreign capital investment for the economic development have increased. Together, a favorable environment for promoting the traditional skills and knowledge of *Adibasi Janajatis*, and mobilizing them as valuable resource for economic growth has emerged.

Mother language to be the medium of education protects the right of indigenous children and the opportunities to enjoy the human right to language. Success that comes about with an orderly implementation of multi-lingual education system will help increase the enrollment rate of indigenous children in the schools and reduce their drop-out rates as well. Secularism declared by the Interim Constitution has paved the way to freedom of practicing; preserving and promoting the time honored religions of *Adibasi Janajatis*.

4. Long Term Vision

To create a just and equitable society by improving the social, cultural and economic status of the *Adibasi Janajatis* will be the long-term vision.

5. Objective

To promote economic and cultural development of *Adibasi Janajatis* by increasing their access to the administrative, social and economic resources will be the objective.

6. Quantitative Targets

- To increase HDI of *Adibasi Janajatis* by 10.0 percent.
- To improve empowerment index of *Adibasi Janajatis* by 10.00 percent.

- To ensure representation of *Adibasi Janajatis* in the constituent assembly/legislature in proportion to their population.
- To improve gender development index of *Adibasi Janajatis* women by 10.00 percent.

7. Strategies

- Reform of existing state structure, laws and policies which present hindrances to the promotion of interests of *Adibasi Janajatis* or frame new ones as appropriate.
- Work towards enhancing the traditional and indigenous organizations for empowerment to gradually enable them to participate in the development process.
- Programs targeted to *Adibasi Janajatis* needs would be carried out to minimize poverty of endangered, highly marginalized and disadvantaged groups.
- Physical infrastructure will be built as quickly as possible in areas where *Adibasi Janajatis* live in majority to improve their conditions of life.
- Human resources of *Adibasi Janajatis* will be gradually developed by improving their social conditions by applying the principle of positive discrimination.
- Languages, religions and cultures of *Adibasi Janajatis*, which exist as national heritage, will be preserved and promoted by developing a National Culture Policy.

8. Policy and Working Policies

- In education, a tri-lingual policy will be formulated and implemented, and multi-lingual education will be promoted.
- Measures will be taken for ensuring proportional representation of indigenous women.
- *Adibasi Janajatis* will be organized and strengthened.
- Capability of indigenous and traditional institutions will be enhanced and integrated in development partnership.
- For the benefit of endangered, highly marginalized, marginalized and disadvantaged groups, specifically targeted programs will be taken up.
- Marginalized and disadvantaged *Adibasi Janajatis* will be encouraged to open industry, trade and banking businesses by following the principle of positive discrimination.
- Appropriate measures to increase access to natural resources like water, land, forest and mines of *Adibasi Janajatis* will be taken.
- It will be made mandatory for local level agencies to allocate budget resource to promote economic and cultural values of *Adibasi Janajati*.

- Local agencies will be mobilized to build physical infrastructure in the *Adibasi Janajatis* concentrated localities. In their localities of remote areas, important infrastructure like foot trail/road, electricity and effective communication links will be developed.
- To raise the education standard of *Adibasi Janajatis*, compulsory and free education with incentives up to secondary level will be arranged.
- For the human resource development of *Adibasi Janajatis*, seats in higher education including higher technical education will be reserved by applying the principle of positive discrimination.
- There will be health post/centers in the localities of *Adibasi Janajatis* to provide health services. To increase their awareness about the values of good health, sanitation and environment protection, information and communication materials will be published in their native languages for distribution.
- There will be a master plan ready for the preservation and promotion of languages and cultures of *Adibasi Janajatis* and that will be carried progressively.
- Measures to use traditionally written forms of mother languages as medium of instructions and government business transactions will be taken. Such measures will also include the use of mother languages for the statement in course of proceedings of courts of justice.

9. Major Programs

(A)

State Machinery and Policy

- Policies and laws related to the *Adibasi Janajatis* will be reviewed, reformed and/or new ones made.
- A tri-lingual medium including Nepali as a link language and English as international language and mother languages of *Adibasi Janajatis* will be the medium of instructions. A policy to this end will be formulated and applied.
- A policy of giving priority to the indigenous women and men in employment opportunities available in the government/non-government sectors and in their programs will be worked out.
- Existing laws and policies that contradict with the provision of the International Labor Organization Convention No. 169 will be identified and so amended.
- Necessary steps will be taken to guarantee the rights of the *Adibasi Janajatis* as per the United Nations Declaration on the Rights of *Adibasi Janajatis*.
- Appropriate measures will be taken to increase the access of *Adibasi Janajatis* to the natural resources like water, land, forest and mines. In the conservation and promotion works of natural resources, local *Adibasi Janajatis* will be given priority.

- Policies and rules as appropriate to the development of occupation and skills of *Adibasi Janajatis*, and for providing loans on easy terms, will be worked out.
- Necessary initiatives to provide teacher posts for *Adibasi Janajatis* who are proficient in Nepali as well as in their own mother languages will be taken.
- Appropriate law to admit traditionally written form of indigenous language for the regional and local level government transactions, and to entitle *Adibasi Janajatis* to receive allegation from and to submit statement to the court of justice in their mother languages will be enacted.
- Necessary steps will be taken to admit mother language for taking qualifying examinations for the posts of non-gazetted level.

(B) Capacity Enhancement of Traditional and Indigenous Nationalities Organizations

- *Adibasi Janajatis* will be organized and empowered.
- Program for institutional development of *Adibasi Janajatis* will be taken up.
- An appropriate program for strengthening the National Foundation for the Development of Indigenous Nationalities (NFDIN) in the changed context will be conducted.
- Public awareness campaigns relating to the human rights, rights of *Adibasi Janajatis* and such other contemporary topics will be launched.
- Public media like F.M. radio, television, newspapers and magazines will be encouraged to run their program in native languages.
- Resource centers relating to *Adibasi Janajatis* will be opened at appropriate locations.

(C) Economic Conditions

- Land for shelter to the landless, endangered, marginalized and highly marginalized groups will be distributed.
- Agriculture related information will be broadcast in native languages;
- *Adibasi Janajatis* will be provided relief and encouragement package for high value crop cultivation, and community livestock focused special programs will be carried out.
- Seed money training and technology necessary for modernization and commercialization of traditional skills and know-how will be made available.
- Entrepreneurship (including technical training) development program for the benefit of *Adibasi Janajatis* will be conducted.
- Poor and endangered, highly marginalized and marginalized groups will be identified and ID cards to them will be distributed with a view to run targeted programs of economic development in the selected districts.

- Physical infrastructure in *Adibasi Janajatis* concentrated localities (villages and blocks) will be built to improve their living environment.
- Culture and tourism development program will be prepared and implemented in the districts where *Adibasi Janajatis* live in majority.
- Running rehabilitation and livelihood program for freed bonded laborers will be continued.
- For the benefit of disadvantaged groups *Adibasi Janajatis*, poverty minimization program will be implemented;
- Targeted program to attract *Adibasi Janajatis* to the commercial farming will be carried out.
- Necessary measures will be taken to open cooperatives involving indigenous women and men.
- Appropriate programs to develop the capability of *Adibasi Janajatis* for agriculture product processing and to be engaged as middlemen in the value chain will be conducted.
- Programs designed to provide financial aid for overseas employment and skill development opportunities to the endangered, highly marginalized, marginalized, and disadvantaged groups will be conducted;
- Appropriate mechanism and enabling environment for the protection of interests of indigenous men and women engaged in informal sectors will be developed; and
- Programs for promoting herbs and non-wood forest product industry and marketing will be carried out, giving priority to employ *Adibasi Janajatis* in such businesses.

(D)

Social Conditions

- Implementation of the program for compulsory and free education long with scholarship (upto secondary level) for the children of the endangered, highly marginalized and marginalized *Adibasi Janajatis*.
- Arrangement for reservation and scholarship for the *Adibasi Janajatis* students for higher studies (Engineering, Medicine, Agricultural, Forestry, Law, etc.) in the university within the country and abroad.
- Special incentive program will be carried out for *Adibasi Janajatis* youths for technical/vocational education and skill development.
- Program for training mother language teacher and informal education in mother language will be launched in the districts of *Adibasi Janajatis* concentration.
- Education program in 20 mother languages having traditionally written forms will be conducted.
- System of teaching in mother languages will be institutionalized. Informal education program will be conducted in mother language.

- Information about the history, culture, philosophy and literature of *Adibasi Janajatis* will be collected and recorded to use them in developing text of local interest reading materials and courses of study at the national level.
- In health sector, indigenous human resources production program will be run.
- Awareness raising program about the values of good health, sanitation and environment protection in mother languages of more than 100,000 population will be launched.
- Various traditional health practices of *Adibasi Janajatis* of selected districts will be recorded.
- Problems of language, religion and gender, often faced by the indigenous men and women in the course of health service delivery in their localities will be recorded.
- Capability of indigenous women will be upgraded to contest for the posts of maternity and child health worker and auxiliary nurse-midwife.
- Programs designed to put an end to the various kinds of exploitation perpetrated to indigenous women, their trafficking, child labor and domestic violence, will be operated with the partnership of indigenous organizations.
- Special health program for the endangered, highly marginalization and marginalized groups will be implemented.

(E) Language and Culture

- Study and research of the native language and culture of endangered groups will be undertaken with a view to preserve and promote.
- Reference materials related to the native languages, cultures and heritages will be prepared.
- Moribund* or endangered** languages will be recorded for their revival in the form of basic grammar and dictionary, audio/video.

* Moribund Languages: Kusunda, Puma, Lepcha, Koyu, Raji, Khadia, Hayu, Mewahang, Kaire, Raute, Kisan, Chhurautee, Baramu, Teelung, Jerung, Dungmali, Lingkhir, Munda, Koche, Sam, Kagate, Chhintang, Lhomi, Kuswadia, Bankaria, Surel, Siyar, Thudam, Mugali, Lumba, Yakha, Chhukwa, Polmacha, Waling, Lambicchod, Phangduwali, Chhulung, Manangwa, Narphu, etc.

** Endangered languages: Dura, Majhee, Kumal, Dumee, Umbule, Hyolmho, Nachhiring, Meche, Pahri, Bote, Byansi, Yampuhle, Ghale, Chhiling, Lohorung, Larke, Khambagar, Belhare, etc.

*** Classification of indigenous nationalities:

- i. Endangered: Bankariya, Kusunda, Raute, Raji, Sural, Hayu, Kishan, Lepcha, Meche, and Kushwadiya
- ii. Highly Marginalized: Maji, Siyar, Lhomi, sudam, Dhanuk, Chepang, Satar (Santhal), Thami, Jhangard, Bote, Danuwal, Bramu.
- iii. Marginalized: Sunuwar, Tharu, Tamang, Bhujel, Kumal, Rajbansi, Gangai, Dhimal, Bhole, Drai, Tajpuriya, Pahari, Topkegola, Dolpo, Free, Mugal, Large, Lhopa, Dura and Walung
- iv. Disadvantage: Gurung, Magar, Rai, Limbu, Chhairatan, Tanbe, Tungaule, Thakali, Bara-gaule, Marpheli, Thukali, Sherpa, Yakkha, Chhantyal, Girel, Byusi, Hyolmi

- Institutional measures will be set up for the study and research of indigenous languages, philosophy and cultures.
- Under the Art and Culture Village, and cultural museums, objects of indigenous arts, cultures and heritages will be preserved and promoted.

10. Expected Outcomes

- *Adibasi Janajati*-friendly state machinery and policies will be operating.
- Improved capacity of traditional indigenous organizations.
- Improved economic conditions of endangered***, severely or less severely marginalized and deprived groups.
- Improved social status of *Adibasi Janajatis*.
- Indigenous languages and culture will be preserved.
- National policies on language and cultures will be made.

11. Assumptions and Risks

- Stands taken by the main political parties for building an inclusive state will remain unchanged; and
- Budget allocation will match the need.

12. Estimated Budget Allocation

A minimum of Rs. 15 billion is estimated for implementation of programs during the Plan period. This estimate includes Rs. 300 million to be allocated for programs under the MLD headings and rest of the amount to be allocated to other sector ministries implementing the related programs.

13. Implementation, Monitoring and Evaluation

Implementation

- Preparation and implementation of programs designed to increase participation and representation of *Adibasi Janajatis* in all levels of state agencies will be carried out by the concerned agencies of the government including the laws and policies related to the social and economic development. Nepal Federation of Indigenous Nationalities and the National Foundation for Development of Indigenous Nationalities (NFDIN) will play their roles as partners.
- Formulation and implementation of the targeted programs in annual terms under the Three-Year Interim Plan will be the responsibility of NFDIN. Such annual programs will cover social, educational, economic and cultural development, preservation and promotion of languages, scripts, culture, literature, art and history, and promotion and occupational use of traditional know-how, skills, technology and special information collection.
- Program related to education, health, drinking water, settlement, communication, employment and economic development will be

implemented by the sector ministries/departments and their subordinate agencies, and local bodies. Nepal Federation on Indigenous Nationalities and their constituent indigenous organizations will play their roles as partners in the execution of programs.

- In implementing the *Adibasi Janajatis* targeted development programs or the projects to be run in their localities, the indigenous organizations of the targeted groups or the NGOs managed by the individuals belonging to such groups will be associated.

Monitoring and Evaluation

- National Planning Commission (NPC), concerned departments or agencies including the local bodies will determine the monitoring and evaluation of the *Adibasi Janajatis* programs being implemented.
- Both NPC and NFDIN will set up a mechanism to review progress and evaluate impacts of the programs of *Adibasi Janajatis* uplift under implementation by various sector agencies.
- As regards to the district level programs, MLD and NFDIN will do regular review and coordination of such programs. Monitoring will be done by the *Adibasi Janajatis* District Coordination Committee, DDC and the District Coordination Council of the National Federation of Indigenous Nationalities jointly.
- Programs run at the Village Development Committee levels will be monitored by the Indigenous People District Coordination Committee (IPDCC) of DDC in association with the local Indigenous People organization and IPDCC.

8.4 Madhesi Community Development

1. Background

The Interim Constitution has declared that the centralized and unitary structure of the state will be replaced by an inclusive, democratic and a forward-looking state restructured for federal system of government. Such a state will properly address the issues of women, *Dalits*, *Adibasi Janajatis*, *Madhesies*, depressed communities, and backward areas after putting an end to the discrimination against classes, ethnic groups, languages, gender, culture, religion and regions. To include *Madhesi* community into the mainstream of the state, they need to be ensured unobstructed exercise of their political, economic, social and cultural rights by providing them opportunities to play their active role.

2. Review of the Current Situation

Despite the implementation of targeted programs to integrate all the communities in the mainstream of development, some communities including *Madhesi* community could not be integrated to the extent it was expected.

Focusing to the *Madhesi* community, particularly to socio-economic improvement of women, micro-credit program was launched in all five

development regions through rural development banks. Targeted programs in place include such projects as Western Terai Poverty Alleviation, Deep/shallow Tubewell, Minor irrigation, Rural Drinking Water and Sanitation, Women Development. As a result, some noticeable changes in the development indicators of *Madhesi* women, *Adibasi Janajati*, *Dalits*, and *Madhesi* community have been observed. Access of *Madhesies* to the resources, however, did not increase despite the expectation that the targeted programs would enable them to participate in the overall change in social, political and economic structure for their uplift.

3. Problems, Challenges and Opportunities

Madhesi community has not been able to integrate themselves into the mainstream of national development despite the possibilities of mobilizing sufficient natural resources. From social, economic, and political viewpoints, complex problems of *Madhesies* have remained unaddressed. In the periodic development plans of the past, sensitiveness to their problem were lacking nor were their issues properly identified. As a consequence, there were no concrete plans to implement for the upliftment of the *Madhesi* community.

Languages of *Madhesis* are not yet recognized for use in government businesses as their proper ethnic, cultural and linguistic identities need to be established.

In the absence of reliable data of social and economic status of the deprived groups of *Madhesies*, real picture of their status is not in view. Ample cases of discrimination and exploitation originating from the existing social structure within the *Madhesi* community do appear from time to time.

Among the backward communities, poverty of human capacity (education, health, income earning) and poverty of institutions (capacity to create social assets through organization and associations) prevail. *Madhesi* women are deficient in health facilities. Dowry system, witchcraft, child marriage, is the social blights that contribute to perpetration of violence against *Madhesi* women.

There are *Madhesies* dislocated from their homes in the course of internal conflict arising from the social, political and economic discrimination. In the absence of a concrete program for their rehabilitation, such *Madhesi* citizens are facing hardship.

Interim Constitution embodies the policy of positive discrimination under the special provision of protection in favor of the economically and socially backward *Madhesi* community. There prevails now a positive thinking among the political parties, policy-makers, administrators and the civil society that all kinds of discrimination against *Madhesies* should be halted soonest.

4. Long Term Vision

Creation of just and equitable society by improving the economic and social conditions of *Madhesi* community is the long-term vision.

5. Objective

To improve living standard of the *Madhesi* community by increasing their access, in proportion to their population, to the administrative, social and economic resources.

6. Quantitative Targets

- Improvement in HDI of *Madhesi* community by 10 percent.
- The empowerment measure index will be increased by 10 percent.
- The gender development index of *Madhesi* women will be improved by 10 percent.
- Cultural identity of *Madhesi* community will be recognized.

7. Strategies

- State machinery, and policies and rules will be revised to remove the hindrances of policy and structural nature to integrate *Madhesi* community proportionately in all state organs.
- To alleviate poverty of deprived *Madhesi* community, there will be programs focused to their specific need.
- To empower *Madhesi* community, capacity of their organizations will be scaled up gradually and they will be developed to play active role of partnership in the development process.
- Human Resources Development will be put in process by applying the positive discrimination principle for social improvement.
- A master plan will be prepared for the development of languages and culture of *Madhesi* and be preserved and promoted.

8. Policy and Working Policies

- In education, health, housing, food security and employment, positive discrimination principle will be applied to take special measures and reservation for a specified period of time.
- Reservation will also be applied to admit women and men for representation in all organs and agencies of the state.
- Capacity of *Madhesi* community will be enhanced to increase their access to the policy and decision making levels.
- Necessary laws and rules will be enacted for the proportionate distribution of national and local resources.
- Economically weaker segment of *Madhesi* community will be identified and a policy to facilitate self-employment by providing favorable term loans.
- A policy of increasing *Madhesi* youths participation in development process will be adopted.
- Positive discrimination policy will be applied to develop human resources and their capacity.
- Public awareness materials related health, sanitation and environment will be published in *Madhesi* languages and distributed.

- Policy of admitting main languages spoken in different areas of the Madhesh (flat land areas of south where *Madhesi* community live) for use in their respective locations.
- Measures will be taken to admit local *Madhesi* languages in their traditional written forms for use in the transaction of local bodies and primary school syllabuses.
- To eliminate discriminatory practices based on gender, ethnic identity, religions, and culture regarded as socially bad, necessary laws will be enacted and made effective.
- To eliminate violence against women and backward class *Madhesis* and their exploitation, monitoring and punishment provisions will be made effective.
- Suitable mechanism of addressing *Madhesi* issues and mainstreaming them at various levels of state will be developed.
- A policy of participating *Madhesi* community in the process of program preparation, implementation and monitoring related to the Madhesh will be followed.

9. Major Programs

- Legal awareness program for the benefit of deprived *Madhesi* communities will be launched.
- Legal measures will be taken to admit main *Madhesi* languages as medium of taking examinations to contest for the local posts of non-gazette class.
- Arrangements will be made for study and research of *Madhesi* community related issues.
- Marginalized groups of *Madhesi* community will be identified and targeted programs will be launched.
- For the benefit of deprived groups of *Madhesi* community, employment oriented technical education, development of market demand based trade and skills, economic aid for the overseas employment, non-timber forest product-based industry promotion and commercialization agriculture programs will be implemented;
- Infrastructure development programs like postal and agriculture roads focused to *Madhesh* region will be taken up.
- Appropriate mechanism will be developed to protect the interests of the deprived women and men of *Madhesi* community employed in informal sector.
- Necessary measures will be put in place to associate marginalized *Madhesi* women and men in starting cooperative societies.
- Programs designed to promote the capacity of *Madhesies* to work as agriculture product processors and as middlemen in the value chain will be implemented.
- Targeted program for increasing the access of *Madhesi* women to reproductive health services will be carried out.

- Ability of deprived women of *Madhesi* community will be scaled up to contest for the posts of maternity and child health worker and auxiliary nurse-midwife.
- Compulsory and free education (up to secondary level) program with stipend and other incentives will be operated for the children of the deprived groups of *Madhesi* community.
- Special program will be launched to enable people of different castes and communities, severely deprived till now from access to education.
- Reservation will be made in the internal and external education institutions for the admission and award of scholarships to severely deprived students.
- Primary level curriculum will be developed in *Madhesi* languages and will also be extended.
- Program to enhance the capabilities of institutions representing *Madhesi* community will be conducted for their development through social mobilization.
- Archives will be opened for the preservation and promotion of *Madhesi* languages, cultural heritage and cultures together with appropriate development programs.
- Profiles of Nepal's languages will be compiled on the basis of a scientific survey, and the scripts, grammar and dictionaries of languages spoken in Madhesh regions will be gradually developed and published.
- Presently available cultural heritages of Madhesh regions will be preserved and promoted with a view to expand the areas of tourism interest.
- A master plan supported by policy of recognizing cultural heritages of Madhesh regions as part of national identity will be prepared.
- Program to preserve and promote the traditional art, culture and heritages of *Madhesies* by opening Art and Culture Village and cultural museums will be conducted.
- To eliminate the discrimination practiced within the marginalized *Madhesi* communities, various awareness programs will be carried out including program to eliminate all kinds of exploitation, dowry system, child labor, child marriage, un-matching couple marriage, veiling among women, and domestic violence.
- *Madhesi* community representing organizations will be developed and strengthened for their partnership in development process.

10. Expected Outcomes

- State machinery and the policies favorable to *Madhesi* community installed.
- Improved economic and social conditions of deprived groups of *Madhesi* community.

- Cultural and linguistic heritages of the Madhesh region preserved and promoted.
- Positive reform in the discriminatory practices within *Madhesi* community achieved.
- Developed organizations representing *Madhesi* community with improved institutional capacity.
- Improved social status of *Madhesi* women.

11. Estimated Budget Allocation

It is estimated that at least Rs. 10 billion will be spent for the development of *Madhesi* community during the Plan period. This budget amount will be reflected in the programs of the Ministry of Local Development and other sectoral ministries.

12. Implementation, Monitoring and Evaluation

Implementation

- Implementation of programs designed to enhance representation and participation of *Madhesi* community in all state agencies, and working out social and economic development related laws, policies and directives and their enforcement as well will be the responsibility to concerned government agencies. *Madhesi* community's organizations will play their partnership roles in implementation.
- The concerned sector ministries and their subordinate agencies will execute program of education, health, drinking water, housing, communication, employment and economic development. During implementation, organizations representing *Madhesi* community interest will be associated as partners.
- For implementation of *Madhesi* targeted specific programs, government will set suitable agency.

Monitoring and Evaluation

- In monitoring of *Madhesi* targeted programs, representatives of *Madhesi* community will be associated with the concerned government agencies.
- Review and coordination of district level programs will be carried out by the DDC regularly.

8.5 Muslim Community Development

1. Background

Muslim community's economic, educational and social indicator values are relatively low due to less than desirable inclusion of their interests in the development efforts in the past. Their literacy rate is 22 percent, and the average age is 52.2 years. About 48 percent Muslims are below poverty line.

Their per capita income is also very low while 41 percent of the Muslims are landless.

2. Review of the Current Situation

In the past plans, there were no specific programs for the Muslim community. Detailed information on their economic and social status is not available. Neither there is an institutional base to preserve and promote their rights nor interests except that there is a committee of Muslim community to provide public service to the Haz pilgrims.

3. Problems, Challenges and Opportunities

Absolute poverty in the Muslim community is increasing, education and health indicators are relatively low, access to resources is also low, religion-biased *Madarasa* school system are not recognized as part of the national education system.

Preservation of waning language, culture and traditions, and enhancement of Muslim community's access to public services, pose a challenge.

Interim Constitution enjoins Nepal to be a secular, inclusive, and democratic state with the federal system of government. This declaration opens a wide vista of opportunities. The government circle is now convinced of the importance and need of the inclusiveness more than ever before. In the Ministry of Education and Sports, and the Ministry of Health and Population, a Vulnerable Community Development Plan has been prepared for the benefit of the Muslim community as well. These initiatives are the opportunities for the development of the Muslim community.

3. Long Term Vision

By improving social and economic conditions of Muslim community as an integral part of broader vision of just and equitable society is the long-term vision.

4. Objective

To increase access of Muslim community to social and economic resources and to increase their representation in proportion to their population in the state organs.

5. Quantitative Targets

- To improve HDI of Muslim community by 10 percent.
- To improve empowerment index of the Muslim community by 10 percent.
- To improve gender development index (GDI) of the Muslim community by 10 percent.

6. Strategies

- Increase access of Muslim community to resources; and

- Proportionate representation of Muslim community in decision process and in decision-making mechanism.

7. Policy and Working Policies

- Hindrances to social and economic development of Muslim community will be removed for their forward-looking transformation.
- Muslim community need-based programs will be prepared and implemented.
- Positive discrimination policy will be followed for reservation in economic, social educational, health and other government services in favor of Muslim community.
- Muslim language and culture will be preserved and promoted; and
- Institutional arrangement will be put in place for the uplift of Muslim community.

8. Programs

- Program of study and research in economic and social conditions of Muslim community will be conducted.
- Employment oriented training in vocational and technical skills for Muslims will be carried out.
- Free education for Muslim girl students will be run.
- Reservation program in higher education will be carried out.
- Program to increase awareness about the values of education and sanitation will be implemented.
- Policy on language and culture of Muslim community will be formulated.
- Primary school education of Muslim students in their mother language will be arranged.
- There will be Muslim women teachers in primary schools located in Muslim majority areas.
- Syllabuses of all *Madarasa* will be adjusted with those of schools.
- Programs for forward-looking transformation of Muslim community will be carried out.

10. Expected Outcomes

- Increased participation of Muslim community in all state organs.
- Improved economic and social conditions of the Muslim community.
- Language, culture and heritages of the Muslim community preserved and promoted.

11. Estimated Budget Allocation

A least Rs. 1.5 billion will be needed for the programs of upliftment and development of the Muslim Community in the Plan period. This budget amount will be reflected in the programs of the Ministry of Local Development and other sectoral ministries.

8.6 Persons with Disability

1. Background

There are international and regional conventions and commitments made in favor of person with disability, such as, UN Validation Rules, 1993 relating to Equalization, Millennium Work Plan, and Asia Pacific Decade of Persons with Disability 1993-2002. They are all made to constantly remind people to work for disabled women and men. Nepal government has made laws and set up institutional base to promote rights of persons with disability together with running programs in education and health sectors. In order to continue the works towards ensuring their rights, policies and programs have been included in this Plan.

2. Review of the Current Situation

To protect the rights of persons with disability, Nepal government promulgated the Protection and Welfare of Persons with Disability Act, 1983, and the Rules, 1994. In tune with the Extended Decade Work Plan for Asia Pacific Region Persons with Disability 2003-2012, a National Policy and Work Plan, 2006 is being implemented by the government. In its preparation, civil society, persons with disability, and the organizations working in this field were widely consulted. The rights securing concept and the international standards guide the definitions and classification of persons with disability contained in this document. There is a National Coordination Committee for services to the persons with disability together with the running programs for formal and informal special education, scholarships, rehabilitation and skills training. Domestic air travel fare for the persons with disability is fixed at 50 percent discounted rate. Customs duties on accessories of persons with disability are exempted, health services are provided free of cost, and the taxable income ceiling has been raised for the persons with disability.

3. Problems, Challenges and Opportunities

Problems

National Coordination Committee on Services to persons with disability is not that effective so far. There is no independent authority for advocacy of protection and ensure rights and privileges of persons with disability. Programs targeted to the cause of persons with disability are less coordinated, integrated and effective. Well-defined policy on employment of persons with disability and the programs designed to ensure physical access are not in place. Likewise, communication policy is not clear about specifying persons with disability-sensitive means of information. Despite the policy of "Education for All" is in effect, enabling environment of handicapped children in pre-primary and kindergarten classes are yet.

To be created in public, non-government and private schools. Programs directed to rehabilitation and empowerment of persons with disability through treatment, public awareness, income-generation, leadership training, is not yet

prepared, and there is no sufficient supply of accessories of persons with disability.

Challenges

Ensuring fundamental rights and protection of persons with disability, measures to establish appropriate policies, institutions and programs designed to promote talents and potentials of persons with disability are the most important challenges.

Opportunities

All political parties, civil society and gene public are unanimous in their view that inclusion should be the guiding principle of state policies, programs and institutions. Institutional base to address issues of rights and privileges and empowerment of persons with disability exist in the form of ministries at the center, women development offices at the district levels, besides the NGOs who are active in this field.

4. Long Term Vision

The long term vision is to protect and promote the fundamental rights of all kinds of physically disabled people, and to help them develop their inherent talents so that they all become able citizens.

5. Objective

To create persons with disability-friendly environment, free of obstacles, and enabling them to access to all possible facilities for a just, dignified and independent livelihood.

6. Strategies

- Build legal, institutional, physical and economic infrastructure.
- Empower persons with disability economically, socially and politically.
- Promote coordination and collaboration among government, non-government and development partners.
- Implement programs focused to the rights and needs of persons with disability.

7. Policy and Working Policies

- Laws and policies related to the persons with disability will be reviewed and revisions made to eliminate discriminatory provisions contrary to human rights and empowerment.
- Roads, transportation, public places, government buildings, hospitals and schools will be made persons with disability-friendly to international standards by ensuring that all them are physically accessible to persons with disability.
- To empower persons with disability, institutional arrangements from the center to district levels will be made, and links, collaboration,

cooperation and coordination among government agencies and NGOs will be strengthened.

- In all sector policies and programs, a policy of mainstreaming issued of rights, privileges and stakes will be focused.
- Reservation in civil service posts will be made.
- Special education program will be extended to ensure access of persons with disability.
- Information and broadcasting will be made accessible to various kinds of persons with disability.
- Separate arrangements will be made in all the service provider agencies for the benefit of persons with disability.
- Model resources and empowerment centers will be opened for persons with disability.
- There will be targeted programs for the empowerment of persons with disability.
- Special programs will be run for rehabilitation of persons with disability who are victims of conflict.
- Awareness about rights, privileges and needs of persons with disability will be raised and information flow will be made easily accessible.
- Special games for promoting health, will power and social inclusion will be conducted.
- Organizations managed by persons with disability themselves will be empowered.
- Allowance money earmarked for persons with disability in the budget will be transferred to a separate fund under the DDC so that such money not spent by the end of the fiscal year does not freeze.
- During the plan period, glossary of sign language will be enriched and made uniform.
- Ownership right of the land required for the model resource and empowerment center will be registered and building construction process will be started.

8. Major Programs

- Laws and policies will be revised, institutional provisions will be developed and made effective.
- Programs for health and social security, leadership development of handicapped women, reproductive health training and public awareness will be carried out.
- Database of persons with disability will be prepared.
- Employment oriented programs will be launched.
- Accessibility code will be enforced to make the public buildings and structures become persons with disability-friendly.

- Measures to establish regional resource and empowerment center will be taken and rehabilitation services will be coordinated to enhance accessibility.
- Organizations engaged in empowerment and development of persons with disability will be assisted in their capacity development and strengthening programs.
- Assistance will be provided to the organizations operating consulting programs for hereditary problems of persons with disability.
- Assistance to the National Sports Council will be provided for organizing special games for persons with disability.
- To provide educational and other kind of services to the mentally regarded children, assistance will be provided to open and manage schools and other appropriate institutions.
- Consulting services will be made available to the guardians of handicapped children through the resource and empowerment center to increase their access to education, social motivators will be trained and consulting books will be published.

9. Expected Outcomes

- Increased access of persons with disability, to the state provided services.
- The system of updating necessary statistics would be in place.
- Appropriate machinery, opportunities and hindrance free environment would be in place to enable persons with disability to work according to their knowledge, skill, qualification, experience, ability and will.
- Organizations in place to formulate and implement programs at the national and local levels.
- Model resource and empowerment center at the regional levels would have been established and in operation.
- Capacity of stakeholders directly involved in the empowerment and development of disabled persons would have been developed.

10. Assumptions and Risks

- Policies, laws rules and institutional base will be ready in time.
- There will be sufficient private and non-government sector investment in services and facilities required for the persons with disability.
- Priority will be given to social security programs.

11. Estimated Budget Allocation

Rs. 500 million is estimated for the programs related to the empowerment, livelihood income, enhancement of accessibility, and physical aids for the persons with disability. Rs. 266.5 million will be met from the allocations made to the MOWCSW and the rest from the allocations made to the

sector ministries. Estimated allocation for programs of persons with disability to be run by the MOWCSW is shown below:

| Amount in FY 2006/07 constant prices | | (Rs. in million) |
|--------------------------------------|--|---------------------------|
| Item No. | Programs | Amount |
| 1. | Program for persons with disability (CBR included) | 22.5 |
| 2 | National Federation of persons with disability, Nepal persons with disability Association (including Self-Help Life System) | 16.9 |
| 3 | Capacity Enhancement Program: Data collection training for VDC and Municipality Secretaries (joint with senior citizen related training), and Associated agencies and their personnel capability enhancement | 2.9 |
| 4 | Setting up Data and Resource Center and their operation: Study and research, survey, data updating at central level; certificate distribution with basic information; Document center installation | 44.2 |
| 5 | Social security, Insurance and Life-term program: Allowance for severely persons with disability and weak persons, study of social and health insurance, Promoting livelihood means compatible to the knowledge, skill, experience, and capability, and Legal Advice | 180.0 |
| | | Total 266.5 |

12. Implementation, Monitoring, and Evaluation

Empowerment of persons with disability related activates are being carried out by a unit of MOWCSW. This unit alone is not enough to handle all the programs as proposed for the Plan period. Therefore, a National Persons with disability Empowerment Commission (NHPEC) at the center and Empowerment of Persons with disability and Development Committee (EHPDC) at the district level have been proposed. NHPEC will be assigned implementation of programs for economic, social and political empowerment. In program operation, private and NGOs will be engaged while MOWCSW will play the role of facilitation, For many of the program operations, National Federation of persons with disability and NGOs will be provided grants. Communities will be mobilized to lend their hands in running rehabilitation centers, resources center and all kinds of programs with intention of handing over their ownership as well. For this happen, appropriate policies and regulations will be worked out.

MOWCSW and NHPEC will monitor programs under implementation at the center. At the district level, such work, including reporting will be carried out routinely by the Women Development Office and EHPDC in coordination with other agencies concerned. Indicators will be developed for monitoring and reporting purposes. Based on report of monitoring, appropriateness, utility, and cost-effectiveness of selected programs will be tested for deciding whether any of such programs is to be dropped. Lessons learnt from such exercise will be applied to the future programs. At the district level, the DDC and the EHPDC will implement programs while the Women Development Office will monitor and evaluate the programs.

Chapter: 9

Agriculture

1. Background

The agriculture system in Nepal is gradually shifting from subsistence to commercial farming. However, there is an urgent need to make the agricultural production system further commercial and competitive. For this, with the identification of domestic and international markets, it has become essential to substitute imports and promote exports of agricultural produces. Food processing industry should take a lead in the context of post harvest technology, having greater role for assigning appropriate price of agricultural products in world markets and also making it competitive in domestic markets. In this context, it is felt that research and development of processing, packaging, food biotechnology and storage technologies, should be carried out and the results should be disseminated from farmers to industries in a commercial fashion. The urgency of effective implementation of healthy and safe distribution of agricultural and livestock products has been felt.

This chapter focuses on crops, horticulture, livestock, fishery and food quality technology development, extension and regulation. Policies and programs on land management, food security, irrigation, sustainable management and use of forests, have been elaborated in detail separately in other chapters though all of these come under the broader heading of agriculture.

2. Review of the Current Situation

Against the targeted annual growth rate of 4.11 percent in the agriculture sector, the average annual growth rate during the Tenth Plan period remained at 2.67 percent, due to adverse climatic condition, less investment than expected and political instability. Due to cumulative effects of the following achievements on the agriculture sector, the incidence of poverty reduced from 38 percent to 31 percent in the country by the fourth year of the Plan. Quantitative achievements made during the Tenth Plan period are presented in Table 1.

Table 1: Assessment of the Performance of the Agriculture Sectors by Key Indicators

| S.No. | Crops/Commodities | Unit | Status of 2001/02 | 10 th Plan Target | Status of 2006/07 |
|-------|------------------------------|-------------------------|-------------------|------------------------------|-------------------|
| 1 | Production of edible cereals | MT per Ha | 2.20 | 2.60 | 2.27 |
| 2 | Availability of food | Kg. per person per year | 264 | 286 | 280 |
| 3 | Production of pulses | MT per Ha | 0.79 | 0.90 | 0.88 |
| 4 | Production of oil seeds | MT per Ha | 0.70 | 0.78 | 0.86 |
| 5 | Production of potato | MT per Ha | 10.90 | 12.50 | 13.09 |
| 6 | Availability of sugar | Kg. per person per year | 8.7 | 9.03 | 9.44 |
| 7 | Vegetable production | MT per Ha | 10.52 | 11.31 | 11.54 |
| 8 | Fruit production | MT per Ha | 9.50 | 10.36 | 10.18 |
| 9 | Fish production | '000 MT/year | 35.00 | 49.00 | 46.75 |
| 10 | Availability of meat | Kg/person/year | 199 | 260 | 227 |
| 11 | Availability of milk | '000 L | 1159 | 1400 | 1351 |
| 12 | Availability of eggs | Million, Number | 540 | 920 | 614 |

Major quantitative achievements are as follows:

- Resource conservation technologies in rice and wheat have been developed and scaled up.
- 26 improved species of food crops, pulses, oil seeds, vegetables, cash crops and fodder plants and their cultivation technologies have been recommended.
- "Seed bank" has been established with the successful operation of 'in-situ' program at the farmers level for the conservation, promotion and utilization of biodiversity, with the institutionalization of the selection and fertilization system of various crops with farmers participation.
- Standardization of 18 edible cereals and quality regulation of 4,630 exportable and imported edible cereals have been completed.
- Machines such as pearly, jab seeder and pulper have been developed, and are being used on a large scale.
- Identification and quality determination of various productive local cows, buffalos and goats have been completed along with embryo transplantation in cows, improvements in sperms of male buffalos, change in mensuration period of cows and buffalos, and raising technology of the farming of the turkey and common quail.
- Technologies such as production of green forage in dry season, plastic bag silage, creep feeding and urea-molasses-mineral block have been developed.
- Commercial cultivation technologies of high value fish species like trout have been initiated and trout farming has been successfully started at farmers' level. Fertilization technologies of local fish species such as *sahar*, *asla* and *gardi* have been developed.
- Technologies have been developed and diversified for agricultural products like, *swertia*, *girardinia* and saffron.

3. Problems, Challenges and Opportunities

Problems and Challenges

Low production and productivity are the root problems in the agriculture sector. Issues of land fragmentation, situation of dual land ownership, protection of the rights of tenants have not been addressed effectively. Growing dependency on pesticides and their haphazard and inappropriate use, have caused negative effects on environment and human health. Although, at the aggregate level, the country appears to be self sufficient in food production, 55 districts are still food deficit. In hilly areas, food related problems have become complicated due to the problems of transportation and uncompetitive markets. Agricultural commercialization has not occurred as intended. Crops and commodities of Nepal, having comparative advantage in the international market, have not been appropriately identified.

Increase in the Production of Agriculture and Livestock

Problems

- Prevalence of small land holding size, fragmented land, and an unplanned land management system.
- Inadequate irrigation facility and poor coordination between agriculture and irrigation.
- Inadequate supply of basic agricultural production inputs such as improved seeds, chemical fertilizers, improved animal breeds and animal feeds.
- Farmers not getting appropriate markets and right prices for their products.
- Farmers not getting agricultural credits easily on time and high interest rates on the available agricultural credit.
- Nepalese products not being competitive in the international and domestic markets due to high production costs in comparison to cross-border areas.
- A big gap in the production cost and consumer price of agricultural products.
- Decline in pasture lands due to the expansion of community forests.

Challenges

- Giving high priority to agricultural research programs in government funding.
- Adequate transfer of available agricultural technologies to the farmers' field.
- Ensuring the import and distribution system of chemical fertilizers by minimizing the large difference in the selling prices of chemical fertilizers between India and Nepal.
- Making the chemical fertilizer and insecticide distribution system fair and effective in remote areas.
- Availing artificial insemination (cow, buffalo, pig and goat) services effectively in the rural areas as per the demand.
- Delivering quality veterinary services in rural areas.

Agricultural Commercialization

Problem

- Inadequate physical infrastructure for the commercialization of agriculture.
- Agricultural production system not being market oriented at the aggregate level.
- High production cost of milk and seasonal fluctuation in the market prices of milk.
- Dependency on import for raw materials required for livestock and poultry feeds.
- Risks in poultry business due to internal conflicts and bird flu.

- Undermining the competitiveness of Nepalese agricultural products in comparison to Indian products, due to high subsidies available to the farmers in India.

Challenges

- To Support farmers to buy production inputs and sell agricultural products by building sustainable linkages between production and the market.
- To develop and expand processing technologies of agricultural products, which are produced in different physiographic regions of Nepal.
- To facilitate an increase in the access of Nepalese products having a comparative advantage in the international market.
- To make quality control and safety regulatory systems effective in the production, distribution, import and export of agriculture and livestock products.
- To enhance necessary capacity for policy making, implementation, regulation and institutional competency to comply with the provisions of the World Trade Organization (WTO), in the context of Nepal's membership to WTO.
- To secure the confidence of domestic and international consumers by ensuring the quality of Nepali products.
- To support all the relevant stakeholders of the value chain effectively to avail quality products in quantity as per the demand of the market.
- To resolve the 'milk holiday' problem.

Agriculture/Livestock Service Delivery

Problems

- Inadequate coordination among the central, regional and district level agencies in planning, monitoring and evaluation of devolved agriculture/livestock extension services.
- Dominance of the traditional agricultural services delivery system.
- Decreasing government investments.
- Poor access of the farmers to agriculture and livestock related technologies in rural areas.

Challenges

- To make qualitative development in institutional development, business competency, resource mobilization and investment of farmers' groups and committees, as well as to make agriculture/livestock extension result-oriented.
- To make the services of the government, cooperatives, non-government and the private sector service providers result-oriented, through an effective mobilization of their services in a coordinated manner.
- To increase the access of the marginal, poor, women, *Adibasi Janjatis*, *Dalits*, *Madhesis* and the Muslim community to agricultural development opportunities, and also increase their control over it.

- To give common farmers hope for the future by letting them experience the feelings of the effects of change and to avail conflict victims support to participate in agricultural development.
- To match agricultural technologies, education and extension with the expected needs, priorities and demands of the farmers.
- To provide appropriate institutional mechanisms and processes to ensure the participation of key stakeholders in agricultural development, and farmers in decision-making processes, organizational reforms of the agriculture sector, policy formulation and monitoring.

Food Quality and Protection of Consumers Rights

Problems

- Lack of food epidemiology related database and mechanisms for policy formulation on food hygiene.
- Complexity of food nutrition due to unhygienic food habits.
- Inadequate institutional framework of the Department of Food Technology and Quality Control for it to maintain food hygiene and deliver services throughout the country.

Challenges

- To determine the risk level of consumers due to food adulteration.
- To update the food act and regulations in the changed context of food hygiene.
- To secure Nepal's access to the international market by increasing the credibility of organic products in local markets.
- To establish certified laboratory services in adequate numbers and avail capable human resources and mechanisms for the export promotion of agricultural products.

Opportunities

- Presence of agriculture and livestock extension service structures from the centre to the village levels.
- Availability of the different levels and types of technical human resources.
- Service takers (farmers/entrepreneurs/traders) becoming gradually organized.
- Presence of geographical diversities for crops/commodities in the country.
- Gradual development of agro-based industries.
- Sufficient possibilities to increase the current productivity level of agricultural crops/commodities.
- Availability of opportunities to participate in global trade through the production of quality agricultural produce.
- Increase in the demand for the agricultural produce due to urbanization.
- Significant increase in rural road networks in the hilly areas too.
- Gradual increase in the agricultural credit facilities due to increase in the farmers saving habits and the establishment of savings and credit cooperative societies.

4. Long Term Vision

The vision is to modernize and commercialize the agriculture sector, by acknowledging the Agriculture Perspective Plan and the National Agriculture Policy, 2005 as the central policy for the development of agriculture.

5. Objectives

The overall goal of the agriculture sector in the Interim Plan is to achieve broad based, gender inclusive and sustainable agricultural growth. In achieving the overall goal, the agriculture sector will have the following specific objectives:

1. To increase agricultural production and productivity.
2. To maintain food sovereignty by ensuring food security.
3. To make the agriculture and livestock sector competitive by transforming subsistence agriculture into commercial agriculture.
4. To increase employment opportunities for rural youths, women, *Madhesis*, persons with disability, Muslims and deprived groups.
5. To conserve, promote and utilize agricultural biodiversities through the development and dissemination of environment friendly technologies.

6. Quantitative Targets

During the period of the Three Year Interim Plan, the annual growth rate target of the agriculture sector has been set at 3.6 percent. To achieve this growth rate, production growth rate of major crops and other major programs are presented in Table 2.

Table: 2 Targets on Economic Growth Rates of Major Agricultural Products

| Agricultural Commodity production and Major Programs | Unit | Weightage | Base Year Status of 2006/07 | Status of Final Year of Interim Plan | in Expected Growth Rate | | |
|--|------|-----------|-----------------------------|--------------------------------------|-------------------------|--------------|---------------------|
| | | | | | Weighted Increment | In-cremen t% | Average Increment % |
| Production of Agricultural Products | | | | | | | |
| 1. Food Crops | '000 | 36.36 | 7,329 | 7778 | 38.6 | 106.1 | 2.00 |
| 2. Pulses | '000 | 4.42 | 274 | 285 | 4.6 | 103.9 | 1.27 |
| 3. Cash Crops | | | | | | | |
| a. Sugar Cane | '000 | 1.24 | 2600 | 2894 | 1.4 | 111.3 | 3.64 |
| b. Potato | '000 | 4.67 | 1943 | 2379 | 5.7 | 122.4 | 6.98 |
| 4. Fruits, Spices, Tea | | | | | | | |
| a. Fruits | '000 | 7.04 | 552 | 723 | 9.1 | 128.7 | 8.77 |
| b. Spices | '000 | 1.79 | 227 | 377 | 3.0 | 166.1 | 18.44 |
| c. Tea | Mt. | 0.05 | 13,650 | 21,180 | 0.1 | 155.2 | 15.77 |
| d. Coffee | Mt. | 0.001 | 360 | 685 | 0.0 | 190.2 | 23.89 |
| 5. Vegetables | '000 | 9.71 | 2,329 | 3,001 | 12.5 | 128.9 | 8.82 |
| 6. Mushroom | Mt. | NA | 400 | 450 | - | - | - |
| 7. Honey | Mt. | NA | 650 | 850 | - | - | - |
| 8. Production and buying of cocoons | Mt. | NA | 47 | 48 | - | - | - |
| 9. Livestock | | | | | | | |
| a. Meat: Buff | '000 | 4.42 | 113.8 | 128 | 5.0 | 112.8 | 4.11 |
| b. Meat: Goat, Sheep | '000 | 3.24 | 83.3 | 93 | 3.6 | 112.0 | 3.84 |
| c. Meat: Pig | '000 | 0.5 | 12.9 | 14.0 | 0.5 | 106.1 | 2.00 |
| d. Meat: Poultry | '000 | 0.67 | 17.3 | 20 | 0.8 | 115.4 | 4.90 |
| e. Milk | '000 | 12.36 | 1,351 | 1,547 | 14.1 | 114.4 | 4.60 |
| f. Eggs | mil. | 0.81 | 615 | 715 | 0.94 | 116.3 | 5.17 |
| 10. Fish | '000 | NA | 46.75 | 56.73 | 118.9 | | 5.95 |

7. Strategies

- To extend artificial insemination services along with the easy availability of improved and quality seeds necessary for agricultural production.
- To provide concessions to farmers, in order to reduce the production costs, based on farmers' economic capacity and status by increasing the investments in groundwater and surface irrigation in the Terai, and micro irrigation and rain water harvesting technology in the hills for ensuring regular supply of water.
- To ensure the sustainable utilization of important productive resources, such as land, water and labor.
- To increase agricultural loan investment by simplifying agricultural loan delivery processes and by facilitating the reduction of time and costs to acquire loan.
- To deliver available technologies to farmers, in order to enhance competitive capacity by reducing the production cost of agricultural and livestock products, in a simple and efficient way.
- To make direct and effective contacts between farmers and high-level technologists, for the benefit of the farmers from the increased information and communication technology.
- To make agriculture and livestock research and extension services demand driven, inclusive and results-oriented.
- To increase the marketing capacity of farmers.
- To establish and strengthen the competitive agriculture value chain in order to get benefits from agricultural and livestock products that have a comparative advantage based on specialities.
- To make a partnership among the government, co-operatives and the private sector, sustainable for the development of commercial agriculture by establishing, developing and strengthening larger pocket areas based on geographic, technical and economic feasibilities.
- To promote the export of Nepalese products in national, regional and world markets by ensuring quality with Nepalese identity.
- To get maximum benefits from trading organizations such as WTO and SAFTA.
- To orient *Madhesis*, *Adibasi Janjatis*, persons with disability and Muslim youths of rural areas towards self-employment, by launching the rural agriculture employment program with a priority to create opportunities of self-employment in villages.
- To carry out economic upliftment of targeted areas and groups by developing skilled human resources in government, NGO and private sectors to increase employment opportunities through commercialization and diversification of agriculture.
- To support conservation, promotion and sustainable utilization by preparing an inventory of agricultural biodiversity.

- To protect and promote traditional knowledge, skills, research, technology use and practices of farmers.
- To make arrangements for the equitable and judicious distribution of opportunities and benefits generated by the access and utilization of agricultural genetic resources and materials.
- To enhance environmental balance with the protection and promotion of agricultural biodiversity in the long run.

8. Policy and Working Policies

Following policies and working policies will be adopted based on the objectives and strategies of the agriculture sector.

8.1 Improved Seeds and Breeds of Livestock

- Priority will be accorded to the production of necessary breeders and foundation seeds according to the needs of the nation.
- Plants Diversity Protection Rights Act will be promulgated and enforced for implementing activities related to seed quality and standarisation, at par with the national and international practices.
- A program will be implemented for releasing international level standard certificates for the lots of seeds exported from Nepal by getting the Central Seed Laboratory accredited from the International Seed Testing Organization, and by implementing seeds quality and standardization related programs at par with international standard.
- Every district will launch the Targeted District Priority Production Program to become self-sufficient in one or more than one type of crop seeds, fruit saplings, vegetable seeds, fingerlings, male buffaloes, goats, breeding chicks etc., based on geographical specialty, comparative advantages, opportunities and available resources and means. In this program, co-operatives will also be mobilized effectively as per the need and demand. Every district will formulate district specific Agriculture and Livestock Production Inputs Management Periodic Plan and the annual plan. Similarly, integrated management information system will be developed, by strengthening co-operation and coordination among central, regional and district agencies for the production and distribution of quality inputs.
- Monitoring and regulatory activities will be made effective to ensure the sale and distribution of seeds of known quality. In this activity, local bodies will be mobilized as per the requirement.
- Government agriculture and livestock farms will be strengthened in order to avail agriculture and livestock related production inputs easily, to provide technical support to community and private resource centers, and to make the quality of their production trustworthy.
- In order to facilitate the supply of production inputs, community and private agriculture and livestock resource centers will be established

and strengthened with technical support and feedbacks of the government farms. Emphasis will be given on the participation of co-operatives in the management of community resource centers.

- Financial concessions and technical services will be ensured to the identified poor, conflict victims and disadvantaged groups for a fixed period of time under the group system, for activities such as improved seeds, livestock, fertilizers, pesticides and livestock treatment services, in a just manner.
- Related acts and regulations will be reviewed and implemented in order to strengthen the supply of quality production inputs.

8.2 Water and Irrigation Utilization

- Investments and service delivery will be increased in groundwater and surface irrigation in the Terai and lift irrigation, micro irrigation and rainwater harvesting technology in the hills.
- Farmer groups will be supported for the construction and maintenance of small irrigation projects on the basis of stipulated criteria.
- Small irrigation special program and small irrigation projects based on co-operative farming will be extended.
- Financial concessions and technical services will be ensured for the poor, victims of the conflict and backward groups on judiciously availing them with irrigation facilities for agriculture commercialization, by organizing them under the group system for a certain time.

8.3 Sustainable Use of Productive Resources

- Agricultural land and water resources conservation technology will be developed and extended at local levels for sustainable use of arable lands.
- Special assistance and facilities will be provided to 'farmer field schools', established and operated by the poor and women based on a fixed criteria, by expanding integrated plant nutrient programs and integrated plant protection programs.
- National Fertilizer Policy 2000 will be reviewed and implemented effectively as per the changed contexts.
- Special concessions and facilities will be provided to poor farmers living below the poverty line as specified under the group system based on a fixed criteria, for the use of practices such as improved farm yard manure, compost manure, *giti* manure and urine management.
- Rainfed agriculture projects will be launched, targeting un-irrigated and marginal lands.
- Integrated agriculture water utilization project will be launched in irrigated and semi-irrigated areas to increase water productivity.

- Emphasis will be given to develop and use small and appropriate agriculture tools that reduce the workload of women, save labor and add value.
- Emphasis will be given to produce, distribute, repair and maintain small appropriate agricultural tools and machineries, in order to promote the physical and technical capacity of local blacksmith workshops (*Aran*).

8.4 Agriculture Credit Investment

- Access of farmers to institutional agriculture credits will be ensured.
- Agriculture credit will be provided to the poor and the excluded among the targeted groups at concessional interest rates.
- Co-operatives will be effectively mobilized by availing wholesale credit to them through commercial banks for rural credit including agriculture and microfinance.
- Arrangements will be made for the distribution of farmers credit cards to reduce transaction costs for enabling farmers to receive agricultural credit easily, as per their requirements.

8.5 Technology Development and Dissemination

- The agricultural research system will be made practical, accountable and results-oriented by giving it a high priority in public sector investment.
- Priority will be accorded to reconstruct and repair physical structures damaged during the conflict and to manage biological assets. This will be used in research.
- Agriculture research, extension and education will be implemented in a coordinated and integrated manner.
- The agricultural production system will be made more competitive and commercial through the extension of appropriate agricultural technology.
- Regular and reliable agriculture market information will be provided to farmers.
- Nepal Agriculture Extension Strategy 2006, will be effectively implemented.

8.6 Utilization of Information Technology

- Internet and website networks, will be expanded in urban and accessible areas after developing them.
- Direct communication contact will be established between farmers and competent agriculture technicians working in fixed locations by availing Toll-free telephone services to farmers through the Farmers Communication Contact Centre.

8.7 Service Delivery

- Agriculture research will be decentralized to the working levels in order to establish sovereignty of farmers, particularly the poor and the women, by ensuring their access to decision making processes in the selection of subjects for agriculture research, implementation and evaluation.
- Service delivery will be made effective by strengthening inter agency coordination. The partnership and complementarity role of the government, NGOs, co-operatives, community organizations and local bodies will be acknowledged.

8.8 Marketing Capacity

- In order to increase the access to agriculture and livestock markets and develop a market structure, bridges, culverts and roads network, emphasis will be given to collaboration works and coordination with the concerned agencies and NGOs.
- Rural agriculture markets and weekly markets (*Hat Bazar*) will be strengthened and management will be improved.
- Arrangements will be made to implement the production processing programs in rural areas.
- The capability of stakeholders will be enhanced, by providing trainings on demand based market analysis and the use of market information.
- Necessary technical support services will be provided through a planned management of commodity specific products, such as, carpet wool and live animal market.
- Support will be provided to minimize losses in food crops and fruits by implementing post harvest study programs and considering established pocket package areas of agricultural food products.

8.9 Pocket Area and Infrastructure Development

- Agriculture based special economic zones will be developed for the promotion of Nepalese agriculture, livestock products and commodities having a comparative advantages.
- Programs will be carried out in partnership with the government, co-operatives and the private sector for product development, establishment of processing centers and promotion of markets and market infrastructure.
- Interrelationships among agriculture research, agriculture production, industries and domestic and international markets will be established.
- ‘One village one product’ program will be expanded for specializing crops, commodity and pocket areas based on comparative and competitive advantages.
- Technical support for capacity building will be provided to all the stakeholders and partners of agriculture commercialization.

- Agriculture Business Promotion Policy will be effectively implemented.

8.10 Agriculture Value Chain

- Mission program on the following commodities will be implemented based on the concept of the agriculture value chain by providing equitable support and service delivery to concerned stakeholders (subsistence, commercial and semi commercial) using set criteria for reducing imports and increasing exports through an increase in the quality production of high value agricultural and livestock commodities.

Three Years Priority Agriculture Crops and Commodities

- a. **High hills** - Yak cheese, apple and medicinal herbs
- b. **Mid hills** - Milk, meat, orange, sweet orange (*Junar*), cardamom, dry ginger (*sutho*), garlic, tea, coffee and honey
- c. **Terai** - Milk, meat, fish, sugarcane, parwar (*Trichosanthes dioica*), onion, garlic and honey
- An appropriate environment will be provided for making proper institutional arrangements and operation by ensuring the active participation of stakeholders from producer to consumers in the agriculture value chain.
- Appropriate Milk Policy will be formulated and implemented to address the problem of milk holiday. Likewise, a milk powder factory will be established forming a partnership of the government, the private sector and co-operatives based on the detailed feasibility study.
- Livestock businesses will be supported, by strengthening the supply system of quality livestock feed.
- With a view to make Nepal known as an Organic Country, programs will be implemented in specified areas with the formation of tangible policies and programs.
- Special commodity/ crops production program will be implemented in major road corridors based on feasibility studies.
- Promoting animal hide collection and processing activities will promote export trade.

8.11 Quality Management and Regulation of Agriculture Products

- Accredited laboratories will be established and levels of existing laboratories will be up graded.
- Arrangements will be made to certify the quality of exportable agro-products of Nepali origin.

- Quarantine service and regulatory system will be strengthened for convincing the qualities of Nepalese products in the international, regional and national markets.
- Exports will be supported, by increasing the production of exportable commodities, such as, tea and honey.

8.12 Market Management System and Regulation

- Standard and quality will be improved by reviewing regulation on agriculture and livestock commodity and services in coordination with international law, rules, agreements and conventions.
- Farmers and entrepreneurs will be made capable of decision making by disseminating advanced technology and market information upto rural levels.

8.13 Creation of Self-Employment Opportunities

- Entrepreneurship trainings and service provider trainings will be provided to rural youths including madhesi, indigenous, ethnic group, physically disabled and Muslim for creating self employment opportunities.
- Technical support, loans and materials will be provided to utilize the knowledge and skills learned due to trainings and effectively monitored thereafter.
- Budget will be allocated to district offices of agriculture / livestock services, co-operatives and food quality control to enable farmer groups to procure services of local agriculture and livestock leaders.

8.14 Human Resources Development

- Employment programs will be implemented to mainstream rural unemployed male and female youths, poor, and dalits, indigenous, ethnic groups, physically disabled, Muslim and farmers from deprived areas in the agriculture development.
- Necessary institutional support will be provided to establish community agriculture and livestock services center in VDC based on fixed criteria as per the demands of the community organizations and local bodies at the VDC level. These centers will gradually be made self-sustaining.
- Skill trainings and post training materials and loan facilities will be provided to members of the families involved in the secondary and tertiary areas of agriculture, based on demand and necessity.

8.15 Conservation, Promotion and Sustainable Use of Agriculture Bio-Diversity

- Study, research and extension programs will be launched for conservation, promotion and sustainable use of agricultural bio-diversity.

- Farmer to farmer seed exchange and traditional seed distribution system will be encouraged.
- Production increment, employment and income generating programs based on agricultural biodiversity and operation of the market and related business will be encouraged.

8.16 Traditional Knowledge, Skills, Research and Use of Technology

- Farmers' traditional knowledge, skills, research, use of technology and practices on traditional and local food and agriculture genetic resource management will be protected. Arrangements will be made to place the rights to protect, promote and develop the ownership of such resources on with the farmers and the Government of Nepal.
- Detailed scientific profile of collection, classification and evaluation of agriculture bio-resources will be prepared.
- Agricultural biodiversity will be registered and arrangements will be made to keep their ownership with farmers.
- Arrangements will be made to keep the rights related to the ownership of farmers' traditional knowledge, skills, research, use of technology and practices with the concerned farmers.

8.17 Equitable and Justified Distribution of Access and Benefits of Agriculture Genetic Resources and Materials

- Study at the institutional level will be facilitated in subjects related to traditional local food and agriculture genetic resources with the prior permission of the Government of Nepal under pre-defined conditions. Permission will not be granted at a personal level.
- Arrangements will be made for the equitable sharing of benefits accruing from business or intellectual property with the utilization of traditional and local food and agriculture genetic resources and/or knowledge of the local community.
- Issues of record and ownership of food and agriculture genetic resources, access and benefits sharing will be dealt with, under the 'one window system'.

8.18 Regulatory System for Environmental Balance and Protection of Agriculture Bio-diversity

- Conservation of agriculture bio-diversity will be focused while conducting EIA for development projects.
- Arrangements will be made to follow the provision of not to conduct study strictly, research and import of infectious, genetically modified organisms, living modified organisms without the prior consent of the concerned agency.
- Arrangements will be made to control and or prohibit the production of GMOs that carry the risks of negative impacts on biodiversity, environment and human health.

- Conservation programs will be implemented by undertaking study, research and monitoring of pollination and other organisms providing environmental services for the sustainable mobilization of agriculture ecological services.

9. Major Programs

Following programs will be implemented for achieving the objectives of Agriculture sector in the Interim Plan.

9.1 Increases in Agriculture and Livestock Production and Productivity

Strengthening of Agriculture Research System: Under this the following programs will be carried out:

- Strengthening of Nepal Agriculture Research Council (NARC) to strengthen agriculture research system in Nepal.
- Crops research trial (370 nos.).
- Horticulture research trials (235 nos.).
- Livestock and forage research trial (115 nos.).
- Fisheries research trials (70 nos.).
- Production of raw fish (58 MT).
- Multi sector technology development trials (75 nos.).
- Outreach research trials (384 nos.).
- Research support and management (192 nos.).
- Foundation seed and commodity production (2000 MT).
- Reconstruction and repair of physical structures (15 nos.) damaged during conflict and re-management of biological research assets.

Irrigation: 6,000 nos. of co-operative irrigation, small irrigation and groundwater irrigation programs will be implemented during the Plan period.

Agriculture Inputs Management: Under this, the following programs will be carried out:

- Programs for the establishment of private and community resource centers (300 nos.).
- Forage and animal feed program (75 nos.).
- Monitoring of quality.
- Regularity in supply and distribution system of chemical fertilizers.
- Transport subsidy programs for chemical fertilizer and seeds (26 districts).
- Self-sufficiency programs for the production inputs viz. plant saplings, fingerlings, goat kids, buffalo calves and chicks (300 projects).
- Seeds promotion and quality control program (75 districts).

Soil Fertility Conservation and Improvements: Programs for sustainable soil management program (2250 projects) will be implemented.

Extension of Agriculture and Livestock Services: Programs for devolved agriculture and livestock services extension programs will be implemented in all the districts.

Reconstruction and Repair of Physical Structures Damaged during Conflict: Programs will be implemented for the reconstruction and repair of physical structures damaged during the conflict.

Agriculture and Livestock Production Services: Under this, the following programs will be carried out:

- Programs for soil testing and improvement service, plant protection, crops disease surveillance.
- Chemical fertilizer quality testing service.
- Agriculture training, livestock services training, artificial insemination and veterinary service programs.
- Plant quarantine inspection and control.
- Livestock development farms.
- Injection production.
- Veterinary epidemiology and disease surveillance.
- Quarantine inspection and control.
- Endemic disease control (including bird flu).

Promotion of Agriculture and Livestock Markets: Construction and improvements of 30 nos. of agriculture, livestock retail and open markets and dissemination of market information, infrastructure development, and awareness building programs will be conducted during Plan period. Co-operatization of agricultural markets through co-operatives will be launched for agricultural products, marketing and financial services.

Agriculture Information and Communication: Programs will be launched for the establishment of farmers call center, Agriculture Information and Communication (publication of agriculture journal, agriculture radio program, agriculture calendar, bulletin etc.).

Increase of Access to Agriculture Credit: Easy agriculture credit program (Rs. 1O million) will be launched at concession rates for farmers belonging to low-income groups. Study on the distribution of Farmers Credit Card will be carried out and 50,000 cards will be distributed.

Crops/Commodity Development Program: Under this, programs for crops development, horticulture development, potato development, vegetables development, spices development, fisheries development, natural pond fish

development, livestock development service (cow, buffalo, goat and others), strengthening of livestock health, inspection and regulation, will be carried out.

9.2 Agriculture Commercialization

Promotion of Agriculture Business: Under this the following programs will be carried out:

- Agriculture Perspective Plan Monitoring and Coordination.
- Crops Diversification Project.
- One Village One Product Program (6 crops/ commodity).
- Production, processing and marketing of agricultural crops/ commodities based on the value chain (13 crops/ commodities).
- Large production programs (13 commodities including onion, fish, milk, orange, garlic, honey).
- Self-sufficiency in raw materials for agriculture and livestock based industries (5 raw materials).
- Agriculture market and industry promotion.
- Livestock market and industry promotion.
- Quarantine, laboratory, quality management strengthening.
- Promotion of organic farming (10 districts).
- Sericulture development.
- Industrial insect development Commercial Agriculture Development and Trade Promotion Project (20 districts).
- Commercial Agriculture Development Project (11 districts).
- Production of Fresh Vegetables and Fruits in Semi-urban areas (15 municipalities).
- Tea Development Promotion (11 districts).

Program to Minimize/Manage Problems of Milk Holiday: Under this the following programs will be carried out:

- Establishment of powder milk scheme.
- Diversification and promotion of milk products.
- Strengthening of milk producers' co-operatives.
- End of milk holiday programs will be implemented.

Agriculture Human Resource Development: Programs such as Agriculture Human Resource Development, establishment of Agriculture and Forestry University and establishment of deemed university, will be implemented.

9.3 Rural Youth Self-Employment Promotion

Under this, the following programs will be carried out:

- Programs such as Agri-clinic will be carried out.
- Trainings directed to the establishment of community agriculture livestock service center and resource centers (60 persons).
- Local agriculture service leadership development (12000 youths).

- Agriculture entrepreneurship training (9,000 youths).
- Agriculture service providers' training (12,000 youths).

9.4 Agriculture Bio-diversity Conservation

Under this, the following programs will be carried out:

- Agriculture Bio-diversity Conservation (10 districts).
- Establishment of gene bank (1 no.).
- Conservation of bio-diversity in pasture land (10 districts).
- Conservation of animal biodiversity (10 districts).

10. Expected Achievements

- Economic growth rate of the agriculture sector would have reached 3.6 percent during the Interim Plan period from the current level of 2.67 percent.
- Most of the farmers would be using appropriate technology.
- Interrelationship among farmers, agriculture research, and agriculture extension and agriculture education would have been strengthened.
- Agriculture research and extension service would be results-oriented.
- Contribution would have been made to the foreign exchange reserve through import substitution of agriculture products caused by commercialization and diversification. Dependency in supply system would have been reduced.
- The living standard of targeted groups will be improved through inclusive agricultural development.

11. Assumptions and Risks

- Production will not be adversely affected due to extreme weather conditions (over pavrning rainfall and drought).
- The peace and order situation prevailing in the country will continue. Investments and policy continuation will prevail according to the priority accorded to the agriculture sector. Conflict and violence in the Terai region will come to an end and there will be no obstruction in the service delivery and mobility.
- Peace and order situation will prevail in the country, which will provide non-government and private sectors investments and services as expected.
- No drastic fluctuations will be observed in the market price of Nepalese agriculture produces in the domestic and world markets.
- Public sector investments will be continued. Agriculture research and technology transfer will get high priority in public investments.
- Coordination will be maintained among all the government organizations, NGOs and agencies involved in the agriculture sector. They will produce synergy effects by complimenting each other.

- Even in the absence of elected local bodies, local leaders will be able to mobilize devolved agriculture and livestock services extension programs effectively.
- Technical human resources in the agriculture sector will be available regularly.
- Irrigation facility will be available through the construction, maintenance and operation of irrigation projects as targeted.
- Farmers will have agriculture market facilities through the construction and maintenance of rural/ agriculture roads.
- No specific obstructions will be experienced in the import of raw materials required for agriculture and livestock based industry. Similarly, Nepalese agricultural produces can be exported without any hindrances.
- No policy related problems will be experienced in the operation of agriculture industries of primary, secondary and tertiary nature operated by the government, co-operatives and the private sector.
- Land consolidation, co-operative farming and programs for the protection of tenants will be implemented.

12. Estimates of Budget/Resources

In this budget, investments to be made by the private sector and NGOs are not included, which is estimated to be around Rs. 30 billion. Thus, it is estimated that approximately Rs. 45 billion will be invested in the agriculture sector from the public and private sectors.

**Table 3: Proposed Investments from Public Sector during Interim Plan Period (Corporate)
(at constant prices of FY 2006/07)**

| S.No. | Program | (Rs. in million) |
|--------------|--|------------------|
| | | Total |
| 1. | Agriculture Research Institutional Reforms and Strengthening (Nepal Agriculture Research Council) | 1510.6 |
| 2. | Crops, Horticulture and Fisheries Development, Integrated Crops Management System, Market Development and Business Promotion (Department of Agriculture) | 5916.9 |
| 3. | Livestock Development, Strengthening of Animal Health, Market Development and Business Promotion (Department of Livestock Services) | 5231.9 |
| 4. | Food Health, Quality Control, Food Technology and Nutrition (Department of Food Technology and Quality Control) | 464.9 |
| 5. | Ministry (including Board, Corporation, Committee, Agriculture Perspective Plan) | 1985.5 |
| 6. | Establishment of Deemed University | 7.0 |
| Total | | 15116.8 |

Budgets for consumption expenses, office expenses, expenses for regular and new programs, maintenance of infrastructures, restructuring, capital expenses for rehabilitation and new construction are included in the above estimates.

Public sector budget based on the objectives of agriculture sector will be distributed according to the following table. Employment oriented program and

bio-diversity related programs are not included in the first year of the plan as those are included in programs related with other objectives. However, separate budget and programs will be proposed corresponding to those objectives as well, in the second and third years of the Plan. Budgets and programs proposed for the ministry, departments and Boards are included under the heading of institutional support and management. This will help to achieve all the five objectives of agriculture sector. While allocating budgets for each and every objective, major contribution is considered from every program despite the fact that they might contribute to achieving several objectives.

Table 4: Proposed Investments from the Public Sector during Interim Plan Period According to Objectives and Program (at constant prices of FY 2006/07)

| S.No. | Objectives/ Program | (Rs. in million) |
|--------------|---|------------------|
| 1. | Increasing Production and Productivity of Agriculture and Livestock Producers | 10,701.9 |
| 2. | Food Security | 736.0 |
| 3. | Commercial and Competitive Farming System | 2,654.5 |
| 4. | Increasing Employment Opportunities | 220.0 |
| 5. | Agriculture Bio-diversity Conservation | 66.0 |
| 6. | Institutional Support Services | 731.4 |
| 7. | Establishment of the Deemed University | 7.0 |
| Total | | 15,116.8 |

13. Implementation, Monitoring and Evaluation System

- Agriculture Perspective Plan will be updated as per the present demands, and situation after carrying out immediate mid term evaluation on its implementation status, achievements, problems and challenges.
- To address the challenges observed in the implementation of Agriculture Perspective Plan, at the National Planning Commission level, two committees- Agriculture Perspective Plan Evaluation Committee under the chairmanship of Vice Chairman of National Planning Commission and Agriculture Perspective Plan Support Committee under the coordinatorship of the Member of the National Planning Commission- will be formed. These committees will review the operations of National Agriculture Development Committee (NADC) and Central Agriculture Development Implementation Committee (CADIC) operating presently under the Ministry of Agriculture and Co-operatives by making them effective, dynamic and accountable.
- Agriculture Perspective Plan related Ministries, departments and sister agencies will support to address the problems and challenges by timely updating their respective progresses.
- Proven technologies on crops, horticulures, livestock, aquatic animals and other natural resources will be disseminated to stakeholders.
- 20-year vision of Nepal Agriculture Research Council will be implemented with necessary revisions.

- Research Stations under Nepal Agriculture Research Council will be made transparent, accountable, and participatory and governed by the rule of law. Agriculture research centers will be managed by a management committee that will include members from the concerned research stations, farmers and representatives of the staff working in the station with due consideration to the directives given by the Council. Regional agriculture research stations will be made accountable by decentralizing authorities of the Council.
- The Council should bear special responsibility to strengthen interrelationship among agriculture research, extension and education. Similarly, interaction programs will be conducted regularly at different levels between farmers who are recognized at home and abroad. Public hearings will be conducted on activities of the Council agencies under it.
- National Agriculture Research and Development Fund (NARDF) will develop and expand technologies for short terms, with social mobilization. Participation of NGOs and the private sector will be ensured on technology development. NARDF will bear responsibility for the achievements through regular monitoring of studies and researches carried out by NGOs and the private sector.
- Management system of the Fund will be made scientific and transparent and it will be developed as an autonomous entity. Proposal approval procedure will be reformed. The duration from the invitation of project concept note to the project approval will be made shorter.
- National Agriculture Policy 2004, National Fertilizer Policy 2000, Nepal Agriculture Extension Strategy 2006, Agriculture Business Promotion Policy 2007 and Agriculture Bio-diversity Policy 2006 will be implemented effectively in order to make agriculture extension services results-oriented, inclusive and responsible. Guidelines and procedures will be formulated and made operational immediately.
- Cluster approach will be followed in place of the existing pocket package strategy to ensure the access of services delivered by agriculture and livestock extension services to different classes and communities including all those who are living in the nooks and corners of the district.
- Agriculture and livestock service centers will be established under one roof wherever possible and will be equipped with resource (physical, human and financial), and made capable and effective. Financial authority will also be delegated to these centers.
- Farmers' consultative committees will be formed at the service center level so as to ensure farmers' participation in decision-making processes, on approval, implementation and monitoring of annual programs of service centers. Proportionate representations of the women, *Dalits*, *Madhesis* and *Adibasi Janjatis* will be ensured in these committees.

- Village agriculture committees will be formed at the VDC level so as to ensure farmers' participation in agriculture related activities and decision making processes on plan formulation, implementation and monitoring of projects at the VDC level. Proportionate representations of women, *Dalits*, *Madhesis* and *Adibasi Janjatis* will be ensured in these committees.
- Policy level and operational support will be provided for the implementation of devolved agriculture and livestock extension services program.
- Rural agriculture/ livestock service workers will be utilized to render technical service extensively on extension of agriculture and livestock services at rural level. The concerned VDC/ DDC will do recruitment and placement of rural agriculture workers, and the department will provide trainings.
- Inspection infrastructures including human resources will be developed, for the regulation of genetically modified foods.
- Agriculture production and export will be supported through the provision of certified food laboratory.
- Human resources will be developed and expanded in order to make them capable of facing the growing challenges of quality control.
- Institutional structure of the Department of Food Technology and Quality Control will be extended to districts so as to render the service of maintaining food hygiene and safety all over the country.
- Identification, development, studies and publicity of appropriate food technology will be carried out in partnership with the private sector and NGOs including universities.
- A well-equipped National Nutrition Laboratory will be established and certification laboratory will be strengthened.
- Human resource development section and focal points will be established in the ministry and departments and agencies and human resource development strategy will be formulated for each of the departments to support capacity development of its personnel, farmers and other stakeholders.
- The Ministry of Agriculture and Cooperatives will develop National Agriculture Research Institute and National Animal Science Research Institute, both operating under Nepal Agriculture Research Council, into a deemed university to produce higher level agricultural specialists within the country.
- Agriculture and Forestry University will be established at national level. Arrangements will be made to produce high and mid level technicians by establishing agriculture and forestry colleges in different parts of the country to address environmental diversity.
- Emphasis will be placed on the establishment of the co-operative activities as the foundation pillar of agriculture economy. Institutional framework of co-operative sector will be made strong and coordinated.

- Programs of production, processing and marketing of agriculture and other commodities in an easy and simple manner through co-operatives will be encouraged.
- Emphasis will be laid on the formation of food processing co-operatives in the Terai and herbs, seeds, vegetables, fruits, livestock and tourism co-operatives in the hills and mountains. Special training programs will be provided from the part of the government to enhance professional capacity development and organizational strengthening of already established co-operatives.
- The commercialization of agriculture will be supported by co-operative farming and co-operatives market networks. Cooperatives will be encouraged to manage the processing centers for the agriculture produce.
- In remote districts cooperatives will be encouraged to sell agriculture inputs (fertilizer, seeds, chemical pesticides and tools, etc.).
- Locally formed farmers' groups and committees will be extensively involved in the campaign of co-operatization through co-operatives training and education. Co-operative education will be developed and expanded through all the three sectors - public, private and co-operatives.
- Training and instructive programs will be carried out for institutional strengthening through regular monitoring of co-operatized farmers' groups and groups related to other occupations and businesses by district level offices of agriculture, livestock services, women development, and co-operatives.
- Access to and control over of all the groups (the poor, the deprived, *Adibasi Janjatis*, *Dalits* and occupational castes) in agriculture extension, and their active participation will be ensured.
- The poor, women and mixed groups living below the poverty line will be given high priority in the formation of farmers' groups. Proportionate representation of *Adibasi Janjatis* and communities including 60 percent women will be made in the formation of mixed groups.
- Judicious share of the poor, *Dalits*, *Adibasi Janjatis*, *Madhesis*, Muslims, persons with disability and disadvantaged groups living below the poverty line, will be ensured the benefits and returns of income generating programs.
- On-site training will be provided to women farmers so as to ensure their participation in agriculture based entrepreneurship trainings.
- Gender focal points will be developed as fully transparent and functional institutional groups.
- Suggestions and advices will be included at every level from program formulation to evaluation process on the issues of social inclusion and gender sensitivity.

- Women and poor farmers below the poverty line will be encouraged to get involved in high value agri-business. Staffs will be evaluated on the basis of the progress made against those targets.
- All agriculture related policies, sectoral policies, plan and programs and all the documents of public interest related to agriculture will be tested for their gender and social inclusion dimensions.
- Disaggregated information management system will be developed for gender and social inclusion.
- Regular training will be provided to increase the morale and competencies of the staff involved in the monitoring and evaluation, and that plan formulation, budget allocation and implementation will be reformed based on the evaluation and monitoring reports so as to make evaluation system accountable.
- Computerized management information system will be developed and strengthened in the Ministry and departments to make evaluation credible and scientific. Inter-ministerial management information system will be linked through computer networking.
- Concerned agencies and stakeholders will be informed with the periodic review of implementation status of policy, strategy, rules and regulations. Similarly, a trend will be set to make appropriate suggestions relevant with social, economic and geographical conditions of the country by studying and analysing international and regional policies, rules and frameworks.
- The Ministry will undertake independent evaluation of projects implemented through the support of external assistance and agencies and also of priority projects and programs funded by the public sector. Evaluation reports will be publicized regularly and made available to concerned donor agencies and other stakeholders. Arrangements will be made to make evaluation reports public in order to get feedbacks from stakeholders.
- A system of public hearings will be institutionalized and strengthened for an effective implementation and monitoring of agriculture development programs.

Chapter: 10 **Co-operatives Sector**

1. Background

As envisioned by the Interim Constitution, the cooperative sector has been recognized as one of the three pillars of development along with the public and private sectors. Various policies and programs mentioned in the approach paper of the Interim Plan have considered co-operatives as the medium of economic, social and cultural development through savings mobilization and increase in investments to restructure and strengthen the cooperative software, aimed at rural development. With this background, this Plan, with a long-term vision on the co-operatives sector, has been formulated.

2. Review of the Current Situation

At present, Nepal has 9,720 primary co-operatives, 5 central federations, one national co-operative bank and 133 district and sectoral federations. Altogether 1 million and 251 thousand members are associated with those co-operatives and their associations, including 33 percent women members. Annual transaction of the co-operative sector amounts to approximately about Rs. 50 billion. The share capital of co-operative societies amount to Rs. 1,040 million whereas balance of savings and investments amounts to Rs. 20 billion and Rs. 24 billion respectively. According to an estimate, the transaction of these co-operatives has a contribution of approximately 1 percent in the GDP. Some 15 thousand people are directly employed in this sector.

3. Problems, Challenges and Opportunities

Problems

- Lack of long term co-operative planning with a clear vision and inadequate legal provision, rules, regulations and standards to regulate and monitor co-operatives.
- Inadequate and ineffective structural and institutional arrangements for the co-operatives sector.
- Lack of formal co-operative education, trainings and systematic co-operative information system and dissemination of information.
- Lack of business leadership development, business competence and capital, and inadequate co-operation among co-operatives and their associations.
- Decreased level of confidence among the general public and passiveness of members due to the profit making tendency in some co-operatives, and lack of adequate co-ordination between the government and co-operatives.
- Lack of provision of appropriate institutional arrangements to regulate and supervise savings and credit co-operatives.

Challenges

- To strengthen the structure, human resources, economic and physical condition of public and the co-operatives sector, which manages the activities of the co-operatives sector.
- To orient the leadership of the co-operative sector towards business entrepreneurship for balancing self discipline, regulation and self governance by developing the system of institutional good governance in the co-operatives.
- To develop capable human resources with practical knowledge in the co-operative sector.
- To manage and operate co-operatives production marketing system in the economic and social sector of the country.
- To enhance the capacity of producing quality commodity and services, capable of facing the competitive situation created by the development of information and communication technology and globalization.
- To make co-operatives member-centered and to increase their participation in the activities of the co-operatives.
- To arrange the supply of institutional capital by developing a co-operative banking system.
- To expand and strengthen co-operatives in remote, hilly and backward areas.

Opportunities

- Importance accorded by the Interim Constitution towards the role of the co-operative sector in adopting the policy of public welfare oriented economic development.
- Existence of institutional networking of the Ministry of Agriculture and the Department of Co-operatives.
- Development of networking of the co-operative federations from district to national levels.
- Establishment of the National Co-operative Development Board and the National Co-operative Bank.
- Existence of the possibility of mobilizing small savings in rural and urban areas and adequate demand for micro credit and micro enterprise credit.
- Increasing trend of running the business through co-operatives in the field of production, processing and marketing, health and education, science and technology, transportation and communication; and housing and insurance.
- Attraction of farmers, forests users, water users and women's groups towards co-operatives and increase in the number of co-operatives managed by women.
- Interest shown by banks and financial institutions to make investments in rural areas through co-operatives.

- Increase in co-operatives related level of awareness, development of infrastructure and marketing opportunities, in rural areas.
- Commitment of international organizations and donor agencies towards the development of co-operatives.

4. Long Term Vision

The long-term vision is to development co-operatives as the lead sector for poverty reduction through public welfare oriented economic development.

5. Objectives

1. Co-operatives will be developed as the foundation pillar of the economy, through the economic development of the country, small savings mobilization, operation of agriculture and micro enterprises and development of the concept of co-operatives among the general public.
2. Co-operatives will be developed, as a medium to contribute to fulfilling the economic, social and cultural needs of the general public, by developing it as the mechanism of local development, construction and service delivery.

6. Quantitative Targets

In co-operative sector the achievements are estimated as follows:

| S.No. | Description | Unit | Present Status | Target |
|-------|---|----------------|----------------|--------|
| 1. | Contribution of Co-operatives in GDP | Percent | 1 | 2 |
| 2. | Contribution of Co-operatives in Financial Sector | Percent | 7 | 15 |
| 3. | Access of Rural Community in Savings and Credit | Percent | 17 | 30 |
| 4. | District, Sectoral District, Central and National Co-operative Federation | No. | 139 | 250 |
| 5. | Formation and Operation of Primary Co-operative Societies | No. | 9,720 | 15,000 |
| 6. | Members of Co-operatives | Million | 1.2 | 1.8 |
| | (a) Male | | 0.8 | 1.2 |
| | (b) Female | | 0.4 | 0.6 |
| 7. | Female Participation in Management | Percent | 15 | 25 |
| 8. | Share Capital | Rs. in Million | 1,040 | 4,000 |
| 9. | Savings | Rs. in Million | 1,950 | 4,000 |
| 10. | Investments | Rs. in Million | 2,410 | 5,000 |
| 11. | Direct Employment | in '000 | 15 | 50 |
| 12. | Establishments of Entrepreneurship in Government -Co-operatives Partnership | No. | 1 | 5 |
| 13. | Establishment of District Level Model Business | No. | 0 | 50 |
| 14. | Establishment of Co-operative Educational Institute | No. | 0 | 2 |
| 15. | Trainings to Co-operative Workers | in '000 | 30 | 60 |
| 16. | Production of Co-operative Trainer | No. | - | 150 |

7. Strategies

- To review the existing legislation and institutional framework, in order to make the operation of co-operatives systematic and effective.
- To strengthen the inspection, regulation and monitoring aspects for effective good governance, competent administration and fiscal management of co-operatives.
- To increase the share capital and access to other financial resources in order to strengthen the economic condition of co-operatives.
- To increase the contribution of co-operatives in the development of production, processing and marketing.
- To expand co-operative education, training and information system.
- To ensure inclusion of the deprived communities including women, indigenous groups, *Adibasi Janjatis*, *Madhesis*, persons with physical disability, conflict affected people and Muslims through co-operatives.
- Necessary concession and facilities will be provided for the promotion and development of the co-operatives sector.

8. Policy and Working Policies

- Existing legislation and rules related to the co-operative sector will be analyzed and reviewed and new legislation and rules will be formulated.
- Regulation and monitoring system of the co-operative sector will be reviewed.
- Institutional system of the co-operative sector will be reviewed.
- Co-operative accounting and auditing standards, performance indicators, branch making, operational and financial self-sufficiency, will be formulated and launched for managing the transactions of co-operatives. Results-oriented monitoring and evaluation mechanism will be established and implemented effectively.
- Arrangements will be made for effective information flow, for transparency of transactions of co-operatives. Co-operatives will be established as competitive, accountable and responsible organizations by adopting the public hearing system.
- The monitoring of large-scale co-operatives will be focused with the reduction of the workload of monitoring smaller co-operatives in rural areas by maintaining the limits of regulatory concessions through self-regulation standards and transparency process.
- Second tier organization will be formed for the regulation and control of co-operatives.
- Co-operative federations will be made responsible for the coordinating role between the government and the co-operative sector by reviewing their structures and scope of work for the promotion of co-operative business.

- Members will be encouraged to increase the share capital of co-operatives by themselves and to mobilize internal sources, in order to enhance the fiscal capability of co-operatives.
- Structure of the Co-operative Bank will be strengthened and developed as a wholesale lender and as a banking institution.
- Arrangements will be made so that banks and financial institutions can lend on a wholesale basis to co-operatives.
- Arrangements will be made to mobilize passive saving capital of co-operatives themselves under inter co-operatives cooperation scheme.
- Arrangements will be made to conduct programs through co-operatives in a coordinated fashion by mobilizing the resources available in Rural Self Reliance Fund and Poverty Alleviation Fund.
- Local development, construction and social service delivery works carried out by different ministries will also be carried out through local co-operatives under the government co-operatives partnership program.
- Production, processing and marketing of commodities and services will be encouraged through co-operatives.
- Employment and income generation will be increased by production, processing and marketing of commodities and services of the agriculture and non-agriculture sector in remote and rural areas through co-operatives.
- Co-operatives and its members will be made capable by generation of non-financial resources for effective market management and operation through co-operatives.
- Arrangements will be made to increase the use of commodities and services produced by co-operatives in governmental and other government owned agencies.
- Access of Nepalese products in the international market will be increased through inter co-operative cooperation.
- Co-operative education, communication and information management system will be strengthened.
- Arrangements will be made to effectively implement the function of policy analysis of the co-operative sector by enhancing the functional ability of the National Co-operative Development Board.
- Co-operative federations will be made responsible for professional capacity development and good governance of associated co-operatives by the conduction of co-operative education and awareness enhancement programs.
- Co-operative trainings will be extended through Co-operative Training Centers.
- Special program will be launched to establish, operate and promote the co-operatives with the inclusion of the socially deprived geographical regions, *Adibasi Janajatis*, *Dalits*, conflict affected people, physically disabled, *Madhesis*, and other groups.

- Arrangements will be made to provide concessions in lending through co-operatives for the implementation of programs for social inclusion.
- Presence and representations of women, youths, students and children in co-operatives will be encouraged.
- Arrangements will be made for special concessions and facilities for the development of community based co-operatives of remote and rural areas.
- Preference will be accorded to public agencies on the sale of commodities and services produced by co-operatives.
- Facilitative tax policy will be implemented by reviewing the corporate tax derivation process.
- Existing concession facility on infrastructure including electricity required for running its business will be maintained.
- Emphasis will be placed on the formation of co-operatives having a single objective according to the nature of transaction and business, for the purpose of classification and specialization.
- Emphasis will be placed on increasing the number of members rather than the number of co-operative federations.
- Arrangements will be made to launch co-operative insurance for the protection and security of co-operatives and its members.
- Operators of co-operatives who work against the Co-operative Act and rules and the loan defaulters will be black listed. Similarly, the black listed people will be barred from getting involved in any of the co-operative federations or to make any transactions.

9.

Major Programs

- Programs will be launched for institutional strengthening and capacity enhancement of the co-operative sector. Department of Co-operatives will be upgraded with the provision of adequate physical, financial and human resources. Additional offices will be established under the umbrella of the department after conducting a needs assessment, and provisions for staff members will be added.
- A separate central unit will be established for monitoring and inspection, and arrangement will also be made to conduct monitoring and inspection through concerned co-operative associations, firms and experts.
- Process of incorporating co-operative education in the existing curriculum and establishing separate institutes for formal education on co-operatives from the primary level to the higher secondary level will be initiated.
- A Co-operatives Promotion and Education Fund will be established and a certain percentage of net savings of every co-operative will be deposited in the Fund, along with additional an amount on the part of the government for the development and extension of co-operative education.

- Central Co-operative Training Center will focus on the training of trainers. Youth who have passed the bachelor's level and certificate level education will be sent to districts after completing the special training as trainers from this fiscal year.
- A Co-operative Education, Information and Communication Center will be established and the co-operatives information management system will be strengthened.
- Opportunity will be provided to *Dalits*, *Adibasi Janajatis*, *Madhesis*, women, physically disabled and other citizens out of the development mainstream, to be involved in employment and income generation programs in remote and rural areas.
- Women will be encouraged to play a leadership role in co-operative federations for gender empowerment. A separate gender unit will be established in the Department of Co-operatives to manage gender empowerment. Special concessions and facilities will be provided for the promotion of women managed co-operatives.
- Children will be provided affiliated membership and students will be encouraged to establish a separate co-operative, based on educational institutes.
- Development works, social services and awareness campaigns to be conducted by the government at the local level will also be arranged to run through co-operatives of the concerned region and sector.
- Large-scale model enterprises will be established in all the development regions in the government co-operatives partnership, on the basis of capacity and possibility of sectoral co-operatives and their associations related with agriculture and non-agriculture.
- Businesses will be operated through co-operatives.
- Special co-operative programs will be conducted in the Karnali zone.
- Retail lending will be provided to co-operatives through a co-operative bank. Initiations will be taken to provide commercial lending to the members of co-operatives operating in rural and backward areas, mobilizing the resources available in Poverty Alleviation Fund and Rural Self Reliance Fund and other facilitative funds.
- Legal framework for managing the transactions of the co-operative bank will be developed and launched.
- Arrangements will be made for resource retail lending, grant and non-economic cooperation to co-operative federations by banks, financial organizations, government, and donor agencies, with the formulation of the required rules.
- Programs like "One village: one co-operative", "One co-operative: one product" will be carried out for specializing production and the distribution of commodities and services through co-operatives.
- Arrangements will be made to strengthen domestic and external markets by focusing on the products of commercial and organic farming through co-operatives.

- Emphasis will be placed on the formation of co-operatives related with food and other agricultural products that are processed in the Terai and herbs, seeds, vegetables, fruits, livestock and tourism in the Hills and high Hills.
- Co-operative farming and co-operative market networks will support commercialization of agriculture.
- Co-operatives will be encouraged to be involved in the sale and distribution of construction materials, consumer goods and agriculture inputs (fertilizers, seeds, chemical pesticides and tools) in remote districts.
- The Co-operative Development Board, established to promote co-operatives, will be strengthened. The Co-operative Rehabilitation and Stability Fund will be formed with the purpose of strengthening co-operatives by protecting co-operatives from being poor, and protecting the interests of the members.
- Self-employment program will be launched for the youth through a Co-operatives Volunteer Plan, so as to affiliate the youth in co-operative federations.
- Professional self sustaining groups affiliated to various sectors and areas will be encouraged to gradually convert themselves to co-operatives.

10. Expected Outcomes

- Contribution of the co-operative sector in the GDP will be doubled.
- Role of the co-operative sector in providing micro credit, micro enterprise credit and employment oriented credit for mobilization of small savings and the creation of income generating opportunities, will be enhanced.
- Situation of social inclusiveness will be substantially enhanced. Participation of women in co-operatives will be substantially increased from 33 percent at present to 42 percent.
- Number of co-operatives operated by women will be increased substantially and the representation rate of women in the executive committee will be increased from 15 percent at present to 25 percent.
- Co-operatives will be operated with the values, norms and principles of co-operatives and the regulatory burden will be reduced, as co-operatives are managed and established as the disciplined organization of the society.
- Partnership among banks, financial organizations and co-operatives will be initiated and developed, and economic activities and transactions will be increased with the availability and use of resources.
- Appropriate mechanism will be developed for the formation, operation, regulation and promotion of co-operatives.

- New institutional framework for the co-operative sector within the government will be established.
- Co-operative education will be developed.
- Development and social service works will be performed in government-co-operatives partnership.
- Commercialization of agriculture will be supported by the co-operative collective farming system.

11. Assumptions and Risks

- Adequate economic, physical and human resources will be managed by the strengthening the institutional framework of co-operatives within the government mechanism.
- Substantial investments will be made for human resources development.
- Effective co-ordination will be made among ministries, Nepal Rastra Bank, other banks and financial organizations, donor agencies, NGOs and projects.
- Support of the private sector.
- The risks will increase if the assumptions mentioned above are not being translated into practice.

12. Estimated Budget

A total budget of Rs. 1,069.6 million is proposed for the co-operative sector for the Plan period. Out of the allocated budget, Rs. 157 million is to be spent by the Ministry of Agriculture and Co-operatives in the first year for the preparation of the organizational structure of a new Ministry of Co-operatives. It is projected that Rs. 374 million will be spent in the second year and Rs. 539 million the third year to implement the approved programs.

Program and Estimated Budget for Three Year Plan (at FY 2006/07 prices)

| S.No. | Program | (Rs. in million) |
|--------------------|--|------------------|
| 1. | Policy formulation, planning, organizational strengthening and management of co-operatives | 98.5 |
| 2. | Co-operative education, communication, and training | 264.4 |
| 3. | Promotion of co-operative enterprises | 155.5 |
| 4. | Gender development, social inclusion and special program for Karnali zone | 16.5 |
| 5. | Public-co-operative partnership program | 250.0 |
| 6. | Operating expenses | 284.7 |
| Grand Total | | 1069.6 |

13. Implementation, Monitoring and Evaluation Arrangement

- Detail study will be conducted on institutional reforms, legislation and regulatory reforms, co-operative education and training, inclusion,

business promotion, and development of the monitoring system in the first year of the Three Year Interim Plan, and will be conducted from the second year onwards.

- A coordinating mechanism will be developed, comprising of office bearers of the government, co-operatives, banks and the financial sectors at the ministerial level, to implement the program.
- An action plan will be developed assigning the clear-cut responsibility of the Ministry/Department of Co-operatives, the National Co-operatives Development Board and the Co-operatives Association.
- Arrangements will be made to build a partnership among the government, co-operatives and the private sector for the implementation of targeted programs.
- Institutional arrangements will be developed according to the strengthened devolution system.
- Co-operative management information system will be developed and utilized for the purpose of monitoring and evaluation.
- On site inspection will be carried out on the basis of information gathered from off-site inspection, keeping in view self regulation for monitoring, PEARLS rating and regulatory limits.
- National Co-operative Federations, Central Federations and District Federations will be involved and made responsible for good governance of co-operatives.
- Arrangements will be made for carrying out on-site and off-site inspections through the Ministry/Department, co-operative offices themselves and/or also through experts.
- Arrangements will be made for the participation of stakeholders in analyzing the progress of annual programs. Effectiveness of programs will be evaluated on the basis of progress analysis.
- Website of the co-operative sector will be strengthened and updated and will be made easily accessible to all stakeholders.
- Coordination committees will be formed in the Ministry/Department and devolved agencies with the objective of effective operation of implementation, monitoring and evaluation.

Chapter: 11 **Land Reform and Management**

1. Background

Land ownership, productivity and management, are integral parts of land reform. The issue of land ownership is associated with social justice and land productivity. Due to the rapid increase in population and limitation of land and utilization of marginalized land for agriculture purposes, farm holdings are shrinking. In order to achieve maximum benefits from land it is necessary to apply the means of land management and productivity enhancement.

It is necessary to end the feudal type of landownership pattern and relations to increase land productivity, and ensure social justice. It is relevant both economically and socially to enhance the access of those who expend labor and skill in land. Access of the landless and deprived groups to land needs to be ensured by solving the problems of tenancy, *Guthi* land and unmanaged settlements. It is a matter of urgency to generate measurement and geographic information in line with the rapid development of science and technology, and improve the quality of public services by adopting modern technology in land administration. It is necessary to update land information and data related with landholdings and use.

The Interim Constitution has adopted the policy to implement scientific land reform. Major elements of the scientific land reform include:

- Ending the existing feudal system of landholding.
- Implementing the arrangement of land ceiling in agricultural land ensuring social justice and productivity increase.
- Ensuring the access of those who expend labor and skill in land.
- Providing land for settlement to the landless farm households.
- Ensuring the rights of farmers who cultivate the public and barren lands and *Guthi* lands.
- Ensuring access to, simplified and scientific land information, administration and services.
- Formulating a Consolidated National Land Policy encompassing all land related activities and making it functional.
- Harmonizing programs with forests, water resources, construction and agriculture sectors to enhance land productivity.

2. Review of the Current Situation

Several books and publications were brought out regarding Land Revenue Archive Protection and Strengthening, such as, Land Administration Guidelines 2001, Land Reform Guidelines 2003, Land Administration Procedures 2004, Land Administration Guidelines Part III, Compendium of Land related Legislations, Guidelines for Protection of Government and Public Lands, Booklet on Introduction of Departments, Book on Land Activities. The problem of dual land ownership still prevails and the regulation of land ceiling is still not fully enforced.

The major achievements of the land reform sector against stipulated targets and programs during the Tenth Plan period are presented in the following table.

The Major Achievements of Targets and Programs

| S.No. | Program | Unit | Target | Progress |
|-----------------------------------|--|---------------------|-----------|-----------|
| Survey | | | | |
| 1. | Cadastral Survey | Hectare | 212,000 | 68,000 |
| 2. | Digitized Maps | Sheet | 76 | 76 |
| 3. | Bigger Scale Maps | Sheet | 2,000 | 2,174 |
| 4. | Reprinting/ Updated | Sheet | 300 | 340 |
| 5. | New Edition | Sheet | 60 | 20 |
| 6. | Trig Sheet for Cadastral Survey | Sheet | 17,850 | 3,000 |
| 7. | Altitude Point Survey | Km. | 850 | 300 |
| 8. | Geodetic Network Strengthening | Points | 720 | 792 |
| 9. | Building Construction | No. | 10 | 2 |
| 10. | Maps Improvement | Sheet | 42 | 45 |
| 11. | Geographic Information Infrastructure | Percentage | 100 | 100 |
| 12. | Land Consolidation | Hectare | 1,000 | - |
| 13. | Cadastral Maps | Sheet | - | 51,000 |
| 14. | Maps Tracing | Sheet | - | 46,000 |
| Land Information | | | | |
| 15. | Enabling to provide computerized services of all land parcels in Bhaktapur, Kaski and Kathmandu | No. | 5 | 5 |
| 16. | Digitization of survey maps in computer | Kitta | 1,300,000 | 1,518,000 |
| 17. | Scanning of Survey Maps | District | 75 | 74 |
| 18. | Scanning of Field Book | Page | 800,000 | 692,000 |
| Land Use | | | | |
| 19. | Updating land use maps, Developing District database, Developing district land use area guidelines, Preparing district profile | District | 75 | 36 |
| Land Management | | | | |
| 20. | Construction of office building | No. | 17 | 12 |
| 21. | Land record archives and office improvement | District | 75 | 50 |
| Freed Kamaiyas | | | | |
| 22. | Providing land to the landless | Household | 13,000 | 14,326 |
| 23. | Skill Training | No. | 22,000 | 10,374 |
| 24. | Financing 8,705 families for house construction | Rs. million | - | 85 |
| Human Resource Development | | | | |
| 25. | High and mid level survey and land management training of long and short durations | No. of Participants | 880 | 849 |

In addition to the above, the following have been accomplished during the Tenth Plan period:

- Works have been underway to complete the re-survey of village block areas and incomplete wards of municipalities.
- Physical and technical infrastructures for geographic information system have been developed as targeted. Digitized base maps are available for the users. Orthophoto of urban areas is generated.

Similarly, demographic and socio-economic atlas of three development regions, have been produced.

3. Problems, Challenges and Opportunities

Problems

- Existence of feudal landownership and land relationship.
- Limited application of modern technology in land management.
- Limited access of the landless and the economically deprived population to land.
- Prevalence of the practice of dual ownership in land.
- Lack of a land use policy, and the problem of land fragmentation.
- Poor updating of information and data related with land use, landholding and land resources.
- Lack of information on landless population, land tenure and unmanaged squatter settlements.
- Inadequate skilled human resources, means and resources, compatible with modern technology.
- Inadequate timely improvement in the existing legislation and lack of effective institutional framework for monitoring and coordination.

Challenges

- Ensuring land rights of the landless people.
- Equitable distribution of agricultural land.
- Rehabilitation of freed *Kamaiyas*.
- Formulation and implementation of land use programs, encompassing land management and settlement management.
- Implementation of land management and environmental programs in a coordinated manner.
- Proper management of public land.

Opportunities

- Amicable situation in the context of the changed political scenario for achieving social justice ensuring the land rights of the landless population.
- Political commitment for scientific land reform.
- Raised awareness among the general public, civil society and NGOs for solving land related problems.
- Possibility of access of the farm population in land, due to the increasing trend of shifting of occupation of the land owners selling their land.
- Availability of institutional framework and skilled human resources from the central level to 75 districts in the field of land reform and management.

4. Long Term Vision

To contribute positively to the economy by improving the living standard of peasants by establishing equitable landholding and scientific land management, through the implementation of scientific land reform.

5. Quantitative Targets

Land Management, Landless and Freed *Kamaiya*

- Providing services through one window and resolving land disputes through High Level Land Committee or land tribunals.
- Provision of 50 percent discount on the registration charge when land is purchased in the name of a female member of the household.
- Provision of discount when land is purchased in the name of a person with disability, elderly citizen or a citizen belonging to the deprived class, and in the name of dependent family members of martyrs of the People's Movement
- Providing land to 200 thousands of the landless and dwellers of unmanaged settlements, and rehabilitation of 13,244 families of the freed *Kamaiyas*.

Land Use

- Preparing and updating 1:50,000 scale district level maps, GIS database and profile in 35 districts.
- Preparing 16 numbers of 1:10,000 scale
- Current Land Use Map, Soil Map, Land Capability, Land Zoning Map, GIS database and profile of the VDC/Municipality area.

***Guthi* (Trust Land)**

- Solving the tenancy problems of *Guthi* land by reviewing the Acts and Regulations of the *Guthi* Corporation.
- Making arrangements for administering *Guthi* land through land revenue offices.

Human Resources

- Conducting 355 trainings of short duration on land administration, land management, land consolidation, land use, GIS and remote sensing.
- 4 years BE Geomatic Engineering course offered to 72 students.

Land Information and Archives

- Data entry of 3.8 million land plots, and development of the Attribute Database, 18,500 sheet Spatial Data Capture (maps digitization) will be done.
- Completion of 880,000 fieldbook scanning, ammonia printing of 3,000 cadastral maps.
- Data entry of 1.9 million pages of record.

- Computer entry of digital record of fieldbook pages, maps, central land revenue records and '*Lalmohars*'.

Survey

- Preparation of 300 numbers of DTM, of the Terai area.
- Reprinting of maps of 4,000 VDCs/municipalities.
- Cadastral survey of 19,000 hectares of village block and municipality area.
- Production of trig sheet for cadastral survey of 1,350 sheets.
- Building construction of 15 survey offices, improvement of physical condition of 65 survey offices and improvement of the land record system in these offices.

6. Objectives

By developing the base of scientific land reform, the following objectives are considered for equitable, productive and resource conservation oriented land management; alleviation of poverty; and to ensure food security through the equitable distribution of land:

1. To ensure the land rights of the landless population, unmanaged dwellers, freed *Kamaiyas* and the land tenants.
2. To formulate long term land policy and land use policy to increase land productivity.
3. To protect and conserve government and public land, ancient heritage and *Guthi* lands.
4. To make the land administration effective and to solve land disputes.

7. Strategies

- To develop policies, Acts and institutional framework required for providing land to the landless, land tenants and unmanaged dwellers' families.
- To rehabilitate the freed *Kamaiyas*.
- To develop bases for new land ceiling while implementing the existing land ceiling.
- To formulate land use and a national land policy.
- To develop legal basis for contract and cooperative farming, ensuring security to landholders and better utilization of land.
- To encourage land consolidation, discouraging land fragmentation.
- To strengthen the land record system, making it more reliable, and updating the record of government/ public and *Guthi* land.
- To implement the existing legal provisions effectively in order to stop encroachment, and to conserve and protect government and public land.
- To conserve and protect, by proper maintenance of ancient religious and cultural heritage, such as *mathas*, temples, mosques, *gumbas* and churches.

- To develop skilled human resources in the field of land management.
- To strengthen land ownership, land use and the database system of land resources by using geographic information infrastructure.
- To update existing map sheets with the application of modern technology.
- To prepare the basis for developing integrated information of all landholdings of every individual in the country.
- To resolve land disputes, in those districts which have more land related disputes, through the formation of land tribunal.

8. Policy and Working Policies

Following policies and working policies will be adopted on the basis of above mentioned objectives and strategies:

- High level land commission will be constituted to solve different land related problems, including the landless and unmanaged dwellers.
- Data collection will be carried out in prescribed form by deputing teams at local level to solve land related problems.
- Land distribution and management will be carried out with top priority to make land accessible to the landless and unmanaged dwellers, including agricultural labor, *Dalits*, *Adibasi Janajatis*, *Madhesis* and women.
- Land ownership certificate will be issued jointly in the name of both husband and wife while providing land to the freed *Kamaiyas* and landless and unmanaged dwellers, in order to ensure the right of the female to land access. The provision of 50 percent discount on the registration charge will be provided whenever land is purchased in the name of a female member of the household.
- All the problems related with land tenant (including *Guthi* land) will be solved with the required review in the existing rules and regulations.
- An action plan will be designed to respond to all applications to solve the dual ownership problem of land within a certain duration of time.
- Land will be distributed to rehabilitate the freed *Kamaiyas*.
- In addition to the distribution of land, loans will be provided along with income generating trainings to increase the income generating capability.
- Bases for scientific land reform will be developed.
- Arrangements will be made to provide land, obtained from the new provision of land ceiling to the landless people on tenure basis, in order to bring a disable improvement in the land holding pattern.
- National land policy will be formulated and implemented encompassing all the land related activities.
- Land use strategies will be formulated and implemented in order to discourage non-agricultural use of fertile land.

- Among the areas where the land use maps have already been prepared, land use programs will be implemented in certain pockets through local bodies/User Committees.
- A legal framework will be developed for contract and cooperative farming.
- Legal arrangements will be made to discourage land to be left barren.
- Land consolidation will be encouraged and it will be implemented with land use programs in an integrated and coordinated manner.
- Arrangements will be made for not allowing fragmentation of the land parcels beyond a certain size in order to stop land fragmentation.
- Governmental/public and *Guthi* land throughout the country will be identified, and records of these will be updated.
- Institutional and legal provisions will be made to manage *Guthi* land by reviewing the role and scope of the *Guthi* Corporation in cooperation with local bodies and stakeholders.
- Existing arrangements in the prevailing rules, regulations and procedures on protection of government/public land will be reviewed.
- Landless people will be ensured their land rights by discouraging encroachment in government land.
- Arrangements will be made for administering *Guthi* land through the concerned land revenue offices.
- Ancient religious and cultural heritages such as *mathas*, temples, churches, *gumbas* and mosques will be conserved and protected through proper management and maintenance works in coordination with the Ministry of Culture, Tourism and Civil Aviation.
- Academic degree courses will be conducted by affiliating the high and mid level survey training, conducted by the Land Management Training Center, with universities and educational institutes in order to supply skilled human resources required in the field of land management.
- Capability of personnel working with land management and geographic information will be enhanced by conducting different trainings related with land management, including the service entry training and female participation in those trainings will be ensured.
- Disaggregated data on female ownership of land will be maintained.
- Land archives will be maintained and strengthened at the central level as well. Similarly, land use will be regulated through land information system.
- Services will be rendered through a computerized system, by updating land information.
- Arrangement of "one person one land ownership certificate" will be implemented.

- All the types of map sheets will be updated with the use of modern technology, assigning top priority to economically more valuable and high transaction areas.
- A new survey program will be conducted for construction and rehabilitation of damaged office buildings and land records during conflict.
- National geographic infrastructure will be further strengthened and made effective, and access of users will be ensured.
- Land valuation will be made practical and real by conducting research and study.
- Land administration service will be rendered through one window system.
- Arrangements will be made to clear pending land dispute cases in a faster pace in land reform, land revenue offices, survey offices and offices of the Guthi Corporation, by reviewing the relevant, existing land related rules/regulations and procedures.
- A tribunal will be constituted to clear the pending cases and applications on land registration, land tenant and land ceiling.

9. Major Programs

9.1 Land Management, Landless and Freed Kamaiyas

- Clearing the 103,000 old dispute cases by constituting a high level Land Commission and Committee/Land Tribunal.
- Providing land to 200,000 families of landless and unmanaged dwellers, conducting study and research to increase the access of females in the land management sector.
- Conducting programs such as entrepreneurship development group management and empowerment, best group award, enterprise encouragement award, in order to make an effective skill oriented vocational training.
- Carrying out loans disbursement and reimbursement under the income generation promotion program.
- Conducting skill development and capability enhancement programs for the missed freed Kamaiyas.
- Rehabilitating 13,244 families of freed Kamaiyas.
- Providing (trading off) suitable land to 700 families.
- Building construction of 20 offices and maintenance works of 25 office buildings.
- Maintaining land ownership identification number in 15 offices, managing 'rokka', 'likhāt', 'sresta' binding, maintenance and 'tameli' in 104 offices, collecting land ceiling information by filling up the no. 7 form in 75 districts, conducting a study to make land valuation practical and rendering services through the one window system.

- Providing 50 percent rebate on the registration charge while purchasing land in the name of a female member of the household in order to increase women's access to land ownership.
- Providing rebate on the registration charge while purchasing land in the name of a person with disability, old, deprived class and family members or dependents of the martyrs of the People's Movement.

9.2 Land use

- Preparation and updating of district level maps of 1:50,000 scale and GIS database and profile in 35 districts.
- Preparation of 16 numbers of maps of 1:10,000 scale depicting the present land use map, soil map, land capability, land zoning map and GIS database and profile of the VDC/municipality.
- Implementing land use program on a pilot basis, and formulation of the National Land Policy.

9.3 Guthi

- Building constructions of the central office and archives of the Guthi Corporation and establishing the Guthi Management Information System.
- Solving the problems of land tenant of *Guthi* land by reviewing rules and regulations of the Guthi Corporation.
- Making arrangements for the administration of *Guthi* land through land revenue offices.
- Protecting and conserving property of *Guthi* land.
- Generating public participation in *Guthi* land management.

9.4 Human Resource Development

- Developing the infrastructure for Diploma in Geomatic Engineering course with the gradual phasing out of junior and basic training.
- Developing the infrastructure for Post Graduate/Degree Course in the Geomatic Engineering course.
- Conducting short duration courses on land administration, land management, land consolidation, land use, GIS, remote sensing.
- Conducting the 4 years BE Geomatic Engineering course for 72 students.

9.5 Land Information and Archives

- Data entry of 3.8 million land parcel and developing the Attribute Database.
- 18,500 sheets map digitization (Spatial Data Capture).
- Fieldbook scanning of 880,000 pages, ammonia printing of 3,000 cadastral survey.
- 11,000 microfilm scanning of maps and fieldbooks of the Kathmandu valley and Kavre.

- Record keeping and scanning of old ‘*lalmohar*’, ‘*khadganishan*’, ‘*rukka*’ ‘*dushat*’, ‘*methbandi*’, ‘*pahadi bandobasta*’, ‘*pota lagat*’, presently conserved in the Archive section.
- Dillibazar under Central Land Revenue Record Strengthening Program.
- Data entry of 1.9 million pages record (digital record computer entry of fieldbook pages, maps, central land revenue record-*lalmohar*).

9.6 Survey

- Updating 105 sheets of survey maps.
- Preparing 21 sheets 1:10,000 scale survey maps of municipalities.
- Preparing 55 sheets administrative maps (district, zone, development region) and updating 25 sheets of land resource map (1:500000).
- Preparing 300 maps of the Terai and inner Terai area.
- Preparing 4 databases of 1:500000 and 1:1000000 scale.
- Re-edition of maps of 4,000 VDCs/municipalities.
- Preparing one consolidated national atlas.
- Conducting cadastral survey of 19,000 hectares of village block and municipality area.
- Completing the survey of Banepa municipality through digital cadastral system and rendering the services and gradually launching the digital cadastral system in other municipalities and towns.
- Resurveying of lands of the Acham district where the survey maps were destroyed during the conflict.
- Producing 1350 trig sheets for cadastral survey.
- Conducting geodetic survey (GPS, gravity leveling, Nagarkot) (973 points, 150 Km).
- Establishing the Geodetic DBMS system development.
- Completing the building construction of 15 survey offices.
- Improving the physical condition and records of 65 survey offices.
- Commencing computerized system in 6 municipality areas.
- Preparing survey maps in the municipality area.

10. Expected Outcomes

The programs to be implemented during the plan period are expected to contribute towards rehabilitation, reconstruction, economic upliftment and inclusive development of the state. Effective land administration is expected to play an important role towards establishing good governance. Geographical information required to carry out development works will be available compatible with modern technology. The relevant information required to formulate a plan aiming towards the equitable distribution of land will easily be available, and this type of program can be effectively carried out. Greater sense of protection of one's property will be felt by the general public.

Following outcomes are expected to be achieved by the launching of programs in various sub sectors of land reform and management, during the plan period:

- Land rights of landless rural families, tenants and unmanaged dwellers will be ensured.
- Dual ownership of land will be put to an end.
- Employment opportunity will be created by the development of skills of the freed *Kamaiyas*, including those who possess labor and skills, and basic services such as shelter, education, health, drinking water supply and security will be available to them.
- Certainty of social justice and productivity of land will be assured, with the implementation of new provisions of land ceiling.
- Foundation of scientific land reform will be laid.
- Important contribution will be made towards eliminating the existing, feudal system of land and land ownership.
- Land use policy and legislation will be refined with the formulation of the National Land Policy.
- Land fragmentation will be discouraged and land will be used and managed in a sustainable way, and productivity will be increased.
- Skilled human resource will be produced in the area of land management, and employment opportunity will be increased.
- Involvement of local bodies and stakeholders in *Guthi* land management will be initiated, and *Guthi* land will be administrated by the concerned land revenue offices.
- The infrastructure for geographic information system will be further expanded.
- Central archive will be developed with scientific management of land ownership record.
- Security of land ownership and good governance will be assured through improvement in land management and strengthening of record management, making it more scientific.
- Maps and measurements will be reliable and objective, as well as updated by the application of modern technology. With this, reliable land information will be available to researchers, government, NGOs and local bodies for decision making and policy and plan formulation.
- Service delivery will be improved by completing re-surveying for the reconstruction of destroyed offices and maps/land records during the conflict.
- Valuation of land will be scientific and based on reality.

11. Assumptions and Risks

Assumptions

- Attitude and working style of personnel working with land administration will be changed.

- Adequate means and resources will be available for the application of modern technology.
- Timely improvements will be made in an institutional framework, in line with the development of modern technology in the field of land management.
- Political commitment will be favorable for land reform.

Risks

- Priority for allocated budget, for programs mentioned in the plan document.
- Imbalance in the supply of skilled human resources.
- No coordination among different organizations working in land management.
- Political instability.
- No timely refinement of required rules and regulations.

12. Program and Estimated Budget

(at constant prices of F.Y. 2006/07)

(in Rs. million)

| S.No. | Name of Program / Project | Total |
|-------|--|----------------|
| 1. | Land Reform | |
| | (a) Rehabilitation and Livelihood Development Program for Freed Kamaiyas | 53.1 |
| | (b) Land Reform Program (Scientific Land Reform) | 25.0 |
| 2. | Land Reform Record Protection and Strengthening Project | 226.2 |
| 3. | National Land use Project | 70.5 |
| 4. | <i>Guthi</i> land Strengthening | 47.5 |
| 5. | Land Management Training Centre | 132.7 |
| 6. | Land Information and Archive Program | 105.5 |
| 7. | (a) Land Survey | 166.7 |
| | (b) National Geographic Information Infrastructure Project | 42.2 |
| 8. | (a) Cadastral Survey | 1,147.5 |
| | (b) Survey Office Strengthening Program | 84.0 |
| 9. | Geodetic Survey | 175.1 |
| | Grand Total | 2,276.5 |

13. Implementation, Monitoring and Evaluation Arrangement

Implementation Arrangement

- Arrangements will be made for providing license to the private sector, in order to simplify maps and measurement works, and making the process effective.
- A legal base will be developed for rendering services to clients through the land information system.
- Stock of trained human resources will be prepared for rendering services effectively through the one window system, and revision will be made in the existing institutional structure.
- Arrangements will be made for the construction of new government buildings in line with the design relevant to the one window system.

- Emphasis will be given for the participation of the private sector and NGOs, for the development of contract and cooperative farming.
- Record keeping will be linked to the computer system, through the establishment of *Guthi* land records at the central level.
- Land Management Training Center will be developed and further strengthened as an educational institute.
- Arrangements will be made to render technical consultative services of personnel working with survey measurements and the land management sector to any project, private or non-government sector (domestic/foreign), thus, supporting skill enhancement and additional revenue collection.

Monitoring and Evaluation Arrangement

- A single mechanism will be developed in the ministry/department for monitoring and evaluation.
- Ministry/department/projects will prepare respective work plans, and on site supervision/monitoring will be carried out on the basis of the same.
- In addition to the work performance, monitoring of projects/programs of the land reform and management sector, public hearing and social audit will be carried out in the presence of clients.
- Adjustments will be made in the institutional structure of the Ministry of Land Reform and Management, in line with the federal structure to be adopted by the state in the process of making a 'New Nepal'.
- Results of evaluation of programs/projects of the sector will be utilized in the planning process.
- System of reward and punishment will be developed and practiced for the evaluation of every office, on the basis of monitoring indices for land revenue, land reform offices, survey offices and survey teams.
- Booklets will be published covering the activities of the ministry and its departments and offices, and the results of monitoring and evaluation.
- Budget, annual program and progress reports will be made public.

Chapter: 12 **Forests and Soil Conservation**

1. Background

In addition to providing the necessary goods and services to many Nepalese staying in the rural areas, the forestry sector has contributed significantly to other sectors of the national economy such as agriculture, water resources, environmental conservation and community based village tourism. It is essential to make forest products available to the general public through protection, conservation and the use of forest resources and wildlife in order to ensure the access of the poor in the forest-based industries. It is also necessary to promote community tourism by improving the environment through sustainable forest and soil conservation and management. Similarly, it is necessary to support the livelihood of all Nepalese people, including the poor and deprived groups through the management and sustainable development of forests, watershed area, environment and bio diversity.

2. Review of the Present Situation

(a) The major achievements of the Tenth Plan

| S.N. | Program | Unit | Target | Progress |
|-------|--|---------------|--------|----------|
| 1. | Community Forestry Program | | | |
| 1.1 | Formation of users' group and management support | No. | 2500 | 2500 |
| 1.2 | Operational plan preparation and forests handover | No. | 3000 | 2500 |
| 2. | National and Leasehold Forestry Development Program | | | |
| 2.1 | For community below the poverty line | | | |
| 2.1.1 | Formation of leasehold forest groups | No. | 1500 | 1711 |
| 2.1.2 | Handover of leasehold forest | Ha. | 6500 | 7553 |
| 2.2 | Handover of leasehold forests to organizations | Location | 25 | 5 |
| 2.3 | Construction of biological corridors and contacts in Terai Arc Landscape Area | Location | 4 | 4 |
| 3. | Medicinal Plants and Non- Timber Forests Management | | | |
| 3.1 | Plant resources conservation management area (gene bank) | No. | 5 | 7 |
| 3.2 | Development and extension of medicinal and aromatic plants processing technology | No | 10 | 10 |
| 4. | Soil Conservation and Watershed Management | | | |
| 4.1 | Integrated community watershed management | Sub Watershed | 110 | 152 |
| 4.2 | Support to local bodies' program | VDC | 110 | 194 |
| 5. | Genetic Resources and Bio diversity Conservation Program | | | |
| 5.1 | National Parks and wildlife reserves operational plan etc. | No. | 25 | 23 |
| 5.2 | Formulation and approval of national bio-safety framework | No. | 1 | 1 |
| 5.3 | Development and management of botanical garden | Dev. Region | 4 | 4 |
| 6. | Research and Dissemination Program | | | |
| 6.1 | Study on forests and plant research | No. | 73 | 73 |
| 7. | Human Resource Development Program | | | |
| 7.1 | Formulation and implementation of human resource development and management strategy | Times | 1 | 1 |
| 8. | Policy and Legislation Reform Program | | | |
| 8.1 | Amendment and reform in forests, soil conservation, bio-diversity and non-timber forests products related Acts and Regulations | Times | 1 | 1 |

- By the end of Tenth Plan period, users' groups have managed 1.24 million hectares of forest area. Reforms have been made not only in the quantity but also in the quality of community forests. Ground for the extension of services through the basin approach has been prepared. In the sub watershed area where the programs have been implemented, some achievements have been observed. These include increase in the productivity of land, conservation, and rural infrastructure development, and income generation of the local communities.
- About 150,000 households below the poverty line have benefited through implementation of livelihood and income generation programs of Terai Arc Landscape Program. The government has approved the Wetland Policy for the long-term management of wetland areas. Bis Hazari Lake (Chitwan), Jagdishpur Lake (Kapilvastu), and Ghodaghodi Lake (Kailali) have been enlisted in the Ramsar site. In addition, to the conservation of rare and protected wildlives, the standard of living of about 1.1 million local people have been improved due to the implementation of buffer zone area management.
- Survey reports have been prepared for the districts mentioned in the Plan on the basis of remote sensing and geographic information system.
- During the Plan period, herbarium has been managed and strengthened in three development regions and research on 50 plant species have been conducted. In relation to the preparation of the National Herbs Development Action Plan, relevant policy, guidelines and information have been published.
- Nepal Bio-diversity Strategy, 2002 and Nepal Bio-diversity Strategy Implementation Plan, 2006 have been prepared for the sustainable conservation of Nepal's bio-diversity and the fulfillment of the commitments of the International Convention on Bio-diversity. Similarly, bio-diversity registration program has been initiated in 11 districts.
- Bio-safety guidelines have been operationalized to protect bio-diversity and human health from the unfavorable impacts due to imports, production and the use of genetically modified organisms and the substances therein.
- National Bio-safety Framework and Policy, 2006, has been approved in order to protect bio-diversity and human health from unfavorable impacts through imports, production and the use of genetically modified organisms and substances therein.

3. Problems, Challenges and Opportunities

Problems

- Operational plan of the community forests has not been revised timely due to unfavorable circumstances, as the forest survey could not be done due to political conflict and the limited number of staff in despite the growing demand.
- The management of the forest in the Terai has not been fully implemented due to the lack of coordination in the management of community, leasehold, religious and government forests, a district level strategic plan could not be developed and adequate public participation is not ensured.
- Due to an unclear policy and the lack of coordination between near and distant forest users' groups of the Terai and Bhawar areas, problems in community forests have emerged in the Terai.
- Problems have been observed due to unclear provisions in the Acts and Regulations regarding collaborative forests management, and due to the absence of elected local representatives.
- Private sector participation has not been encouraging in the development of forests and soil conservation due to an unclear policy on public participation in forests, soil and watershed conservation. Watershed management and conservation in the Chure area have not been carried out as expected due to unavailability of required resources and means.
- Timely reforms could not take place in Acts, rules, policies and guidelines regarding parks, reserves, protected areas of the buffer zone area. Implementation unit for the Convention on International Trade of Endangered Species (CITES) has not been strengthened for controlling the trans-boundary illegal trafficking and trade of protected rare and endangered plants and wildlife.
- Problems have occurred in multidimensional development of plant resources and extension of programs due to the lack of Plant Resources Act. Other problems include inadequate institutional framework, inadequate human resources, incomplete establishments and extension of field units for the development of plants.

Challenges

- To bring sustainable reforms in the overall development of forests by catering to the growing demand of forest products.
- To mobilize the achievements of the forestry sector in favour of the poor.
- To provide maximum benefits from the forestry sector, including Terai to the nation by controlling the leakage from the forestry sector.
- To continue forests related national policies accepting it as a consensus document.

- To realize carbon sequestration contributed by the forestry sector, environmental services and benefits such as bio-diversity conservation and water resources conservation from the international sector.
- To reduce human pressure in national forests of the Terai, Chure and Bhawar areas through the optimal use of forest products.
- To support the local and national economy by selling valuable forest products in international markets.
- To use potential resources for the conservation of wildlife and national income.

Opportunities

- Effective and sustainable achievements have been made in community forestry, soil and watershed conservation, protected area, buffer zone area protection, and leasehold forests and landscape conservation programs through public participation. Special focus has been assigned for participation, income generation and livelihood of the poor and deprived groups of the society in these programs.
- Concept of rights-based development has been practiced through community based forest management.
- Availability of bilateral and multilateral international assistance to move forward with more effectiveness towards bio-diversity conservation, including forests, plants, wildlife has to be considered as an opportunity to develop the forestry sector.
- Appropriate environment has been created for generating necessary resources for watershed management in the context of the high priority accorded by Water Resources Development Strategy and the Nepal Water Plan to increase investment in the management of watershed area for the sustainability of projects based on water resources.
- New opportunity has emerged to support the local and national economy through sustainable management of valuable forest products and selling certified products in international markets.
- Nepal's forest sector has an opportunity to generate international resources through Carbon Trade, Climate Change Mitigation and Payment for Environmental Services (PES).
- Growing concern and involvement of NGOs and INGOs in the field of forest, plants, soil and watershed, bio-diversity conservation and management and community based tourism have to be considered as an opportunity to expand the area of the program and make it more effective in partnership with those organizations.
- The involvement of human resources with required education and technical training is one of the strengths of the forestry sector. Group of local resource persons and facilitators has been prepared at the

local level. Members of users' groups have obtained different trainings through different programs including corporate mobilization.

4. Long Term Vision

The long Term vision is to supply timber, fuelwood, fodder and other forest products regularly by formulating and implementing a sustainable and balanced forest development program with people's active participation, to contribute to food production through effective interaction between forests and agriculture systems, and to conserve the land of the nation from landslides, floods, desertification and other environmental imbalances.

5. Objectives

- To maintain balanced environment through scientific management of forest, vegetations, watersheds and bio-diversity conservation and protected areas, and to ensure the social and economic empowerment of the poor and deprived communities by providing them access and rights through increased supply of forest products sustainably.
- To develop internal market and promote exports by focusing on forest based industries and entrepreneurship and create employment opportunities.
- To contribute to the development of equitable society by increasing the income of men and women of the deprived *Dalits*, *Adibasi Janajatis*, *Madhesi*, physically disabled and the backward class, and reducing poverty through equitable distribution of forest products.

6. Quantitative Targets

- The main goal of the forestry sector in the Interim Plan is to contribute to the national objective of poverty reduction by increasing income generating opportunities through decentralized and sustainable management of forests, plants, herbs, soil and watershed, environment, bio-diversity conservation and protected areas, and development of forest entrepreneurship for the sustainable development of the forest and watershed sectors through people's participation. Towards this goal, the forests cover will be maintained at 39.6 percent of the total land area. A total of 228,000 households of the poor, *Dalits*, *Adibasi Janajati* and other disadvantaged groups will be provided with income generating opportunities through forests based industry, entrepreneurship and leasehold and community forestry.
- Reconstruction and rehabilitation works will be carried out as needed through concerned agencies by reviewing damaged physical structures due to political conflict in the past years.
- 300 action-research programs will be carried out as a model for the improvements in the livelihoods of the poor households.

7. Strategies

- To implement a scientific management system for the conservation and development of bio-diversity and genetic resources, including forests, plants and wildlife through decentralization, devolution, participatory and peoples' rights based approach. A fixed part of revenue generated through this will be mobilized in favour of the poor.
- To increase the sustainable supply of forest products through planned management of all forest sector including private forests having performed the role of facilitator by the government and adopting people participatory oriented, peoples' rights based approach and simplified process.
- To implement participatory, integrated and coordinated watershed management program in the Chure region.
- To go on expanding the Soil and Watershed Management Program by strengthening it
- To make research, technology promotion, dissemination, extension, monitoring and evaluation system effective.
- To amend existing policies and rules by adopting participatory and peoples rights based approach, and to encourage the involvement of government, non-governmental, cooperatives and private for the development of forest products based entrepreneurship by using appropriate technology and system.
- To arrange the system of market mapping for value addition of herbs, timber and non-timber forest products and other forest based products.
- To make optimum use of opportunities due to the World Trade Organization and other regional trade agreements for access and benefit sharing over biological resources according to international conventions, agreements and national needs.
- To implement various forest-based social and economic programs with priority that directly support in the reduction of human and income poverty.
- To mainstream *Dalits*, *Adibasi Janajatis*, *Madhesis*, deprived classes, persons with disability and other disadvantaged group men and women of the community by launching the Household Livelihood Plan in all programs of the forestry sector through groups, and to emphasise for the increase of opportunity of respectable livelihoods of these people having ensured justifiable equitable sharing of benefits in the program of the local government.

8. Policy and Working Policies

- All the programs of the forestry sector will be encouraged to operate through groups. Forests will be handed over with due process according to the aspiration and capability of the users' groups of the forest area traditionally located near the settlement. This process will

be made easy, simple and transparent by the formation of all party committees at the local level and their active involvement thereafter.

- The framework of forest certification will be developed, by orienting stakeholders at all levels on the criteria and indicators developed for sustainable forest management.
- Management of existing protected areas will be strengthened. 30 to 50 percent of revenue income of the national parks and reserves will be proportionately utilized for economic and social upliftment of the poor *Dalits*, *Adibasi Janajati*, *Madhesis*, deprived classes, physically disabled and other disadvantaged men and women of the parks, reserves and buffer zone area. Terai Arc Landscape Program will be expanded in additional areas according to people's wishes.
- Reforms will be carried out in order to solve the issues emerging in the implementation process of community forestry and other programs based on the community (leasehold forestry, collaborative forestry, buffer zone area community forestry, integrated watershed management and public participation oriented conservation programs), strengthening the rights and self governance of the group at the policy level, corporate level and the implementation level and more rights and benefits will be assured to the poor. To this end, coordination and partnership will be increased with local bodies through discussion and interaction with various stakeholders.
- Arrangements will be made to proportionately utilize at least 35 percent of the total income of community forests for the upliftment of the poor classes of the relevant groups. To ensure this and make it transparent, regular monitoring will be carried out with the development of all-party concensus comprising of all groups/castes of the same community.
- A fixed share of revenue earned in government manged forests will be utilized for the upliftment of the poor.
- Programs will be developed and implemented in order to obtain the objectives of and fulfill the requirements of the Convention on Bio-diversity by institutional and infrastructural development for bio safety.
- Advocacy will be made in the international arena on securing resources according to the contribution made by Nepal to the global environment. The environmental services and benefits accrued so forth will be invested for poverty reduction, forests conservation and promotion.
- Infrastructure will be developed for nature conservation oriented community tourism.
- Appropriate management modality will be identified and implemented after the participatory research of forests in the Terai region.
- A long-term plan will be formulated and implemented with the active participation of all the stakeholders for the development of herbs, forage and other forest related products in the high hill forests.

- Locally trained facilitators will be utilized by increasing their roles in the development of the forest operational plan, registration of bio-diversity and other forest related development works.
- Direct assistance will be provided for income generation by planting multi-purpose plants in the afforestation program of forests and soil conservation as far as possible. To this end people will be mobilized on a larger scale.
- Bio-diversity implementation policy will be implemented with a priority, in order to expedite bio-diversity registration.
- Role of the local communities will be increased in the management of protected areas.
- Integrated program will be implemented comprising of forests, agriculture, soil and water conservation, environment and allied areas.
- Processes of forests administration will be made simple and transparent.
- While managing government forests, except in the community based programs, active forests management system will be launched in partnership with governmental, non-governmental, co-operative, professional organizations and private sector entrepreneurs. Partnership will be made effective and transparent at every level, with the supervision, coordination, monitoring and review by the all-party committee.
- National Herbs Development Program will be moved forward by giving special emphasis on research, farming, production, collection, processing and market management of herbs in the Terai, hills and high hills in participation of industry, trade, agriculture, forests and health related agencies and non-governmental organizations and the private sector.
- Existing structures of the forest sector will be improved to make the supply of forest products including timber and fodder simple, readily available and transparent.
- Herbs and Non-Timber Forest Product Development Policy 2004 will be revised and implemented with priority.
- The private sector will be encouraged to develop forests in the private sector by simplifying the process of selling tree and forest products of private land.
- Action research on different structures of the participatory forests management system and trials will be carried out with the involvement of the local communities.
- Existing policy, rules and legislation will be reviewed and implemented for the establishment and promotion of forest based industries through public participation, inclusive and people's rights based system.
- A Forest Conservation and Development Fund will be established which will comprise of 10 percent of the total revenue from the sale

of forest products, and 5 percent of buying price from the buyer. The fund will be used for sustainable forest management and poverty reduction.

- Alternative energy management will be supported, by producing briquettes and other materials from locally available forests products. Employment opportunity will be provided to the poor women, by enhancing their skills by providing training, technology and equipment with priority.
- Programs of forests, plants, bio-diversity conservation, water storage, and conservation of productive land and income generation will be conducted in an integrated manner through public participation in the Chure region.
- Soil and watershed management program will be expanded and service will be rendered throughout the country through the basin approach in order to enhance the productivity of land and maintain soil fertility as well as to check floods and soil erosion. Similarly, programs will be effectively carried out coordinating the basin approach and the provision of local self-governance approach.
- Study on existing structure and management will be reviewed and implemented for coordinating and implementing the soil and watershed conservation programs effectively.
- An Emergency Natural Disaster Relief Fund will be established in the departmental level for immediately addressing natural disasters such as floods and landslides.
- Programs will be implemented in a coordinated way by allocating a fixed share of construction expenses of water resources projects and a fixed share accrued from the operation of project in watershed management in order to implement the watershed management function mentioned in the National Water Resources Strategy and the National Water Plan.
- Information on watershed areas of national importance will be collected and updated based on the available survey measurements and data available with other agencies.
- Study, research and survey works will be conducted for the development of forests, plants, and wildlife and watershed management. Participatory process will be adopted as and when appropriate in carrying out these types of study, action research and survey programs.
- Action research programs will be conducted for obtaining more knowledge on conservation, development of cultivation technology, promotion and marketing of *Yarchagumba* and high value non-timber forest products.
- Arrangements will be made to disseminate the information to the concerned stakeholders by analysing essential elements present in different herbs.

- Emphasis will be placed on dissemination and training programs for enhancing the level of awareness on forests, plants, wildlife, watershed conservation and safe use of forest products and technology promotion.
- Participatory monitoring and evaluation program will be developed and effectively implemented.
- Various models of partnership among household, community, co-operatives and non-governmental organizations will be studied and promoted for the development of timber and non-timber based industry.
- Employment opportunity will be generated by managing eco-tourism in the conservation areas with the involvement of the private sector and non-governmental organizations.
- Private and non-governmental organizations and local agencies will be encouraged to conduct programs which could not run due to inadequacy of budget and human resources, but which are a part of the watershed management plan.
- Non-government organizations including the private sector will be encouraged to develop community tourism in the forest area by providing the land as leasehold forests thereby increasing crown density in the shrub land and less dense forest area, and increasing local employment.
- Private sector participation will be increased in commercializing the trade of wildlife and birds by reviewing Acts and Regulations.
- Special package program will be implemented by decalring Seti, Mahakali, Rapti and Karnali zones as herb areas.
- Special program will be implemented for the conservation, management and promotion of herbs and wildlife for the people of high hills.
- Special conservation and social development programs will be implemented in Western Himalayan region by declaring it as a conservation area.
- Development programs will be selected and implemented on the basis of market mapping. An integrated package will be prepared which includes the formulation of commercially oriented policy and rules and marketing (Value Chain Management). Private sector, cooperatives and non-governmental organizations will be encouraged to impement the program thereafter.
- Entrepreneurship in the forestry sector will be developed. Income generating employment opportunities program will be conducted and women, *Dalits*, *Adibasi Janajati* and the disadvantaged groups will be involved in the forestry related micro enterprises. Towards this end, entrepreneurship, employment and poor friendly government policy, rules and working approaches will be developed.
- Modern and successful technology and processes adopted by different persons, groups, entrepreneurs, professionals and

researchers will be utilized and implemented by focusing on production, processing and marketing of products with a comparative and competitive advantage.

- Involvement of the private sector will be encouraged to establish and ensure quality of Nepali products in the world market by identifying exportable forest products having comparative and competitive advantage.
- Investments of the government, non-government, co-operatives and the private sector will be promoted in the timber and non-timber forests products based industry, and laboratory will be strengthened for providing the services of phyto sanitary and quality certification together with updating of the forests product regulations.
- Support will be provided to men and women of the poor class families by involving them in forest related micro entrepreneurship.
- Social empowerment, gender equality, social justice and equity and good governance will be maintained in community forestry and all the community based programs such as leasehold forestry, soil and watershed conservation, buffer zone management and entrepreneurship programs will be conducted to increase the livelihood opportunities of men and women of the poor classes, *Dalits*, *Adibasi Janajati*, *Madhesis*, deprived classes, physically disabled and other disadvantaged groups.
- Policy of positive discrimination will be adopted in all the sub sectors of the forestry sector including forests, plants, watershed, bio-diversity conservation and protected area management, and a household action plan will be formulated for ensuring benefits to the poor class community. Policy directives related to terms and conditions of the agreements between the groups and the household will be prepared and implemented effectively.
- Membership of one male and one female from every household of the community will be ensured in the existing forest related groups and new groups to be formed. Similarly, a provision will be made to proportionately represent all the economic classes including ethnic groups and sex while forming executive committees.
- Timely reforms will be made in organization, management and physical infrastructure of the forestry sector.
- Motivational programs will be conducted through timely enhancing skills, capacity and knowledge of the human resources.
- Existing human resources available in the private and non-government sectors will be utilized for nation building.
- Local Resource Persons (LRPs) will be mobilized for delivering technical services including the formulation of the Forest Operational Plan and its revision. In the area where local resource persons are not available, the private sector and non-governmental organizations will be encouraged to produce LRPs.

- Local organizations, NGOs, district offices of FECOFUN and government organizations will be actively mobilized for capacity enhancement of group members of the forestry sector, specially men and women of the poor and deprived classes, for their active participation in the community.
- Physical infrastructures including office buildings of the forestry sector, which were being used by other organizations during the conflict period, will be handed over to the respective forestry organizations.

9. Major Programs

9.1 Community and Private Forestry Development Program

Formation and preparation of the operational plan and handing over of forest to 1500 community forest users' groups, revision and renewal of 7000 operational plans, establishments and conduction of 30 seed orchards, development of and support to forestry entrepreneurship for poverty reduction and economic empowerment in the community forests.

9.2 National and Leasehold Forestry Development Program

Formation of 1900 users' groups of the community below the poverty line, identified by participatory well being ranking, formulation of the leasehold forestry management operational plan in 12,000 hectares and handing over of forests and its monitoring, handing over of 5 degraded national forests to the private sector on lease for commercial planting, production of 30 million saplings including herbs for planting in the public, private and community forests, formulation of the strategic forestry operational plan in 5 districts by the all party committee, revision and implementation of the collaborative forest management program in 11 districts, participatory biological route management in 18 districts of the Terai Arc Landscape (direct funding), commercial management of 5 government managed block forests in the Terai and inner Terai.

9.3 Genetic/Plant Resource Development, Bio-diversity Conservation, Bio Safety and Research

Management and strengthening of 12 herbariums and gardens, publication of 6 Nepal Flora (Facicle), research and development of 3 processing technology, biotechnology development and bio-prospecting in 3 species, management of 3 chemical laboratories based on natural products research, strengthening of 1 trade support, quality analysis and phyto-sanitary certification laboratory, development of bio-safety infrastructure (lab strengthening and organization establishment), conduction of one village one production program of 6 species, bio-diversity registration in 900 VDCs of 5 regions, habitat/eco system conservation reform in 13 protected areas (parks/ wildlife reserves), species conservation and management, buffer zone management program, eco-tourism development/religious sites conservation and reform, education and physical

infrastructure conservation and reform, declaration of western upland Api area as a protected area.

9.4 Herbs and Non Timber Forest Management

Research and promotion of herbs cultivation technology in 6 species, conduction of herbs development program in 4 locations of the mid and far west regions, bio-diversity conservation, GTI program, formulation and implementation of safety related rules and regulations.

9.5 Soil Conservation and Watershed Management

Conduction of community integrated watershed management program in 34 sub basins, conduction of 300 partnership programs with the local body, formulation of a long-term strategy of soil and watershed management, conduction of co-ordinate program with the water resources sector by identifying 5 watershed areas of national importance in view of water resources use, development of one watershed management information system, study, research and technology development, establishment of one Emergency Natural Disaster Management Fund.

9.6 Research and Dissemination Program

Forest research related study in 30 species, forest survey in 15 districts, forest survey mapping in 3 regions, inventory/harvesting of non-timber forest products in 3 species, 4 socio economic studies.

9.7 Human Resource Development Program

6 training needs assessment, 18 course design and manual preparation, conduction of capacity building training, establishment of 6 information centers, 15th times capacity development for gender equity and social inclusive strategy orientation and implementation, 1 training evaluation and follow up.

9.8 Policy and Legislation Reform Program

Revision of the Forests Act, regulation and guidelines regarding certainty of supply of forest products including timber and fodder to industry, formulation of the CITES Act, formulation of the Plant Resources Act, revision of the Forests Act and related regulation and guidelines, formulation of the Forest Research and Survey Strategy, revision of the National Parks and Wildlife Conservation Act and related regulation and guidelines, approval and implementation of the Gender and Social Inclusion Strategy for the Forestry Sector, implementation of suggestions of taskforce sustainable management of Nepal's forestry sector, formulation of a national policy and strategy on bamboo and ratton (*Bet*), implementation of conservation and management program of the Churia region, reform of the Soil and Watershed Management Act.

9.9 Monitoring and Evaluation Program

Revision and implementation of the monitoring and evaluation strategy, updating the database in 75 districts, and analysis and publication of the annual booklet covering the disaggregated data.

9.10 Timber Collection from the National Forests Area

Supply of 5.5 million round timber (2,500,000 c.ft. from DFO and DSC, 2,500,000 c.ft. from TCN and 500,000 c.ft. from the Forest Products Development Committee), supply of 20,000 stack (*Chatta*) fuel wood (2,000 stack from DFO, 3,000 stack from TCN, 15,000 stack from the Forest Products Development Committee), sale of 24,000 poles after treatment (TCN), commercial afforestation by the TCN and Forest Products Development Committee in 3,000 hectares of land, production and sales of 150,000 briquette by the TCN, training to 300 laborers by the TCN, on timber and fuel wood cutting, collection and processing.

9.11 Forests Certification

Six orientation programs for the stakeholders at all levels on the criteria and indicators of sustainable forests management, formulation of preface and framework for forests certification.

9.12 Piloting Program

Piloting Program will be conducted on livelihood plan formulation and implementation for poor households in 74 districts, piloting program in 300 VDCs on the VDC level plan formulation and community forest plan formulation and implementation.

9.13 Infrastructure Development and Institutional Reform

Reconstruction and rehabilitation of damaged structures, institutional reform of the Ministry and its subsidiary agencies.

9.14 Herbs and Aromatic Oil Processing Program

Support Herbs Production and Processing Company Limited (HPPCL) to buy 2 machines.

10. Expected Outcomes

- Substantial increment will be observed on the contribution of community forestry towards poverty reduction and dignified livelihood.
- Capacity of governmental, non-governmental, local organizations and other stakeholders will be enhanced through training, seminars and empowerment programs on human development, resource management, skill development, gender and other social development programs.
- In total 228,000 households will receive the income generating opportunities, which comprises of 200,000 households from the

- Community Forests Development Program and 28,000 households from the Leasehold Forestry Development Program.
- About 18,000 users groups will be working at the village level which comprises of the community forests users groups and leasehold forests users groups
- Population of wildlife will be increased in parks/ reserves and buffer zone forests through the conservation and livelihood program conducted in the buffer zone area near the parks and reserves, and the local people will get direct benefit from livelihood programs. Bio-diversity registrations of 900 VDCs will be prepared. Two laboratories will be capable of testing risks from genetically modified organisms. Similarly appropriate technology will be developed by different researches.
- Integrated development of the community will be supported by the conservation of the increase in productivity of land, income generation and rural development infrastructures, in the areas where soil and watershed management programs are being conducted.
- Positive effects on environmental conservation from management of forests (Carbon Sequestration), substantial environmental services and benefits from bio-diversity and water conservation will be obtained.
- Additional contributions will be made towards the livelihood of the poor classes and the national domestic products from the income of national forests.

11. Assumptions and Risks

Assumptions

- Policy, legislation and institutional reforms.
- Budgetary provision as projected.
- Reforms in the thought and working style of the bureaucracy.
- Adequate participation of the local community.
- Adequate involvement and support of non-government, co-operative and government organizations, as well as the private sector.

Risks

- Hindrance in continuity of foreign assistance and grants.
- Hindrance in policy, legislation and institutional reforms.
- Less interest of the private sector in running of industries.
- Lack of change in the working style of the personnel according to this strategy.
- Inadequate political stability and the dismal law and order situation.

**12. Estimated Budget
(at FY 2006/07 constant prices)**

| S.No. | Program | (Rs. in million) |
|--------------------|---|------------------|
| 1. | Community and Private Forests Development Program | 578.2 |
| 2. | National and Leasehold Forests Development Program | 390.1 |
| 3. | Genetic/Plant Resource Development, Bio-diversity Conservation and Research Program | 767.8 |
| 4. | Herbs and Non Timber Forests Management | 51.9 |
| 5. | Soil Conservation and Watershed Management | 753.5 |
| 6. | Research and Dissemination program | 40.3 |
| 7. | Human Resource Development program | 58.4 |
| 8. | Policy and Legislation Reform Program | 0.8 |
| 9. | Monitoring and Evaluation Program | 2.6 |
| 10. | Timber Collection from National Forests Area (TCN and Forest Product Development Committee) | 0.0 |
| 11. | Forests Certification | 1.5 |
| 12. | Infrastructure Development | 197.9 |
| 13. | Institutional Reform | 13.1 |
| 14. | Implementation of approved NBSIP projects | 37.9 |
| 15. | National parks (Security Team) | 0.0 |
| 16. | Ministry of Forests and Soil Conservation | 0.0 |
| Grand Total | | 2,894.6 |

13. Program Implementation, Monitoring and Evaluation Arrangement

Program Implementation Process

- Programs will be implemented from the working to the central level considering proportionate inclusiveness of the gender, ethnic groups and classes in order to make all the programs and activities, including supply of forests products and approval of the operational plan, transparent and people focused.
- The government will play the role of a facilitator in forest and soil conservation, and program formulation, implementation, monitoring and evaluation will be carried out with the active participation of the users' groups and committees.
- The institutional structure of the Ministry of Forests and Soil Conservation will be reviewed in accordance with the concept of the formation of a New Nepal.
- Annual program formulation, implementation and evaluation will be carried out in accordance with the provision of the Local Self Governance Act 1998 and Regulation 1999 and will be launched according to the amendments, if amended.

Monitoring and Evaluation Arrangement

- Participatory monitoring of physical progress of all development programs carried out by the forestry sector will be conducted, and a system will be implemented to monitor achievements, impacts, operational expenses and the involvement of personnel, number of direct and indirect beneficiaries. While setting the indicators for

monitoring, issues such as natural resource conservation, management, poverty reduction, gender equality, economic empowerment and social inclusiveness will be incorporated.

- Management information system will be developed and institutionalized from the district level by carrying out timely improvements in indicators in order to prepare a database of effects of the program on target groups (men and women of the poor classes). Effective implementation of activities will be carried out for capacity building of human resources by improving the policy, legislation and institutional aspects to maintain achievements and quality of the programs as pointed out by the monitoring and evaluation system. The database will be updated and analyzed at all levels and booklets will be published on an annual basis, covering the disaggregated information. To this end, regular monitoring and evaluation will be conducted and the information and data dissemination system will be strengthened, and progress reporting formats and the database will be coordinated.
- Budgeted amount, annual program and progress of each project from the working place to the district level will be made public on a periodic basis.
- On site inspection and supervision of the programs of the forestry sector will be conducted according to the annual schedule.
- Public hearing and social auditing of the programs of the forestry sector will be conducted in addition to performance monitoring.
- The results of the evaluation of programs and projects of the forestry sector will be utilized in the planning process.
- Public representative-oriented and an all party committee will be formed in order to make all the programs and activities transparent and people oriented.

Chapter: 13

Culture, Tourism and Civil Aviation

1. Background

Nepal, rich in unique cultural and natural heritage, is one of the leading countries in the world from the viewpoint of tourism heritage. Known for the coexistence of different castes and races, religions, languages, literature and culture, Nepal is an example of art, culture and religious harmony. On one hand, by preserving the country's tangible and intangible archeological heritage; dances, music and festive processions; and costumes, languages and culture on the basis of democratic sentiment, and with the promotion of Nepalese culture and civilization in the world there is an immense opportunity of developing tourism sites, and preserving and conserving cultural sites. On the other hand, growth of tourism industry contributes to the earning of foreign currency, increase in employment, and overall economic prosperity. Moreover, through the promotion of tourism industry, global friendship can also be enhanced. By developing and expanding the tourism industry to the rural level with intensive and coordinated community tourism, balanced and inclusive development can be achieved and it is probable that this can contribute immensely in poverty alleviation. Due to the country's geographical structure and inadequate facility of alternate modes of transportation, it is vital to make air transportation affordable, safe, reliable and systematic, and thereby achieving a considerable increase in the number of domestic and foreign tourists.

2. Review of the Current Situation

(a) Culture

Efforts to make local agencies and users' groups participate in the preservation and conservation of the tangible and intangible cultural heritages within the country have been started. Preliminary reports of cultural heritages of 72 districts have been published in 8 parts. From the list of tangible and intangible heritages of the five municipalities of the Kathmandu Valley, an effort has been initiated to select and preserve 5 heritages in alliance with the concerned municipalities. World heritage sites of the Kathmandu Valley that were listed as endangered have been removed from the list. In order to preserve such heritage sites, particulars of 700 houses located within the Monument Zone have been collected and maps of street façade have been prepared. Development of the Prithivi Museum within the premises of the Gorkha Durbar has reached the final stage.

Copyrights Law, 2002 and Regulations, 2004 have been implemented to oversee tasks related to copyrights. In addition, initiatives have been taken to register copyrights by establishing Office of the Registrar of copyrights and to ratify international treaties and conventions on intellectual property. Likewise, for the preservation and promotion of art and music, preparation is going on to establish an academy of fine arts and academy of music and drama. In the

course of preserving, conserving and promoting different languages of the country, grammar and dictionary of different languages have been prepared. The Second World Buddhist Conference was concluded in November, 2004, with a 10-point declaration that includes the development of Lumbini as an international peace city. In order to develop the Lumbini and Pashupati areas as per the Master Plan, activities related to infrastructure development are going on. For the overall development of the religious and cultural area of Janakpur, the Greater Janakpur Area Development Council is active.

(b) Tourism

Focusing on potential markets such as India and China, tourism promotion activities have been carried out also in other countries in the region such as Japan, Singapore, Malaysia, Thailand, and Bangladesh. In order to integrate programs by determining tourism centers, tourism hubs have been selected by the Nepal Tourism Board. By organizing international meetings and seminars to publicize tourism and the cultural heritages of Nepal, as well as by conducting awareness programs for diversification of the tourism industry, the Destination Nepal Campaign (2002-2003) has been concluded. In order to place Nepal as a remarkable destination in the international tourism map, the task of branding, through the slogan "Naturally Nepal: Once is Not enough" has been completed. Through these initiatives, and by revealing the unique natural beauty of Nepal in the international market, the task of introducing Nepal as a major destination has been successful.

In order to make a significant contribution towards the national goal of poverty alleviation, and to achieve a sustainable development in tourism, the Tourism for Rural Poverty Alleviation Program (TRPAP) has been successfully completed as a pilot project in 6 districts. This program targets the poor and backward castes and women. Construction of an Integrated Tourism Master Plan with the aim of providing directives to the tourism sector, and the task of making timely improvement and modification in the tourism policy, is nearing completion.

With the objective of producing human resources of international standard, courses in Bachelors in Hotel Management and Bachelors in Travel and Tourism Management, are being offered by the Nepal Academy of Tourism and Hotel Management. Likewise, Mountain Academy Nepal, of international standard, has been established. In order to manage mountaineering tourism, the waste management system has been made mandatory for all mountains that have opened for mountaineering. To make the tourism sector professional and attractive, golden jubilee celebration of the first conquest of Mt. Everest and other mountains of more than 8000 m height, have been concluded. Plans of waiving royalty for peaks in the Far Western Region and other regions, and royalty for other mountains under mountaineering practice, are being reviewed.

As per the policy of promoting foreign investment in the tourism sector, this has been opened in the establishment of the tourism industry to conduct activities such as travel, trekking, rafting, pony-trekking, etc. In order to make the travel and trekking business, and adventure and rafting activities regular, safe and organized, efforts of policy and legal improvement are being continued by

making timely changes in the current legal system. As per the policy of developing and expanding the tourism industry, there has been a considerable increase in the number of hotels serving tourists, travel agencies, trekking agencies and star hotels.

During the Tenth Plan period, the target was to increase tourist arrival at an annual rate of 7.2 percent with the total target of 516,000 tourists. The Plan had set the target to increase foreign currency earning by 8 percent. But the number of tourists continued to decrease during the period of 2000 to 2002. Although there was some improvement in 2003, and the number of tourists increased by 21.5 percent in 2003 and by 14 percent in 2004, the same growth rate could not be sustained in 2005 and the number of tourists dropped by 2.2 percent to 375,000. A slight progress was made in 2006. Accordingly 383,926 tourists visited Nepal and there was an increase of 2.3 percent in the tourist arrival during the Plan period.

(c) Civil Aviation

In order to fulfill the objective of making air transport affordable, safe, qualitative and reliable, strategies for the construction and operation of airports, and private sector involvement even in the long route flights, have been adopted. For operating domestic and international flight services, Air Operator Certificates have been granted to 42 airline companies, out of which 17 companies are now in operation. In order to attract private investment in the physical infrastructure of airports, the private sector was invited and in some places, construction of airport has begun with the participation of the local people. Out of 51 airports including one international, four regional, 42 domestic and four under construction, 33 airports are now in operation.

In order to upgrade the services, facilities and standards in the airports, huge investment is made annually. With the foreign loan assistance, six packages in Tribhuwan International Airport including expansion of the international terminal building, development of hanger site, fire-fighting system, modern air cargo complex, etc., have been completed. With the construction and renovation works of runways, aprons, terminals and the tower building and so on, airports in Pokhara, Biratnagar, Bharatpur, Lukla, Jomsom and Jumla have started operation. With the foreign loan assistance, Bharatpur Airport has been upgraded and now operates round the year. Likewise, tasks of expanding the runway in the religious tourism center of Janakpur, and black topping the runway of Surkhet Airport are under progress. In the course of developing Dhangadhi Airport of the Far Western Development Region as a hub airport with the cooperation of the local bodies, expansion of the runway has been completed in the first stage.

In order to implement satellite-based Communication, Navigation, Surveillance and Air Traffic Management system in Nepal, a ten-year plan (2005-2015) has been prepared and is in the process of being implemented. In the process of restructuring international air routes for the optimal utilization of Nepal's airspace, there has been coordination with China, India, and concerned organizations including International Civil Aviation Organization (ICAO). Likewise,

for the strengthening and development of the entire air sector, Civil Aviation Policy 2006 has been brought into execution and regulation measures have been updated.

3. Problems and Challenges and Opportunities

Problems and Challenges

- Due to the lack of integrated data on cultural heritage, the lack of adequate resources, etc., preservation of cultural heritage, and implementation of Pashupati and Lumbini Development Master Plan have not been satisfactory. Likewise, due to the lack of official code, encroachment of scattered heritages, world heritage and listed monuments could not be prevented.
- In the context of Nepal's pledge for the preservation of intellectual property in the international arena, expressed through the Copyrights Law and the Berne Convention, there has not been required capacity increase and progress in the protection of copyrights.
- Institutional and managerial improvement, as well as development of professionalism in the national flag carrier Nepal Airlines Corporation, has remained a big challenge.
- Due to the lack of inventory of tourism sites and lack of master plan appropriate in the present time, the possibility of integrated and coordinated development of the tourism sector has not yet been transformed to an opportunity.
- Protection of the achievements of Tourism for the Rural Poverty Alleviation Program has been a challenge.
- For the development and growth of the tourism sector, effective utilization of sub-regional, regional and international organizations and platforms has not been achieved. Apart from conventional tourism, development and growth of other innovative tourism, such as adventure tourism and eco-tourism, has not been encouraging.
- Government and non-government agencies and the private sector related to the tourism sector, are apparently attracted more towards publicity and promotional activities rather than towards infrastructure development.
- Participation of the private sector and local agencies in the infrastructure development of air services could not be increased, and due to mobilization of nominal resources at the local level, implementation of partnership strategy has been difficult.
- Since many airports had been constructed and operated without prioritization on the basis of commercial feasibility, priority of the local public, and privilege of access, only 10 out of 33 airports are running in profit, and the government has thus been bearing high annual expenses in such airports in the remote and social areas.
- Along with the reconstruction of airports damaged in course of the political conflict, and rehabilitation of aviation communication

equipments, physical infrastructure development, expansion and modernization of various airports, and construction of new airports could not be carried out at the same time due to the lack of adequate resources.

- As the acquisition of land and building for the expansion of various airports including Tribhuwan International Airport could not be carried out promptly, the compensation amount has risen up sharply with the increase in the amount of property valuation.

Opportunities and Strengths

- Local agencies and the people have become more conscious in updating data and preparing an inventory of tangible and intangible cultural heritage of the country, and, in their preservation and conservation.
- As a supporter of global protection of copyrights, Nepal has a good image in the international area, in the protection of intellectual property.
- With the objective of achieving effective development in the areas of literature, art and performing art, the task of establishing separate academies for these is nearing completion.
- Increase in the possibilities of inclusive development of the culture and tourism sector in the changed context has led to its emergence as a major economic sector. This is expected to make an important contribution in diversification of tourism business.
- Through the expansion and development of national and regional museums and the resulting exhibition of archeological objects of national interest, it is expected that the campaign of introducing national history would increase, endangered local culture would be protected, and local skill and handicraft industry would receive support, which would contribute to the development of tourism.
- The natural scenery, high mountains, incomparable cultural heritage and various specialties have made Nepal a well-known place in the world tourism map with a distinct image of her own. There is a possibility of further growth in the number of tourists with the opening up of new mountains and restricted areas.
- Recent political developments in Nepal have led to a peaceful settlement of the decade long conflict. As a result, the image of the country is improving at the global level, and possibility of growth in the tourism sector is getting stronger.
- Fueled by rapid economic growth, neighboring countries, especially China and India, are emerging as major origins of tourists. This has led to the possibility of bringing tourists from these countries to Nepal and increasing the overall number of tourists.
- There exists satisfactory level of infrastructure and capable private sector in the conventional tourist places. With small investment and

- effort, the activity of the private sector could be increased in some new feasible places, leading to the growth in tourist activities.
- If important heritage sites such as, Lumbini, Pashupati and Muktinath are developed, a large number of Buddhist and Hindu pilgrims would be attracted, with the possibility of making Nepal a ideal place of religious tourism.
 - With the level of awareness rising among the rural people, there is a willingness to do something among the underprivileged groups and castes, *Adibasi Janjatis*, women and *Dalits*. This has increased the possibility of development of rural and internal tourism.
 - There is an immense possibility of developing adventure tourism in the mountains and rivers of Nepal.
 - With the end of a decade long political conflict, the incidents of damage to the airports have ceased, and the huge expenses otherwise spent on airport security are expected to decrease.
 - In the context of completion of the study on the institutional strengthening of the Civil Aviation Authority of Nepal (CAAN), which has been working as the service provider in civil aviation, airport operator, and regulator; implementation of doable recommendations suggested by the report are being considered. As a consequence of progress made in this direction, the operational efficiency of CAAN is expected to increase.

4. Long Term Vision

By preserving and conserving the existing natural heritages, tangible and intangible intellectual and cultural heritages, and by developing accessible and safe air services, Nepal will be established as a major tourist destination in the international level, so as to enable the tourism sector to develop as an important segment of the national economy, which could contribute significantly in economic growth, employment generation and poverty alleviation.

5. Objectives

The objectives of the Three-Year Interim Plan related to culture, tourism and civil aviation are as follows:

1. To preserve, conserve and promote intellectual, cultural and archeological heritages.
2. To develop the tourism sector as a major segment of the national economy by developing Nepal as a major tourist destination of the world through development of tourism related infrastructures as well as promotion, diversification and expansion of tourism, in order to make it contribute to employment and improvement in the living standard of the people.
3. To develop healthy and competitive air service through the expansion of the domestic and international air service by involving the private sector in construction, development, expansion and operation of infrastructures related to the air transport sector, with a

view to contribute to tourism and economic development; and to make regulation of civil aviation effective for safe, organized, reliable and quality air service.

6. Quantitative Targets of the Three-Year Plan

| S.No. | Particulars | As of FY July 2006 | FY 2009/10 |
|-------|--|--------------------|------------|
| 1 | Tourist arrival (in '000) | 375 | 700 |
| 2 | Tourist staying period (in days) | 9.1 | 13 |
| 3 | Convertible foreign currency revenue (in million US\$) | 148 | 300 |
| 4 | Expense per tourist per day (in US\$) | 58.5 | 63 |
| 5 | Proportional percentage in Gross Domestic Product | 2 | 3 |
| 6 | Direct employment (in '000) | 83 | 100 |
| 7 | International airlines on regular flight to Nepal (in numbers) | 17 | 25 |
| 8 | One-way air seat capacity in international sector (in '000) | 2850 | 3250 |
| 9 | Tourist arrival via international flights (in '000) | 1383,000 | 1500,000 |

7. Strategy

In order to achieve the above-mentioned objectives, the following strategies will be adopted:

- Local bodies will be involved in the preservation, conservation and promotion of tangible and intangible cultural heritages.
- Through specialization in the field of language and literature, art, music, and drama, copyrights will be protected and safeguarded.
- In addition to suitably preserving and conserving World Heritage Sites, and publicizing the importance of such sites at the international level, efforts will be made to add other possible places in the list of World Heritage Sites.
- Through tourism promotion in feasible tourism markets, the image of Nepal will be re-established.
- By giving high priority, the tourism sector will be developed as the foundation of the economy.
- By considering regional balance as well, diversification and expansion of the tourism sector will be carried out.
- Through rural tourism, the tourism sector will be developed, so as to contribute in raising the living standard of the people.
- In order to develop capable and professional human resources in the sectors of culture, tourism and civil aviation, institutional strengthening of the concerned training institutes will be carried out.
- Through policy and institutional improvement of the culture, tourism and civil aviation sectors, services provided by these sectors will be made effective.
- The Civil Aviation Authority of Nepal will be strengthened to increase its institutional capability. Private airline companies will be

- encouraged to contribute to tourism and economic development through the expansion of domestic and international air services.
- By utilizing advanced technology of international standard in the civil aviation sector, Safety Management System (SMS) will be implemented to ensure flight safety.
 - By expanding the domestic and international air network, tourism development will be carried out, and the opportunity of economic activities will be increased. For this, infrastructure development of the second international airport will be carried out with priority. In the operation of air service, construction, operation and management of airports, and development, expansion and operation of services and facilities related to air transport, national and foreign investors will be attracted. Emphasis will be given to the development of a healthy, safe and competitive air service.
 - On the basis of the growing international relations of Nepal, its extraordinary geography, means of access, and growing professionalism, emphasis will be given to the improvement of the communication system in the Tribhuwan International Airport, infrastructure development of second international airport in Nijgadh of Bara, level improvement of international hub airports in Bhairahawa and Pokhara, and improvement and enhancement of other airports, on the basis of priority.
 - Reconstruction of damaged airports and physical structures, and restoration of communication equipments will be carried out gradually on the basis of available resources.

8. Policy and Working Policies

- By updating the records of nation-wide tangible and intangible heritages, an integrated inventory will be prepared.
- Master plan of important heritage and heritage sites will be prepared and gradually implemented.
- National Archives and museums will be strengthened, and museums will gradually be made self-dependent.
- Public awareness on copyrights will be increased on a broad scale, agencies involved in the implementation of law on copyrights will be made capable, and Office of Registrar of Copyrights will be developed as the information center of intellectual property.
- According to the commitment expressed in the context of joining the World Trade Organization, Nepal, as a supporter of the international system of copyrights protection, will approve requisite international treaty and convention.
- A process will be developed for the creators to receive royalty and benefits through categorized institutions for the use of their creations.
- In order to preserve, conserve and professionalize intellectual creations by *Dalits*, *Adibasi Janjatis*, *Madhesis*, Muslims, and women,

and traditional knowledge and skills, special programs will be launched.

- By establishing a separate academy in the sectors of language and literature, art, and music and drama, the entire culture including various languages, literature, art and music will be preserved and developed in a special way.
- For the preservation and conservation of World Heritage Sites, coordinated programs will be launched with the participation of local agencies and communities.
- The importance and worth of the heritage sites of Nepal, listed or unlisted as World Heritage Sites, will be publicized at the international level through UNESCO and other means.
- Based on the notion of international, regional and sub-regional cooperation through organizations such as the World Tourism Organization, BIMSTEC, SASEC, SAARC, and COSCAP, common programs in the sectors of culture, tourism and civil aviation will be launched in a coordinated manner.
- Special tourism promotion programs will be launched, targeting neighboring countries, India and China. Programs based on the feedback from experienced tourists will be launched.
- Twelve airports, including machinery and equipments, and four historical palaces and other culturally important structures damaged during insurgency, will be reconstructed, restored and operated as sites of tourist attraction.
- In order to develop a democratic culture by replacing the conservative culture, awareness programs will be launched.
- In order to develop infrastructure in probable tourist sites, by coordinating with the concerned ministries, an integrated tourism infrastructure development program will be launched.
- Necessary initiatives will be taken to involve the Nepal Tourism Board, Development Committees and various organizations, in the development of tourism infrastructure and in addition to publicity works.
- Using modern information technology and equipments, tourist services will be further enhanced.
- Youth, backward groups, castes or region, the poor and women will be encouraged with priority to get involved in tourism related awareness and employment generation programs and training and skill development programs.
- In order to rehabilitate the hotels that went to be sick due to the unavoidable circumstances, rehabilitation programs will be launched and subsidy, discount or other support will be provided in coordination with the concerned ministries.
- In order to develop the tourism sector as the foundation of the economy, easement, simplicity, and excellence will be maintained in tourist service delivery, by taking into consideration the experience of

national tourism entrepreneurs and foreign tourists who have visited Nepal.

- The tourism sector will be diversified by developing education tourism, health tourism, wildlife tourism, and agro eco-tourism, sports, mountaineering and trekking tourism, adventure and entertainment tourism, cultural tourism, seminar tourism, movie tourism, and religious tourism in addition to mountain tourism.
- Environment-friendly tourism activities will be promoted, and while searching for new possibilities in eco-tourism and sustainable tourism, programs will be launched in coordination with local bodies, the private sector and NGOs.
- In order to contribute towards poverty alleviation through tourism in rural areas in particular, programs will be launched through cooperatives in coordination with NGOs and the private sector, to assist in quality improvement and marketing of products and services produced locally by backward groups and communities in the society.
- In order to produce skilled human resources for the tourism industry, initiatives will be taken to move the Nepal Academy of Tourism and Hotel Management towards self-dependence. High-level educational programs and trainings will be conducted by the Academy. It will be developed as the major agency to coordinate, regulate and monitor HRD programs related to tourism. Moreover, necessary coordination will be ensured in strengthening educational and training programs run by the private sector related to this sector.
- With the involvement of the private sector, requisite physical and institutional improvement of the Mountain Academy Nepal will be carried out to activate and develop it as a model academy at par with international standards.
- Implementation of tasks incorporated in the Master Plan, policy and strategy related to culture, tourism and civil aviation will be carried out with priority.
- In addition to the effective implementation of the Civil Aviation Policy 2006, approved by Government of Nepal, a new tourism policy with long-term vision, and new culture policy that incorporates multi-cultural and multi-racial characteristics will be formulated.
- Procedures of working together with various organizations, committees and agencies will be improved periodically and a system will be developed to handover tasks being performed by these bodies to the local agencies.
- In order to enhance tourist services, and maintain quality and uniformity in services such as accommodation, transfer and entertainment, a code of conduct will be prepared and implemented with the involvement of the private sector.
- Acts rules and regulation related to culture, tourism and civil aviation will be periodically modified, and the institutional structure will be

improved to achieve coordination, working uniformity and harmony among the Ministry and its agencies.

- Through organizational reassessment, necessary improvement will be made in the Civil Aviation Authority of Nepal, Nepal Tourism Board, Nepal Academy, and *Sanskritik Sansthan* (Cultural Corporation).
- In order to reflect direct and indirect revenue from the tourism sector and their, effects on different groups and communities in the national account, Satellite Accounting system will be brought into implementation.
- Through the reassessment of Development Committees established by the government under the Ministry, tasks that could be handed over to other organizations or local agencies will be gradually done so.
- Under the guidance and assistance of the International Civil Aviation Organization (ICAO), necessary improvements will be made in the Civil Aviation Authority of Nepal, through reassessment of its organizational structure, and by involving airline companies in domestic and international air service operation and expansion, tourism development and economic development will be strengthened.
- In order to enhance air flight safety, modern technology including communication equipments will be used in various airports, and Safety Management System will be implemented through qualified human resources. By implementing the recommendations of the audit programs of the International Civil Aviation Organization on global flight safety and air safety, flight safety will be enhanced, and regulation and monitoring will be made effective.
- By taking the Master Plan of the Tribhuwan International Airport into consideration, physical capacity and facilities will be expanded. Communication and flight equipments will be improved through the use of modern technology and radar equipments will be maintained in a robust form. In addition, efforts will be made towards implementation of ultramodern technology.
- In order to enhance the air safety level at par with international standards, requisite safety equipments and system will be developed in airports.
- Domestic airports, that are important from the regional and tourism perspectives, will be developed as service centers by upgrading them with the expansion of capacity.
- By upgrading airports in remote areas, an ideal condition for the expansion of flight services will be created, which would contribute to local development.
- Requisite infrastructure development works will be carried out in Nijgadh, Bara for the construction of the second international airport.

- Infrastructure development and expansion works will be initiated to develop the Pokhara and Gautam Buddha Airports as regional international hub airports.
- Communication and flight equipments and airfield lighting equipment will be installed in Dhangadhi Airport. Airfield lighting equipment will be installed in Simara Airport, thereby making night flight operation feasible.
- In order to attract private sector investment in air transport, and to identify possibilities of sustainable development of this sector, necessary amendment will be made in the policy, legal and structural system, as well as in the modality of investment.
- By transforming the national flag carrier, Nepal Airlines Corporation, into a public limited company under the notion of public private partnership, improvement in management will be carried out for institutional strengthening and professional capability growth, and initiative will be taken to purchase new aircraft.

9. Expected Outcomes

The Three-Year Interim Plan of the Ministry of Culture, Tourism and Civil Aviation includes programs to bring backward groups, ethnic groups, religions, and sections into the national mainstream.

Through programs in the cultural sector, cultural inclusion will be maintained. Preservation, reconstruction and renovation of archeological and historical heritage will be carried out for the development of religious and cultural tourism. With the preservation and publicity of different traditional languages and religions, cultural heritage and traditions and art and literature, the image of the country will be brightened. Through the protection of intellectual property rights, the prestige of Nepal will increase at the international level.

With the successful implementation of the Three-Year Interim Plan brought forth for the development of tourism, the tourism sector will recover from the past sluggishness, and get rejuvenated. Through the infrastructure development of tourist sites, tourism activities will grow in new places; market of local skill and products will grow; employment opportunities for skilled and semi-skilled human resources will increase, and in total, the living standard in the concerned rural areas will improve. By means of programs conducted with the direct involvement of local agencies and communities, tourism awareness will increase in local people including women, *Dalits*, and disadvantaged groups. In addition, affinity towards the tourism sector will increase, thereby contributing to a sustainable tourism development.

Physical structures damaged during the insurgency will be reconstructed and reestablished. This will contribute to the development of the air sector. Air transport, which is the only mode of transport in remote and rural areas, will provide facilities not only to the local people but also to tourists. Through the expansion of international contacts, increase in flight seats, and growth in air service operation, arrival to Nepal will be convenient and easy for tourists planning to visit Nepal. Programs on strengthening of airports and aviation safety

will make the air service of Nepal more reliable and trustworthy. In summary, the tourism sector will emerge as a major segment of the economy.

10. Assumptions and Risks

- Law and order situation will improve.
- Seat availability in international flights will increase.
- Private sector will be attracted to the construction of infrastructure.
- Involvement of local bodies and communities in the preservation of cultural heritage will continue.
- Necessary policy and legal reforms for institutional strengthening will continue.

11. Programs and Estimation of Resources

Culture (at constant prices of FY 2006/07)

| S.N. | Programs and Projects | (Rs. in million) | Total Budget |
|--------------|---|------------------|--------------|
| 1 | World Heritage Site preservation program | 65 | |
| 2 | Pashupati Area Development Fund project | 471 | |
| 3 | Implementation of Lumbini Development Master Plan | 471 | |
| 4 | Archeological sites preservation and improvement project | 101 | |
| 5 | Preservation of vibrant culture and cultural inclusion program | 31 | |
| 6 | Implementation of Greater Janakpur Area Development Master Plan | 90 | |
| 7 | Cultural promotion program | 80 | |
| 8 | Development of language, literature, arts, crafts and culture | 224 | |
| 9 | Strengthening of agencies and sectors related to copyrights, and public awareness program | 30 | |
| 10 | Renovation and reconstruction of cultural monuments damaged during conflict | 67* | |
| Total | | 1563 | |

* to be carried out by Ministry of Peace and Reconstruction

Tourism (at constant prices of FY 2006/07)

| S.No. | Programs and Projects | (Rs. in million) | Total Budget |
|--------------|---|------------------|--------------|
| 1 | Sustainable tourism development program | 131 | |
| 2 | Tourism promotion program | 539 [#] | |
| 3 | Tourism industry management and mountain tourism program | 49 | |
| 4 | Tourism human resource development program | 97 | |
| 5 | Religious and spiritual tourism development program | 29 | |
| 6 | Tourism investment expansion program | 5 | |
| 7 | Tourist, religious, cultural heritage preservation program | 38 | |
| 8 | Policy, legal and institutional improvement and international relations extension program | 58 | |
| Total | | 407 | |

[#] to be borne by internal source of Tourism Board

Civil Aviation
(at constant prices of FY 2006/07)

| S.No. | Programs and Projects | (Rs. in million) |
|--------------|--|---------------------|
| | | Total Budget |
| 1 | Construction and improvement of airports | 1,087 |
| 2 | Construction of regional hub airport of international standard in Chhinnedanda, Pokhara | 50 |
| 3 | Development and expansion of Gautam Buddha Airport in Bhairahawa as regional hub airport of international standard | 50 |
| 4 | Aviation safety program (CNS/ATM) | 19 |
| 5 | Program on air safety enhancement | 143 |
| 6 | Create infrastructure for the construction of second international airport in Nijgadh, Bara | 479 |
| 7 | Strengthening of important airports from regional and tourism perspective | 268 |
| 8 | Improvement of Tribhuwan International Airport | 4,875 |
| 9 | Life rescue and fire prevention service | 478 |
| 10 | Air transport management | 28 |
| Total | | 7,477 |

12. Implementation, Monitoring and Evaluation

For the effective implementation of development programs and projects carried out by the Ministry and different agencies under it, following institutional and procedural arrangements will be made:

- System of implementing every program by preparing a detailed working plan will be established.
- Mechanism will be established to involve consumers, as far as possible, in the implementation of programs and projects.
- In the program/project level, an effective system will be established to make program/project head responsible for implementation, according to the prescribed work schedule, monitoring on a monthly basis, and sending the monitoring report in the prescribed form to the higher authority.
- Progress review of program/project will be made mandatory.
- A system will be established for quarterly on-site monitoring and supervision of concerned programs/projects from the Ministry.
- A system of relating performance evaluation of program/project head with the progress of program/project will be set up.
- Strengthening the planning and monitoring units of the Ministry and Department in terms of resource, knowledge and skill, the monitoring and evaluation system will be made effective.

Chapter: 14

Industry

1. Background

Industrialization plays a key role in reducing unemployment and under-employment. It reduces poverty as well as the dependence on the agricultural sector. Only through industrialization, it is possible to maintain balance on trade and increase the contribution of industry to the national economy.

Industrial development in the country has not taken the expected pace because of its land-locked position, lack of appropriate physical infrastructure, and small size of internal market. Along with these conditions, more problems have been created in the development of the industry due to difficulties in the supply of raw materials and the transport of the produced goods to destinations, on account of political instability and conflict. During the past few years, there has been a reduction in the exports due to lack of proper market promotion of carpets and the end of the quota being provided by the U.S. government under the Agreement on Textile and Clothing (ATC). Nepal's industrial products have been losing competitive strength with decreasing productivity due to the lack of modern technology, efficiency, management skill and skilled manpower. Even in the domestic market the sector is facing the problem of competition due to the un-regulated entry of low quality foreign goods at cheaper prices. Because of small sized market and political instability in previous years domestic and foreign investors have not been attracted in investing big projects in Nepal. Similarly, deterioration in industrial security, lack of amicable industrial relation and other various factors have led many industries to shut down and others became sick.

2. Review of the Current Situation

The Tenth Plan had set the goal and objectives of increasing the contribution of industry to the Gross Domestic Product (GDP), through an increase and expansion in industrial production by encouraging and promoting the private sector to help to reduce the poverty through increasing the income and purchasing power of rural people by creating the opportunities of employment and self employment through cottage industry and micro enterprises. The Plan had set the goal of attracting more Foreign Direct Investment (FDI) and appropriate technology in areas with comparative advantage in order to increase the industrial competitiveness.

During the Tenth Plan period, there had been negative impact on the pace of industrialization due to the deteriorating law and order condition, inadequate institutional strengthening and lack of effectiveness in service delivery. As a result, the growth of only 1.9 percent could be achieved against the set target of 7.8 percent growth rate. In the same way, the contribution of manufacturing and mining to the GDP was only 8.1 percent, against the target of 9.3 percent.

Small enterprises operating with locally available raw materials, own technology and small capital investment, have significantly contributed to

economic and social upliftment at the local level. It seems that the role of such enterprises can be vital in improving the living standard of the extremely deprived groups, women, *Dalits*, *Adhibasi Janajatis*, and the backward communities. In addition, these are expected to contribute to poverty alleviation by increasing self-reliance with the creation of opportunities for self-employment and employment.

3. Problems, Challenges and Opportunities

Problems

There are following problems in the industry and mining sector.

- Lack of physical infrastructure.
- Low utilization of capacity.
- Lack of business environment.
- Weak basic infrastructure.
- Problem in technology transfer.
- Lack of competitive capacity.

Challenges

This sector is facing the following challenges in a similar way.

- Absence of policy stability.
- Incompatibility of industry related law with other laws.
- Issue of industrial security.
- Procedural delays.
- Lack of knowledge on the use and development of modern technology.
- Lack of skilled manpower.
- Complex legal and procedural structures.
- Labor strike.
- Inadequate capital for investment.
- Complexities in custom valuation.
- Adjustment with the environmental protection provisions.

Opportunities and Strengths

- Likelihood of sustainable peace and political stability as a result of a historic agreement at the highest political level.
- Policy to open north-south highways.
- Membership in Multi-lateral regional and Bi-lateral trade arrangements like WTO, BIMSTEC/SAFTA.
- Expansion of information technology.
- High economic growth rate and rapid industrialization in neighboring countries with increasing possibility of foreign investment.

4. Long Term Vision

The vision of this sector is to create an industrial climate with the capacity to compete in the global economy ensuring a high and sustainable growth rate.

5. Objectives

- To create a strong industrial environment by developing industrial policy and institutional structures.
- To support poverty alleviation by putting emphasis on social inclusion through micro, cottage and small industries.
- To increase the contribution of industrial sector to the national income by increasing industrial production in partnership with the private sector.
- To develop Nepal as a safe, attractive and environment-friendly destination for investments.

6. Quantitative Targets

- To achieve 6.3 percent average annual industrial growth rate.
- To ensure investment of Rs. 47 billion during the Plan period with annual domestic investment of Rs. 12 billion and foreign investment of Rs. 3.5 billion.
- To create 150,000 additional jobs in the industry sector (50,000 in big industries and 100,000 in micro, cottage and small industries).

7. Strategies

- To revise policies and acts in order to manage the industrial competition in the context of globalization.
- To develop and extend industrial infrastructure with participation of private and foreign investment and to strengthen the management for the protection of industrial property.
- To simplify the processes related to the establishment, operation and exit of industries.
- To establish “one stop service center” in order to provide physical infrastructure and other services in a convenient manner.
- To make the selection mechanism effective in order to ensure the participation of women, *Dalit*, *Adibasi Janajatis*, the poor and backward groups and those affected by the conflict, in trainings related with micro, cottage and small industries, and to be conducted in different districts.
- To promote micro, small and traditional cottage industries, which have the involvement of the marginalized and socially dejected groups, and *Dalit*, women, *Madhesi*, Muslim, *Adibasi Janajatis*, and people with disability.
- To run capacity enhancement programs in order to provide assistance to the development of micro, cottage, small and traditional industries.

- To campaign like, “Be Entrepreneur, Reduce Youth Unemployment” and “One Village One Production” for employment generation.
- To make government play the role of a facilitator, coordinator, promoter and monitor, while ensuring maximum participation of the private sector in the industrial development of the country.
- To identify sectors and products of comparative and competitive advantages.
- To attract internal and foreign investments by establishing special economic zones in feasible places for export oriented industries.
- To promote industrial investment through the development of the capital market.
- To create a conducive investment climate in order to increase investment in import substituting industries by utilizing local resources.
- To create an environment facilitating the entry of foreign investment, including that of Non Resident Nepalese (NRNs), in a comprehensive way.
- To help dynamic industrial development by enhancing industrial linkages, and to promote investment by identifying high priority industries.
- To promote and facilitate an environment-friendly concepts for sustainable industrialization.

8. Policy and Working Policies

- Necessary policy framework will be established for making the establishment, management and operation of micro, cottage and small industries simple, convenient and organized, along with the ensuring compatibility, clarity and coordination in policy and legal provisions developed by agencies associated to the industrial sector.
- Industrial zones and industrial business clusters will be established based on a land use plan prepared with coordination of local bodies.
- A provision will be made for allowing the registration of industries with fixed capital of up to NRs. 10 million and based on domestic raw materials and with no adverse impact on national security, public health, and environment at the local bodies.
- The competition with the imported goods will be managed, through custom duties, anti-dumping duty and equalizing/countervailing duty and using the competition provisions.
- Appropriate facilities and incentives will be provided to attract national and foreign investment in the development and expansion of industrial infrastructure and structure. With the protection and promotion of the private sector investment, such protection will be ensured.
- The process for merger of two or more industries, one industry taking over of another and the establishment of branches will be made simple and convenient.

- The appropriate industries with capital and managerial capacity will be allowed to take in lease and operate sick industries that are not operating at full capacity.
- With the system of the production and distribution of industrial goods, the protection of industrial property and its utilization will be promoted.
- Institutional capacity will be developed for the raising of awareness on intellectual property rights and its effective protection. New appropriate arrangements will be made to make the regulation and implementation aspects simpler and effective by linking it with the international convention and treaties related with Intellectual Property Rights (IPRs).
- The Board of Investment with participation of stakeholders will be appropriately structured to facilitate industrial and investment promotion.
- Industrial exit will be made simpler and easy.
- Selection mechanisms with the involvement of NGOs working on the related field and local bodies, will be made effective in order to ensure inclusion in the programs targeted for poverty alleviation.
- Micro enterprises development programs will be implemented in all districts.
- The development of industrial business clusters will be promoted in order to facilitate the creation, promotion and development of micro enterprises.
- Programs related to micro, cottage and small industries will be implemented by targeting the extremely deprived and socially excluded groups, and those below the poverty line, selected from the designated rural communities.
- Incubation services will be established and developed with initiatives and investment of the private sector for entrepreneurial development by orienting the youth and the emerging entrepreneurs to use their innovative talents in industry and commerce.
- Additional facilities and incentives will be provided on the basis of the number of direct employment made available.
- Industries will be encouraged to be competitive at the international level from the perspective of the production cost and quality and also to increase productivity.
- Emphasis will be given to industries based on the local availability of raw materials, traditional skills and geographical specialties.
- Facilities and incentives will be provided to investments considering those being provided by neighboring countries and other competitive countries and economies.
- In case of any industry making parts and inputs on sub-contracting in collaboration with other industries, all the facilities and incentives will be made available to it.

- Provisions will be made to allow contract manufacturing by using the original trade mark.
- Venture Capital Fund will be established in order to help new enterprises and investment in the form of equity and to encourage them.
- Provision will be made to encourage local bodies in order to promote industrial investment in their territory.
- A profile of available raw materials in the district and feasible industries will be made. Priority will be given to the promotion of such industries.
- Opportunities will be provided to attract international oil companies for the exploration of petroleum in feasible locations.
- Efforts to mobilize national and international support in the exploration of petroleum by using the current act, rules, technical data, posters and graphics related to petroleum will be made.
- With the participation of the private sector, extensive search of resources located in different parts of the country will be done. On the basis of feasibility, industries based on minerals will be established.
- Efforts to facilitate the entrance of foreign investment and technology in the areas of comparative advantage and priority sectors will be made, by creating an investment friendly environment.
- Effective quality determination, certification and proper measurement standards will be ensured for the protection of the interests of industry and consumers.
- The concept of a working system of cleaner production technology and green productivity will be adopted.

9. Programs

In the industry sector, regulation and promotion of cottage, small, medium and large industries have been going on. Targeting poor people left behind, this sector has been contributing to the efforts on poverty alleviation, employment and self-employment by giving trainings on entrepreneurship and skill development as a means of income generation. Giving continuity to the programs and projects under implementation in the sector, the following special and new programs will be brought into execution.

Considering the importance given to issues like rehabilitation, social inclusion and re-integration by the Interim Plan, emphasis will be given on the implementation of the following programs:

- Regional offices will be opened for an easy entry of small investors to the capital market along with simplification of company administration.
- Micro enterprise development program will be expanded to all 75 districts.

- Skill oriented, income oriented, and employment oriented programs will be implemented targeting the women, *Dalit*, *Adhibasis Janajatis*, *Madhesis*, conflict affected and displaced people.
- Various programs targeting the needs of those interested in industry and business, potential entrepreneurs and those engaged in the industrial activities, as well as organizations involved in industry and commerce like new and micro enterprises creation training, business management training, training of trainers programs and consulting services, explorative studies and research, etc., will be carried out.
- Programs to provide skill development training to 80,000 people in all the districts of the country will be carried out through skill development for employment project, cottage and small industry office and cottage and small industry development committee as approved by Council for Technical Education and Vocational Training (CTEVT).
- The establishment of Rural Industrial Centers and Industrial Village Centers will be promoted at different feasible locations of the district, in coordination with local bodies by mobilizing local resources and inputs.
- Rural Industry Development Fund will be established through, transferring some resources from small industries programs in cooperation with local bodies. The operation of the Fund will be managed with the formulation of guidelines.
- Trainees of skill development training programs will be provided with fixed capital, raw material and machineries as incentives for their immediate involvement in production works. After their involvement in production works effective technical and consulting services, marketization and other managerial services will be provided complimentarily.
- In order to encourage domestic production, handicraft village and industrial parks will be developed gradually in different regions.
- On the basis of “one village one product” concept, collective facilities will be developed at feasible locations.
- Legal provisions regarding contract manufacturing and contract farming will be developed.
- Assistance will be provided to innovative and competent individuals and enterprises, for the development of new business. Business incubation system will be developed as a new mechanism for poverty alleviation.
- Offices in different districts under the Ministry, seismographic centers and relay stations displaced by the conflict will be rehabilitated.
- Program for capacity enhancement in the field of validity certification and laboratories will be implemented.

10. Assumptions and Risks

- Continuation of policy regime.
- Potential fluctuation in international markets.
- Improved peace and security situation.
- Appropriate coordination among different agencies to prevail.
- Willingness, cooperation and involvement of the private sector to be ensured.

11. Estimated Budget

During the Plan period, the allocation of budget to different priority programs to be run under the public sector will be as given below.

Estimated Budget (at constant prices of FY 2006/07)

| S.No. | Program | (Rs. in million) | Total budget |
|--------------|--|------------------|----------------|
| 1 | Environment sector support program | 33.0 | |
| 2 | Mineral exploration and development project | 13.0 | |
| 3 | Petroleum exploration project | 15.0 | |
| 4 | Geo-scientific survey and research project | 13.0 | |
| 5 | Industrial Enterprise Development Institute | 40.0 | |
| 6 | Cottage and small industry development program committee (center) | 95.0 | |
| 7 | Cottage and small industry training centre | 56.0 | |
| 8 | Micro enterprise development program to be expanded to all districts | 189.0 | |
| 9 | Cottage and small industry development program (48 districts) | 264.0 | |
| 10 | Cottage and small industry development program (27 districts) | 277.0 | |
| 11 | Micro, cottage and small industry Credit Development Fund | 35.0 | |
| 12 | Micro, Cottage and Small Industry Development Fund | 40.0 | |
| 13 | Company registrar office strengthening | 11.0 | |
| 14 | Industrial promotion (under Department of industry) | 16.0 | |
| 15 | Business incubation program | 18.0 | |
| 16 | Skill development and additional capacity build up program | 184.0 | |
| 17 | Information centre establishment | 10.0 | |
| 18 | Cottage and small industrial village program establishment | 21.0 | |
| 19 | IPR protection and promotion program | 15.0 | |
| 20 | Capacity enhancement of Cottage and Small Industry Development Committee | 7.0 | |
| 21 | Sick industries rehabilitation program | 30.0 | |
| 22 | Assistance to industries affected by conflicts | 20.0 | |
| 23 | Reconstruction of cottage and small industry offices (Department) | 2.0 | |
| 24 | Reconstruction of Small Industry Development Committee offices (Committee) | 2.0 | |
| 25 | Quality control program (certification and laboratory equipments) | 270.0 | |
| 26 | Reconstruction of 3 seismographic stations and 2 relay stations* | 13.0 | |
| Total | | | 1,676.0 |

*To be implemented by the Ministry of Peace and Reconstruction.

12. Implementation, Monitoring and Evaluation

The above mentioned programs will be conducted based on the availability of budget and resources in the stipulated time frame. In addition, monitoring, supervision and evaluation will be made more result-oriented by giving due consideration to regularity, effectiveness and competence during the work.

Implementation, monitoring and evaluation will be carried out in an effective way by adjusting with the expected achievement and result-focused indicators, with the measurement of:

- Industry registration/renewal.
- Regular study and collection of statistics on industrial products, distribution, investment, employment, use of raw materials, electricity and energy use and operation of industries.
- Stakeholders' opinion on awareness programs on industrial property protection.
- Guidelines preparation, publication and implementation.
- Preparation of study profiles of feasible projects.
- Establishment of industrial property information center and preparation, publication and distribution of media materials.
- Monitoring of environmental norms and standards compliance and environmental awareness evaluation.
- Fixing of norms for raw materials and publication and distribution of bulletins.
- Skill development training for the targeted groups. Entrepreneurial training program and their involvement in employment and self-employment.
- Program monitoring report/review and effectiveness assessment.

Chapter: 15 **Commerce**

1. Background

Although there has been a structural and policy change in the trade sector due to the adoption of an open and market-based economic policy, income earnings and employment have not increased as expected. The major reasons for this are: limited industrial forward and backward inter-linkages, limited utilization of local materials and inputs and low labor intensity in industrial activities. Competitive environment; efficient use of resources and inputs; and adoption of innovation and modern technology, play an important role in enhancing comparative advantage. Due to this, it has become necessary to take a forward step on these issues.

Trade Policy 1993 adopted by the country for increasing the contribution of this sector to the economy by making the commerce sector liberal, competitive and market oriented, has given the private sector a lead role in the open and free trade. The country has liberalized other economic policies accordingly. The reforms in foreign exchange rules/regulations, simplification in the export process, construction of dry ports, institution of specialized committees for the promotion of major export items and the Export Promotion Fund have been undertaken. However, these efforts have proved to be inadequate for the development of new exportable items and widening the base of export. It is necessary to create new opportunities in export trade through the policy as well as working coordination, promotion and mobilization of resources, physical, human and social capital, structural changes and the development of technical competence. At the same time, it is necessary to maintain a proper geographical distribution of export oriented industries, so that the benefits reach the entire nation especially the underprivileged groups.

2. Review of the Current Situation

Some efforts were made during the Tenth Plan period in the field of the development of the proper policy and legal base related to commerce. During this period, Competition Act, Bankruptcy Act, New Company Act and Cyber Act were enacted for the development of a healthy and competitive market. In a similar way, Perspective Industrial Development Plan, Special Economic Zone Act were drafted to address the new challenges. Anti Dumping Act, New Industrial Policy, Trade Policy, and Foreign Investment Policy drafts have also been prepared. By bringing the scattered agencies related to export together, Trade and Export Promotion Center, and Trade Information Centre have been established. Private firms to be involved in trade can now be registered in any district of the country. To expedite the flow of commercial cargo, procedural simplification was made. In order to reduce costs in the foreign trade transaction, the construction of dry ports at Birgunj, Bhairahawa and Biratnagar have been completed. Initiatives have been made to establish special economic zones at Bhairahawa and Birgunj in order to provide the export oriented industries with tax

free environment and remove the procedural hassles for them. In addition to this, the work of establishing Computer Software and IT business under foreign investment in information Technology Park established at Banepa is going ahead. However, due to internal conflict and deficiency in reforms in strengthening of institutions and service delivery, expected results have not been accomplished by the export sector. As a result, the target of creating 250,000 jobs could not be met. During this period, Nepal having entered into WTO, SAFTA/BIMSTEC, new opportunities and challenges have cropped up.

If one looks at the statistics of the value of the main exported goods to India during the Tenth Plan period, there has been a decline in the export of good under quota, as well as toothpaste, soap, '*Chyawan Prash*', '*Pashmina*', pipe and rods. However there has been an increase in the export of textiles, thread, galvanized iron sheets, jute materials, cardamom, pulses, plastic goods, readymade garments, etc. In the overseas trade front, there has been a decline in Nepal's export.

During the Tenth Plan period, the total foreign trade stood at Rs. 1,059 billions. Of this, trade with India accounted for 60.6 percent and trade with other countries 39.4 percent. During this period, the target set for export was Rs. 320 billion. However, the actual export turned out to be only 283.6 billion. Of this export to India accounted for 63.0 percent and other countries for 37.0 percent. In a similar way, as regards to imports, of the total import of Rs. 775.6 billion, India had a share of 59.7 percent and the remaining 40.3 percent was from other countries. During this period, a target was set to reduce the trade deficit to 12.2 percent of the GDP. However it has reached 17 percent of the GDP. In the FY 2006/07, the ratio of trade to GDP stands at 35.1 percent.

3. Problems and Challenges

Export trade of Nepal has not been able to contribute to the economy as expected, due to the following reasons:

- Inability to undertake legal and institutional reforms as expected to support trade.
- Inability to integrate export oriented industries with other sectors of the economy (agriculture, forestry, tourism etc.).
- Lack of forward, backward and parallel inter-linkages within exportable industries.
- The predominance of industries based on imported raw materials.
- The competitive capacity of Nepal's ready made garments being reduced with the expiry of Multi-fiber Agreement.
- Quality deterioration of leading exportable products (carpet, *Pashmina* etc.) and lack of diversification in products.
- Inadequate development of physical infrastructure to support export.
- Lack of full utilization of the existing infrastructure (for example dry ports).

Nepal has entered the Multilateral and Regional Trade Regime. The countries within the regional trading arrangement seem to have similar export

products. They seem to have better competitive strength than Nepal. So Nepal faces a lot of challenges in the export front, such as:

- To link the potential advantages of trade with poverty alleviation.
- To execute programs related to legal, policy and structural reforms in order to comply with the responsibility of trade liberalization arising from the entry to regional trade arrangements.
- To identify, develop and diversify markets of the exportable goods with comparative as well as competitive advantages, and to create a niche for Nepali products in the world market.
- To reduce transaction costs by developing physical and trade related infrastructure, in order to expand export trade with the neighboring countries.
- To bring quality in the value chain of the exportable goods through production of competent human resources in the field of commerce and industry.
- To develop a multi-model transport system.
- To reduce the transport cost by managing the supply chain.
- To enhance capacity in bilateral and multilateral trade negotiations.

4. Long Term Vision

To support poverty alleviation and economic development by addressing the challenges emerging out of the process of globalization and by increasing the trade of goods and services with deep forward and backward linkages.

5. Objective

- To help alleviate poverty by ensuring that the benefits from trade reaches the people through the maximum use of local physical and human resources.
- To mobilize trade to achieve the goal of economic development through the development and promotion of goods with competitive advantages and identifying areas of comparative advantages with the private sector involvement.
- To help alleviate poverty by taking advantage from the opening of trade service under the WTO agreement.
- To reform and develop commercial, physical and institutional infrastructure in order to take the maximum advantage arising out of the changes in the bilateral, regional and multilateral trade and transit system.

6. Quantitative Targets

- The export of goods to reach 100 billion in the final year of the Plan from 61 billion.
- To create additional 200,000 jobs in the trade sector.
- To reduce the existing trade deficit of 17 percent of the GDP to 15 percent.

7. Strategies

With due consideration of the present internal situation and international requirements, the following strategies are set for the Plan with respect to the development of trade:

- To make the supply-side strong by increasing production and productivity.
- To develop physical and other infrastructure related to trade.
- To give continuity to policy reforms.
- To adopt the measure for increasing market access and export promotion.
- To carry out trade facilitation services.
- To give special emphasis on production and export of handicraft goods based on traditional skills.
- To develop competent human resources in the trade sector in addition to institutional reforms.

8. Policy and Working Policies

- In order to make foreign trade regime, liberal, competitive, and market-oriented in accordance to the global trade regime and to ensure improvements in the price, cost effectiveness and quality of the export products through the private sector involvement, priority will be accorded to the identification, development, and production of export items with comparative advantages based on climate, biodiversity and topography of the country.
- The value addition in export products will be increased through forward, backward and parallel linkages of the exportable industries with the agriculture, forest and tourism sectors.
- Continuity will be given to incentives being provided to export oriented and supporting industries. Principal exporters and the foreign importers of Nepalese goods and local consumers' organizations and agencies will also be facilitated.
- In order to reduce transaction cost, physical infrastructure, rules and procedures will be reformed and upgraded.
- In order to develop export oriented and supporting industries, export processing centres and industrial clusters will be developed. Further, procedural simplification and incentives will be provided for their operation.
- Initiatives will be taken to further the concept of the growth quadrangle, including the international highway connecting India, Nepal, Bangladesh and Bhutan of South Asia, in consultation with the concerned parties.
- All the agencies related with import and export (food quality, quality control, commerce, agriculture, forestry) will be brought under one umbrella in major custom points.
- New trade policy will be prepared and implemented.

- Import procedure of raw materials required for the principal exportable goods will be reviewed and made convenient.
- Provision for the minimum quality assurance of the imported raw materials will be made.
- Necessary initiatives will be taken to make the custom clearance process in the border custom offices simple and sound in coordination with the custom offices of the neighboring countries and an integrated custom inspection system will be adopted.
- In order to protect domestic industries and consumers and to develop fair and competitive environment in domestic and international market, the Competition Act will be implemented effectively. Timely reforms in the Consumers Protection Act will be made. Countervailing, Anti-dumping, Anti-trust Acts will be prepared and implemented.
- For the promotion of exports, various promotional programs fund incentives will be identified and implemented with the involvement of the private sector.
- Participation of National Chambers and Associations of businesses in single country trade fairs in partner countries will be facilitated in collaboration with trade related government and non-government agencies of the importing countries. The Export Promotion Fund will be used for these purposes.
- Initiatives will be taken in a coordinated manner to get geographical indication recognized as Industrial property for export products like tea, coffee, carpet, shawls, honey etc., and patent, design trademark under TRIPS. In order to protect Nepal's Intellectual Property, the international market will be promoted.
- Collaborations with least developed countries and countries with similar interests will be encouraged in order to utilize the opportunities emerging from international and regional trade agreements.
- In order to increase cost competitiveness in international trade and to enhance the capacity of the government agencies concerned with trade facilitation as well as the private sector, an action plan, after being prepared, will be implemented.
- Provisions related to the following will be made simpler, export-friendly and quick:
 - registration/renewal of the exporting firms;
 - process related to the import of raw materials imported by export oriented industries;
 - process of refund of duty and VAT in case of the return of exported goods;
 - custom duty for the sample received for an export order; and
 - provisions related to duty drawback.
- Procedural matters related to the following will be regularized and simplified:

- agency issuing the certificate of origin,
- agency making recommendations as per the need,
- service charge applicable in the utilization of these services,
- monitoring agency,
- working procedures and conditions related to the above.
- Legal and procedural provisions related to multi-model transport will be implemented. Custom process will be simplified and custom reforms will be carried out in order to facilitate trade.
- Mutual compatibility and acceptance will be ensured, by making procedures of custom, transit, and quality certification, standards and policy regulation/rules, uniform in the member countries of SAARC, and with the two big neighbors in particular.
- Reforms will be initiated with the study of alternate transit routes, for reducing the international transaction cost to Nepal and a process to avail alternate transit routes will be initiated.
- Arrangements will be made to ensure the grant from the government, DDCs and town development committees for the infrastructure development in order to create industrial villages, which will be managed and operated by their stakeholders.
- The involvement of cooperatives and export houses will be ensured in the marketing of export products of the industrial villages.
- Study and preliminary works will be completed for the establishment of a separate promotion center for the production, processing, and export of diamonds, jewels, precious and semi-precious stones, gold and silver ornaments. For this, a separate policy and procedures will be prepared as regards to import of raw materials, control of production or process, local sale, export, custom process and duty incentives and domestic human resources will be trained. An integrated technical institute will be established in joint collaboration with the private sector for quality improvement, product development and diversification.
- Special economic zones will be established at feasible locations.
- Foreign aid will also be mobilized to fulfill the identified needs after making a review of the needs assessment of Nepal's foreign trade.

9. Programs

The following programs will be undertaken under the Plan:

- Importance will be given to the establishment and operation of special economic zones including garment processing zone, carpet processing zone, in order to facilitate establishment and promotion of export oriented industries. Within the Plan period, infrastructure development in the Bhairahawa Export Processing Zone will be completed.
- The feasibility studies of Panchkhal and Trishuli Special Economic Zones have already been completed. Land acquisition and partial

construction works will commence in these areas. The detailed study and design works will be completed.

- During the Plan period, efforts will be made to receive foreign aid for the establishment of a special economic zone in Birgunj, establishment of integrated custom check posts in Nepalganj, Bhairahawa, Birgunj and Biratnagar. In addition to that, additional dry port (ICD) will be constructed at Kakadbhitta.
- In accordance with the concept of “one village one product” under the initiatives of sectoral ministries, necessary programs will be run through the Ministry of Agriculture and the Ministry of Forest and Soil Conservation, for the development of products of comparative advantages like, *Yarchagumba*, *Panchaaule*, *Guchichyau*, *Timur* (wild pepper).
- Programs for effective management of information on trade and commerce will be executed. Restructuring of the Department of Commerce will be done.
- For the promotion of export trade and export oriented industries, an export oriented Industrial Development Fund will be established and Continuity will be given to the Export Promotion Fund.
- Programs to enhance capacity for bilateral, regional and multilateral talks will be carried out.

10. Assumptions and Risks

- Peace and security will be strengthened.
- Proper coordination among different agencies will be ensured.
- The private sector, cooperatives and consumers' groups will come forward with initiatives.

11. Budget Estimate

(At constant prices of FY. 2006/07)

(Rs. in Millions)

| Program | Amount |
|--|---------------|
| Bhairahawa Export promotion Zone infrastructure development | 312 |
| Business information and export cooperation project | 27 |
| Export Promotion Committee (Fund) | 26 |
| Detailed feasibility studies of Panchkhal and Trishuli special economic zones | 5 |
| Establishment of special economic zone at Birgunj | 793 |
| Kakadbhitta dry port construction | 91 |
| Tatopani dry port feasibility study and construction | 46 |
| Commodity Development program | 4 |
| Restructuring of Department of Commerce and infrastructure for it | 4 |
| Development of integrated technical center, related to the development of major export commodities | 2 |
| Export oriented Industrial Development Fund | 430 |
| Intellectual Property Rights Protection and Development | 2 |
| Total | 1,742 |

12. Implementation, Monitoring and Evaluation

Improvements in Implementation System

- All the scattered agencies related with trade and trade facilitation will be brought under one umbrella.
- Assistance given to service-users will be made available in a periodic and time bound manner.
- To make the related agencies publish the information regarding rules and procedures related to exports and imports, tax and fees in a book form and make such information easily available.
- To provide help desks in all the related agencies and to make the necessary forms related to the process easily available.
- To adjust the office hours for the purpose of exports in the major customs offices.
- To arrange a separate help desk to provide help to foreign investors and NRNs, in making contacts with the concerned agencies, market studies, the selection of production sites, the formulation of industrial and commerce related policies, providing the information related to legal and procedural provisions. The same type of arrangement to be made for foreign importers in the Trade and Export Promotion Center.

Monitoring Indicators

- Market and product diversification of exported goods.
- Ratio of export to the GDP.
- Contribution to the Foreign Exchange Reserve from the export sector.
- Reduction in the trade deficit.

Chapter: 16

Supply Management

1. Background

The State has a duty to ensure the overall supply system aiming at the provision of essential goods and services of daily necessities to the general public, at competitive prices and standards. It is also the duty of the State machinery to protect and promote the rights and welfare of the consumers in relation to the availability of goods and services. On one hand it is necessary to ensure supply under a competitive and healthy market mechanism and on the other hand, it is equally important to increase the access of weaker communities in the economic, social and geographical perspective to goods and services. In this context, through the improvements and removal of current shortcomings in the supply system, it has become necessary to make the system strong and effective with the active cooperation and participation of the private sector. This should be linked with the protection and promotion of consumers' rights and welfare while providing subsidized supply to the weaker and deprived groups. It is necessary to maintain the supply at times of national disaster and calamities. For this, it is necessary to maintain compatibility and coordination between the government, cooperatives and the business.

2. Review of the Current Situations

The objectives of the Tenth Plan were: to supply essential goods in a regular and readily available manner through the private sector, to protect consumers' welfare by controlling adulteration, black marketing and artificial scarcity and ensuring the monitoring of supply, price and quality of the goods and services, make necessary arrangements for food security.

The vision was to make the supply system easily accessible, reliable and qualitative, to make the private sector active and the state to play the role of a regulator and promoter.

For a long period, the government has been running diverse programs in the supply of goods like food grains, salt, chemical fertilizer, building materials at subsidized rates to the remote and backward regions. Food for Work and PAF programs are also being operated. Continuing on the above line, the government has been supplying food grains with transport grant to 30 remote districts and iodized salt to 22 districts. The supply of other goods is based on the open market system.

In the remote districts, with the transport grant based on the limited means and resources of the government and using the private sector medium, supply works are ongoing. In other words, accessible parts of the country have been served through the private sector and open market policy. In the deprived and backward areas; the government has assumed the responsibility of supplying essential commodities (food grain and salt in particular).

The Tenth Plan has set the target of supplying 35,000 MT of food grains to the remote districts. The achievement was 33,609 MT. In the same way,

during the Plan period, against the set target of supplying 13,200 MT of iodized salt to 22 remote and semi-remote districts with transport subsidy, the actual amount supplied was 11,080 MT.

3. Problems, Challenges and Opportunities

Problems/Challenges

The following problems are encountered, in particular, in the context of the supply sector:

- Lack of demand projection of essential goods.
- Inability to store the necessary quantity of goods like food grains, sugar, petroleum etc.
- Inadequate information on the production, import and reserve of the essential goods.
- Prevalence of similar provision of supply in extremely remote districts and in accessible districts due to the pending re-classification of remote districts.
- Shortfalls in the effectiveness of monitoring of price, quality and weights.
- Lack of cost monitoring of supply.
- Huge overhead costs of corporations involved in the supply.
- Heavy transport cost due to the lack of an integrated supply system.
- In the supply programs, the public sector has failed to reach the target groups like, women, *Dalit*, *Madhesi*, etc., as these groups have not been properly identified for support through the supply system.
- Local bodies, local administration, service takers and local consumers' groups not properly mobilized in supply management.
- Lack of appropriate budget allocation for essential goods after ascertaining the minimum quantity of stock.

The condition does not prevail to assure the quality of goods and services that the people buy and to ensure their availability at competitive prices. It is equally important to make the producers, importers and distributors of goods and services commit, after reforms in the current legal system, that the goods and service they produce, import or distribute are of high quality and safe to consume, and are available at competitive prices. Along with this, it is necessary to make food grains, and other essential consumables and fuel, building materials, industrial road materials etc. easily accessible in an effective manner, in order to ensure their positive impact on the economic development. In addition to this, bringing the wide-spread irresponsible works prevalent in the service sector to the scope of the law from the perspective of the consumers welfare poses a challenge.

To make the supply system simple, convenient and qualitative appears to be the major challenge of the supply sector in the present control. Special challenges have appeared in different aspects and sectors like the arrangement of adequate financial fund for the reliable supply system, geographical

remoteness, infrastructure development, buffer stock, partnership with the private sector, the responsibility of the private sector and so on.

Opportunities and Strengths

The following opportunities are available for strengthening the supply system:

- With the establishment of peace after the political change in the country, there is a conducive environment to make the supply system easy, accessible, regular and qualitative, ensuring the protection of consumers' rights and welfare.
- The participation of the private sector has increased.
- Civil society has started to play a lead role.
- Improvements in transport and communication.
- Increase in public awareness.

4. Long Term Vision

To create an environment in which food security is ensured and essential goods are supplied throughout the country at fair prices in a regular, simple, easy and accessible way.

5. Objectives

- To protect the rights and welfare of the consumers while ensuring regular supply of the essential goods and services, at fair prices in an easy and accessible way through the involvement of the public enterprises, cooperatives, local bodies and the private sector.
- To enhance food security through an integrated supply system in remote areas, backward areas and other districts with the majority of the population below the poverty line.
- To facilitate the storage of produced goods and the growth of local production in remote and backward areas.
- To maintain an environment with access for all in the competitive market system and in abnormal conditions, to make the supply system easy and accessible for the protection of rights and welfare of the general public, through interventions in the market by adopting appropriate measures.

6. Quantitative Targets

For this Plan period, the following targets are set for the supply sector:

(In M. Tons)

| Program | Fiscal Year | | | 3 years total |
|---|-------------|---------|---------|---------------|
| | 2007/08 | 2008/09 | 2009/10 | |
| Food grains transport | 8,532 | 9,954 | 10,665 | 29,151 |
| National food security program (Buffer stock) | 12,000 | 15,000 | 15,000 | 42,000 |
| SAARC Food security stock Program | 4,000 | 4,000 | 4,000 | 12,000 |
| Gout control Program-iodized salt transport | 2,650 | 2,700 | 2,750 | 8,100 |
| grant for remote districts | | | | |
| Overall supply of iodized salt | 15,000 | 15,000 | 15,000 | 45,000 |

7. Strategies

- Participation of the cooperatives, the private sector and the local bodies will be ensured. All of them will be mobilized for making the supply of essential goods effective in the remote and backward districts.
- In order to ensure the protection of the rights and welfare of the consumers, arrangements will be made for an easy, accessible and regular availability of essential and quality goods.
- Necessary institutional and policy arrangements will be made to ensure the welfare of the consumers.
- Effective coordination will be ensured among agencies involved in the supply sector in order to manage an integrated supply of essential goods in remote districts. At the same time, arrangements for rural supply system including food security, will be made for the people below the poverty line in the remote and backward areas.
- The development of commercial farming of goods locally produced and consumed will be encouraged, in order to maintain a sustainable supply system in a simple and convenient manner.
- Buffer stocks will be kept and managed for National food security and also for SAARC level Buffer stock.
- The goods and services now being managed under the publicly owned corporation will gradually be operated under the open market system. The supply of goods with effects on public health and subsistence will be made convenient, and supply will be managed through market intervention during abnormal conditions as per the need.
- For making supply convenient, the Competition Act will be implemented in an effective manner.

8. Policy and Working Policies

- Special programs will be run with the participation of cooperatives, the private sector and local bodies in order to make the supply of essential goods effective in the remote and backward districts, where the majority of the deprived population live. The role of local bodies and the private sector will gradually be enhanced in the supply of essential goods, including food grains.
- The department of Commerce and offices under it will be strengthened with a view of making them effective in the Competition Act, Anti-dumping Act, and consumers' rights and welfare through institutional reforms.
- Consumers' court will be formed for the protection of the rights and welfare of the consumers and studies will be carried out for making an arrangement of a supply commissioner.
- Necessary coordination mechanism will be ensured for the effective implementation of consumers' rights and the Welfare Protection Act 1998, and other Sectoral Acts being executed by other departments.

- Programs will be run through coordinating mechanisms among institutes like, Nepal Food Corporation, Salt Trading Corporation, National Trading Corporation, Nepal Oil Corporation and Central Prisoners Workshop, for arranging an integrated supply system of essential goods like salt, sugar, kerosene oil, and clothes in remote districts.
- Arrangements will be made for the sale and distribution of essential goods by opening fair price shops with the participation of the private sector and/or cooperatives in the remote headquarters of districts.
- Targeting the people of the designated remote areas under the poverty line, additional programs will be run through cooperatives on food security and rural supply.
- With the purpose of solving the supply problems in the districts of the Karnali zone in a sustainable manner, local food production will be increased. This will be done in close coordination with the Ministry of Agriculture, through the medium of commercial farming under the entrepreneurship of the private sector.
- Cold storage will be managed in the designated districts, for the storage of local production for long periods.
- Arrangements will be made for keeping a minimum buffer stock for food crisis management during the time of possible natural disasters. Further, a provision of 15,000 MT of sugar will be made through Salt Trading Corporation, National Trading Ltd. And Nepal Food Corporation. In case of salt, the current provision of maintaining a stock for six months will be continued and mechanisms thereto will be strengthened.
- Arrangement will be made to maintain a buffer stock of 4,000 MT of food grain for SAARC food security and in case such stock is not used by any member country of SAARC, the balance will be transferred to the national food security stock to maintain minimum stock.
- Supply will be managed through a competitive market system in accessible areas, and monitoring will be made more effective. In the remote and backward areas, in addition to the market mechanism, integrated and rural supply programs will be used for managing supply.
- Market price determination of goods and services, now being supplied by publicly owned corporations, will be encouraged. Goods with effects on public health and essential for daily subsistence of the people like, food grains, salt, sugar, energy, life saving medicines, chemical fertilizer, will be made easily available and in case of an abnormal situation, the supply system will be organized through state intervention, if the need arises.

9. Programs

In addition to the current ongoing programs, during the Interim Plan period, the following special programs will be carried out in order to make the supply system simple, convenient, accessible to all and qualitative.

- In order to ease supply of essential goods in a systematic way in remote and hill districts, an integrated supply system as a model program will be implemented in 10 districts out of 30 districts where transport subsidy has been provided. In this system, the Nepal food Corporation supply rice. National Trading Ltd. and Salt Trading Corporation, supply sugar and cloth, Nepal Oil Corporation, kerosene, and Salt Trading supply iodized salt, Agricultural Inputs Company - chemical fertilizer, and Nepal Drugs Ltd. life saving medicines from one place. In order to make the management of such an integrated supply system effective, participation of local bodies, cooperatives and consumer groups will also be ensured.
- Rural supply program will be run targeting those living in remote and backward areas, which are, till now outside the reach of the existing supply system of the government agencies. Furthermore, in order to maintain a simple and easy supply system, through storage and marketization, necessary support will be given to commercial farming of the locally produced and consumed goods.
- In the 30 districts, continuity in transport subsidy for food grains will be given with necessary adjustment on the existing quota, considering the access to the state of means of transport and market development in the area.
- At least one fair price shop will be opened in the remote and backward district headquarters of Humla, Jumla, Dolpa, Kalikot, Mugu, Bajhang, Bajura, Jajarkot, Mustang, Manang, Gorkha, Solukhumbu, Khotang, and Sankhuwasabha. For this, the private sector will be encouraged for making the arrangement to sell and distribute essential food grains, salt, sugar, kerosene oil, chemical fertilizer, and the products of the cottage industry.
- The responsibility will gradually be transferred to local bodies, for the supply of essential goods, including food grains.
- In order to bring changes in the food habits, awareness programs will be run in the hills and remote regions.
- Monitoring of the market situation will be done in such a way as the consumers have the experience of feeling it. Inspection officers from all the 75 districts will be made active in monitoring the cost of commodities and markets effectively.
- For the welfare of the common people and to ensure the supply system, consumers' courts will be established. Further, the department of commerce will be restructured and strengthened in order to mobilize it in the direction of consumers' welfare.
- In accordance with the provision of the Consumers' Welfare Protection Act 1998, supplying information related to the concerns of

the consumers, and the quality of goods will be made compulsory, as regards to the goods produced in Nepal. In case of imported goods, the disclosure of the name of the importer as well as the distributor in the package, and other provisions under the Acts will be made compulsory.

Reconstruction and Relief Programs

- To make food grains and cloths and other essential goods available to those affected by the conflict, on the recommendation of the local administration and the concerned agencies.
- To make arrangements for the integrated supply of essential goods in the backward areas and conflict affected areas.
- To expedite supply works through cooperatives with the participation of women.
- Food depot not in operation due to the abnormal situation in the past, will be gradually reopened along with security agencies and banks.

Social Inclusion

- To make the provision for providing relief to women, children, the deprived, and people affected by the conflict.
- To operate targeted programs for the backward areas and the excluded people.
- To supply food grains at subsidized rates to the remote areas and villages, in order to guarantee food security to the backward, *Janajatis*, *Dalits* and oppressed groups.
- Representation of all the areas and groups will be ensured, to the extent possible, in committees related with the supply system and the consumers rights' and welfare, to make the distribution system inclusive.

Re-integration

- To set the tradition that local bodies demand and operate programs.
- To gradually make DDC, VDC and product organization of private sector responsible in the supply sector management.
- The government to play the role of the facilitator and to carry out monitoring works effectively.
- To make arrangements for regular monitoring from the designated mechanism for supervision at the districts.

10. Assumptions and Risks

- The condition of road and vehicles for transportation would be good.
- There will be consent, participation and initiative of the consumers, in areas like cold storage establishment, establishment of cooperatives etc.
- Regular supply of petroleum products to continue.

- Initiative and involvement of the private sector, cooperatives and consumer groups to continue.
- Political support and cooperation, for the revision of acts and rules and their implementation will remain.
- Initiative, cooperation and involvement of the private sector cooperatives and consumers will continue.

11. Estimated Budget

The following program will be implemented with priority through the government mechanism in the Plan period. For this the following budget has been estimated.

The projection of the private sector budget has not been given here, as it is not possible to make an assessment of the expenditure of the private sector, although there has been a notable contribution of the private sector in the supply system.

Estimated Budget (At FY 2006/07 constant prices)

(Rs. in million)

| Programs | Total budget | Remarks |
|---|---------------------|---|
| Food grains transport subsidy in 30 remote districts | 876.0 | |
| National Food security Program | 109.0 | |
| SAARC food security storage | 28.0 | For the purchase of food grains in the first year |
| Voluntary retirement programs | 25.0 | |
| payment of dues | 134.0 | |
| Gout control program (remote districts Iodized salt transportation subsidy) | 216.0 | Including the aid from the government of India |
| Integrated supply program | 28.0 | To be operated in ten remote districts on the basis of priority. |
| Rural supply program | 38.0 | To be operated in ten remote districts on the basis of priority. |
| Support for Private Sector, for Cold storage construction. | 19.0 | Applicable for extremely remote districts only. |
| Private sector encouragement program for the establishment of fair price shops. | 19.0 | Applicable for extremely remote districts only. |
| Consumers' awareness enhancement program | 4.0 | Awareness raising, advertisement, consumers' education, volunteer's mobilization, books, dissemination materials preparation. |
| Total | 1,496.0 | |

12. Implementation, Monitoring and Evaluation

Additional reforms will be made through the following mechanisms in the implementation of the supply system, by ensuring the supply system and protecting the rights and welfare of the consumers:

- Arrangement for monitoring and coordinating by regional administration offices.
- Market monitoring and report submission works done by the local administration and supervising office, in the districts.
- Inclusive mechanism for the implementation, monitoring and evaluation of programs at the central, departmental, regional and district level agencies.

- Awareness in order to bring about changes in the food habits through awareness oriented programs.

Implementation, monitoring and evaluation will be implemented by making these effective through adjustment in measurement indicators expected achievements, and result oriented indicators such as the following.

- Total cost, costs effectiveness time frame and achievements compared to the past years.
- Quantity of food grant transportation, cost, availability, and consumer price.
- Quantity, cost, land availability and consumer's price of iodized salt.
- Quantity of buffer stock of food grains under the food security storage and its operation.
- Construction and operation of mechanisms for integrated supply.
- Effectiveness of programs and reactions (level of satisfaction) of service users.

Chapter: 17

Labor Management and Employment Promotion

1. Background

The main necessity of the day is to promote opportunities for employment in the national and international markets by making the national human resources equipped with quality knowledge and skill, and matching with the new technology and market. Likewise, it has become necessary to make labor acts and administration timely and competent for the enhancement of production and productivity while protecting the basic rights and promoting safe working conditions for employees and workers. It has become imperative for the State to invest in labor-intensive infrastructure construction programs along with the reforms on industrial relations and to maintain an investment-friendly environment by harmonizing the interests of both employers and workers in order to reduce unemployment.

This Plan is focused on making the access of the youth, women *Adibasi Janjatis*, persons with disability, *Madhesis*, *Dalits*, conflict affected and marginalized communities so far not benefited due to limited capabilities, in the national and international market, by enhancing the employability of the human resources.

2. Review of the Current Situation

According to NLSS 2003/04, of the population between 15 years or above, 74.3 percent were employed, 2.9 percent were unemployed and 22.8 percent remained inactive. Among the unemployed, the percentage for males was 3.1 and for females was 2.7. Of the total labor force, 70.6 percent were engaged in agriculture, and 29.4 percent in non-agriculture. In 2007, the total labor force was 11.4 million and is projected to grow at the annual rate of 2.6 percent. In this way, in the labor market, it is estimated that 300,000 laborers are being added every year.

During the Tenth Plan period, about 800,000 youths have gone for foreign employment using formal government channel. In addition, the number of youth going abroad without fulfilling the government procedures is also notable. Bilateral labor agreement has been completed with Qatar and networking backed-up Employment Information System has been developed. Nepal has obtained the membership of International Organization for Migration (IOM). New Labor and Employment Policy, 2006 has been enforced. Vocational and skill development trainings have been provided on different trades. Information collection and flow relating to employment have been accomplished from 10 labor offices. Internal Working Procedures, 2005 and Internal Working Procedures for Foreign Employment, 2005 have been prepared and implemented in the Department of Labor and Employment. Education programs have been launched for social partners. Assistance has been provided for research in the occupational safety health sectors. National standards have been

fixed after the collection of samples from industrial enterprises. Minimum wages for the agricultural and non-agricultural sectors have been fixed.

3. Problems, Challenges and Opportunities

Even now industrial peace has not been fully established. Employment could not have been created for an estimated 300,000 labor force being added in the labor market every year. Opportunities for entrepreneurship and quality skill development and the rate of employment creation have been minimal. There is a need for Occupational Safety and Health Law. The demand and supply sides of human resources are not matching. The implementation of existing policies and laws has been ineffective due to the lack of improvement in the human resources and infrastructure of Labor Offices. Occupational Safety and Health standard could not be implemented in industrial enterprises. The other challenges include:

- To produce competitive human resources, capable of competing in the international labor market.
- To provide necessary assistance and protection to workers seeking foreign employment.
- To make training programs up to date, qualitative and coordinated.
- To make legal and institutional provisions up to date according to the new forms of labor, increasing informalization, new managerial and organizational practices.
- To increase the access of the women, *Dalits*, *Adibasi Janjatis*, *Madhesis*, Muslims, persons with disability, and marginalized groups, to the available opportunities in the labor market.

After the peace accord, the country has had a stable political environment and industrial peace has been maintained. Economic and social activities are being conducted in a spontaneous way, with the domestic and foreign investment environment becoming favorable. In comparative terms, Nepalese labor is cheaper, disciplined and hardworking, remittance is likely to increase from the regional to the international labor markets through the supply of skilled laborers, and it seems plausible to take advantage from the foreign labor market.

4. Vision

The long-term vision is to make contributions to strengthening the national economy and poverty alleviation by providing a safe, decent and healthy working environment without discriminations, along with the creation of opportunities for employment and self-employment through the development of competitive and skilled human resources capable of competing in the domestic and foreign labor markets.

5. Objectives

- To reduce unemployment by developing skilled and competitive labor force in accordance with the demand of the domestic and international labor markets.

- To ensure safety and healthy working environment for workers in industrial enterprises and the informal sector.
- To ensure the access of the women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims, conflict affected and people from marginalized regions and communities to employment.
- To make foreign employment safe and organized, and identify new areas of employment.

6. Quantitative Targets

| S.No. | Program | FY 2007/08 | FY 2008/09 | FY 2009/10 |
|-------|--|---------------|---------------|---------------|
| 1 | Vocational and skill development training to be provided | 14,716 | 20,000 | 30,000 |
| 2 | Vocational and skill development program for women | 7,500 | 11,000 | 16,000 |
| 3 | Foreign employment, entrepreneurship, youth self-employment, skill development training (for <i>Adibasi Janajatis</i> , <i>Madhesis</i> , conflict affected, women and the displaced etc.) | 5,000 | 6,000 | 10,000 |
| 4 | Short term skill-training to be provided for the internally displaced and conflict affected | 1,000 | 2,000 | 5,000 |
| 5 | About market information collection (district institutes) | | 20 | 30 |
| 6 | Foreign employment promotion visit (no.) | 2 | 6 | 8 |
| 7 | No. of youth to be sent for foreign employment (no.) | 17,5000 | 25,0000 | 35,0000 |
| 8 | Sample collection related to the prevention of pollution in industrial enterprises and standard determination and implementation | 100 | 125 | 150 |
| 9 | No. of centers providing vocational and skill development trainings (no.) | 15 | 20 | 25 |
| 10 | Study, research and workshop on labor and training areas | 10 | 15 | 20 |
| 11 | Effectiveness study about foreign employment and research related with new foreign employment opportunity (no.) | | 5 | 6 |
| 12 | New training program identification and study on sectoral relevance (no.) | 1 | 3 | 5 |
| 13 | Capacity enhancement of workers of industrial enterprises (no) | 325 | 500 | 600 |

7. Strategies

- To create an environment in order to ensure employment by running vocational and skill development training programs in collaboration with local bodies, non government sector and private sector based on the demand of national and international labor market.
- Policy and legal provisions will be made to govern labor relations in the informal sector in a gradual way.
- To initiate dialogue and enhance coordination and collaboration through tripartite mechanism for ensuring industrial peace,

- strengthening labor administration, and ensuring occupational safety and health.
- To ensure occupational safety and health in the work place through the setting of standards and regular monitoring of enterprises.
 - To launch targeted programs for the women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims, persons with disability, conflict affected, marginalized, and unemployed youth with no access to opportunities.
 - To make timely reforms on legal provisions related to foreign employment, and restructure and strengthen implementing agencies and mechanisms.
 - To make necessary arrangements for employment promotion and labor management through diplomatic missions abroad.

8. Policy and Working Policy

- Training opportunities will be provided to a maximum number of women and youth (of *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims, conflict affected, deprived community) by improving training methods, quality and process, and enhancing the capacity of training centers as per the changing technology and demand in collaboration with non-governmental sector.
- Self-employment will be ensured to educated unemployed youth and school drop-outs by providing for trainings related to business and entrepreneurship as well as soft loans according to need.
- Legal, technical and practical trainings will be made available in order to make the maximum use of opportunities available for employment by identifying foreign labor market.
- The gap between the demand and supply of labor will be reduced, by producing competent and skilled human resources as per the demand of the labor market.
- For creating an investment-friendly environment, flexible Acts and Regulations will be brought with social security adjustment.
- Women as well as worker-friendly legal and institutional reforms will be made in order to make domestic and foreign employment reliable and safe. Further, necessary skills and training will be provided to labor force.
- *Dalits*, *Adibasi Janajatis*, Muslims, *Madhesis*, conflict affected, disadvantaged communities and individuals will be encouraged for foreign employment by providing appropriate skills.
- Labor survey will be done to identify the status of the labor force. Further, policy will be formulated to identify the unemployed and provide them with minimum level of employment in a gradual way.
- Focusing on women, persons with disability and such other workers with special needs, working environment for them will be made favorable and convenient.
- Labor agreement will be made with countries having more than a stipulated number of laborers along with the development of

diplomatic mechanisms for the protection and welfare of Nepalese going for foreign employment.

- Arrangements will be made for accident and life insurance for the entire work period for those going for foreign employment.
- The subject of foreign employment will be incorporated in the syllabus of training institutes of different agencies to increase awareness, knowledge and liabilities on legal, social and security aspects, for the protection and welfare of individuals going for foreign employment.
- The remittances will be used for productive purposes by inducting appropriate programs while making the remittance system simple and strengthened.
- Policy will be formed to replace foreign laborers.
- Tripartite relations will be gradually strengthened in order to make industrial relations amicable and transparent.
- Arrangements will be made to resolve labor disputes arising at the level of enterprises.
- Legal process will be gradually revised in order to create an environment suitable for helping workers in unorganized sectors to get organized.
- Acts on sexual harassment and discriminations against women, *Dalits* and persons with disability at the work place, will be made and effectively implemented.
- Labor commission, labor tribunal and occupational safety and health council will be formed.
- Public opinion on occupational safety and health will be formed through the launching of extensive social dialogue, dissemination and awareness programs.
- Workplace will be gradually made safe, healthy and productive by promoting and developing occupational safety and health as an integral part of all the industrial enterprises and workplaces.
- An opportunity to become self-reliant will be created by providing appropriate skill and entrepreneurship trainings to individuals of the *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims and conflict affected, and disadvantaged communities.
- Micro financing programs will separately be conducted in the mountain, hills and the Terai for income earnings of the target group.
- Encouragements will be made for the flow of soft loans through banks and financial institutions for the operation of the business and providing training opportunities for entrepreneurship for youth.
- A separate fund will be managed with tripartite effort. Moreover, risk management, including accidents, and social security programs will be run also through welfare funds.
- Collaborative works will be undertaken with trade unions in order to prepare and implement social security programs for workers in the informal sector.

9. Programs

Vocational and Skill-Development Training Programs

- Short-term training for foreign employment and special skill development trainings for foreign employment and youth self-employment.
- Short-term skill oriented programs for the conflict affected and the families of the martyrs, *Adibasi Janajatis, Dalits, Madhesis, Muslims, women, deprived and excluded, disadvantaged groups and persons with disability.*
- Entrepreneurial development training program for those trained with vocational and skill development, training for the internally displaced people, special skill oriented programs on training to be provided.
- Training on contemporary new management system will be conducted.
- Trade schools to be upgraded and extended to 75 districts by enhancing the quality of CTEVT.
- Organization of the training center will be extended.

Occupational Safety and Health Project

- Training program on occupational safety and health for social partners.
- Capacity enhancement training program for officers affiliated with occupational safety and health.
- Orientation program for employers.
- Awareness enhancement programs on industrial accidents.
- Educational program on HIV/AIDS and STDs at work places.
- Labor education programs.
- Factory inspection, monitoring and evaluation strengthening programs.

Social Security Programs

- Program to establish the Social Security Fund.
- Social security programs by making the provision of the National Level Welfare Fund effective.
- To run social insurance and micro finance programs jointly with trade unions in the informal sector.

Employment Promotion Programs

- Program to make labor agreements with at least five countries along with the identification of new destinations on the basis of priority.
- Program to update the information on foreign employment.
- Effectiveness study on quota system in foreign employment and study on the control of fraudulent activities in foreign employment.
- To run pre-employment programs.

- To make feasibility study on the establishment of employment banks.
- Program to form the Employment Promotion Commission.
- Program to run the Employment Exchange Service.
- Program to conduct labor survey.
- Program to make a list of the unemployed.
- Program to run a package program for investing the remittance received from foreign employment in a productive way.
- In order to create an investment-friendly environment, program to promote peace, Foreign Investment and Technology Transfer Act and the Industrial Policy Network will be reviewed and reformed.

Labor Administration

- Employment on a regular basis.
- Information on foreign employment.
- Labor market survey.
- Bulletin and information dissemination related with labor.
- Timely revision of labor related Acts.
- Program to fix the jurisdiction of labor offices based on the number of enterprises and to extend offices.
- Program to organize strategic communication seminars on labor administration, policy, Acts and norms.
- Capacity enhancement program for laborers working in industrial enterprises.
- To conduct programs on information, services and training related to labor by opening at least one labor office in each district and a labor information center,

10. Estimated Budgets

At FY 2006/07 Prices

(Rs. in Million)

| S.No. | Programs | Amount |
|--------------|--|--------------|
| 1 | Vocational and skill-Development program | 265.9 |
| 2 | Occupational safety and health | 19.8 |
| 3 | Social security programs | 2.6 |
| 4 | Employment promotion program | 76.9 |
| 5 | Programs related with labor administration | 20.6 |
| Total | | 385.8 |

11. Expected Achievements

- 64,716 individuals would be engaged in employment and self-employment after receiving training on vocational, skill development and entrepreneurial development.
- There will be reduction in poverty and risks among the workers and their families through programs related to occupational safety and health improvement and social security.

- Along with reforms in the institutional system, there will be an increase in the security of trained and skilled human resources going for foreign employment and in the amount of remittance.
- There will be protection of entitlements and rights of workers, improvements in labor administration and effectiveness in service delivery, and improvements in industrial relations.
- The Nepalese going for foreign employment will experience the feeling of an additional support from the state.

12. Assumptions and Risks

- There will be compatibility between the demand and supply of labor.
- There will be an investment-friendly environment in the country.
- The demand for Nepalese labor in the international market will remain as it is.
- There will be improvement in the quality of vocational and skill development trainings.
- Programs and outcomes will reach the targeted groups.
- Institutional arrangements will be made for occupational safety and health.
- There will be continuity in the improvement of the environment for industrial peace.

13. Implementation, Monitoring and Evaluation

Necessary revision will be done for implementation, monitoring and evaluation. Regulations related with foreign employment will be implemented. Separate departments for labor and employment will be formed in order to bring effectiveness in foreign employment services, in the Plan periods, labor offices and skill development training centers will be made more effective through extension programs. Factory inspection system will be made regular and effective. By constituting business-oriented security and health council, that project will be developed as a regular organ of labor administration. Training and strategic communication seminars will be organized for the enhancement of competence and efficiency of the involved human resources.

Arrangements will be made to equip service-providing organizations with the means, from the physical and financial perspective. In order to raise transparency emphasis will be given to maximum flow of new information. Monitoring and evaluation will be made more effective by revising sectoral indicators and developing new indicators. For the effective monitoring of prioritized programs monitoring will be arranged for. For this, at the ministry level, a program coordination and monitoring committee will be formed. Likewise, by strengthening the existing framework related with monitoring the capacity of human resources involved therein, will be enhanced. Arrangement will be made for monitoring on a sectoral basis by preparing a program for the monitoring action plan.

Child Labor

1. Background

Majority of the children of school going age have been working as domestic workers and in other different economic activities due to economic deprivation, social backwardness, lack of awareness and family disruption. It has been found that children have been engaged in trafficking, sex-related activities, drug abuse and so on, along with the agriculture sector, hotels, restaurants, factories, industrial businesses due to insurgency and its social economic impacts. Thus, the child labor problem in Nepal has become critical and challenging. The government has expressed commitments to end all types of exploitative child labour. It has become necessary to promote active cooperation and collaborative works of the government, employer organizations, trade unions, different social organizations, and international organizations to fulfill these commitments, and to control child labour, as a possible cause of future poverty and as a serious social problem.

2. Review of the Current Situation

During the Tenth plan, educational, skill-oriented, public awareness oriented and income-oriented programs have been carried out. The Master Plan (2005 -2015) has been enforced after being formulated. The Child Labor (Prohibition and Regularization) Act and regulations 2006 have been implemented to prevent worst forms of child labor. Through a time-bound program, 16,000 child laborers engaged in worst forms of child labor have been rescued, and another 17,000 children have been saved from being engaged in worst forms of child labor. Daytime Childcare and Informal educational centers are being operated. Continuity has been given to the works on child labor inspection. With the huge investment from the non-government sector, programs like nutrition, awareness programs, formal/informal education, legal assistance, psycho-social counseling, skill development training, rehabilitation, income-oriented and employment oriented programs for the guardians of child laborers have been carried out.

3. Problems, Challenges and Opportunities

The high rate of existing child labor in the country is itself a problem. It has become difficult to achieve the target of the Master Plan to control worst forms of child labor by 2009 and all types of child labor by 2014 due to the following reasons:

- Social belief that children should work.
- Lack of a structure to look at child labor up to the local level.
- The conducted programs, not able to reach the target groups and place of origin, and adequate amount not allocated to this sector.
- Lack of coordination between programs.
- Loss of scarce resources.

National Master Plan preparation, Child Labor Act and rules implementation have provided a legal and policy base. In this campaign, there is

a serious commitment of the government. Awareness has cropped up extensively against child labor. The foundation of the child labor abolition programs has been prepared due to adequate study and research on child labor by the government and non-government sectors. There will be cooperation to achieve the target as the local bodies, NGOs, international organizations and institutes would be active.

4. Long Term Vision

The vision is to create a child labor free society by providing an environment that is safe, healthy, unobstructed and educative which is free from hazardous activities as well as social and economic exploitation.

5. Objective

The objective is to create a favorable environment for the control of child labor of all types and eliminate worst forms of child labor on priority basis.

6. Quantitative Targets

| S.No. | Program | Target |
|-------|---|--------|
| 1 | To operate informal education, and daycare center (No.) | 15 |
| 2 | To inspect industrial enterprises (No.) | 3,000 |
| 3 | Self-employment and awareness enhancement trainings and programs focused on the guardians of child laborers (No.) | 50 |

7. Strategies

- Targeted programs will be run for children at risk and difficulties on a priority basis.
- The government, private sector, non government sector, trade unions and donor community will work in partnership or in collaboration.
- Reforms will be made in the policy, legal and institutional system.
- The responsibility and awareness of the family will be increased in relation to the entitlements and rights of the children.

8. Policy and Working Policies

- Legal provisions and institutional structures related with child labor will be timely revised and strengthened.
- In the implementation of the programs related with child labor, coordination will be made with different sectoral programs, including poverty alleviating programs.
- Along with the making of child labor inspection effective, the system of program coordination, monitoring and evaluation will be made effective.
- Informal education, awareness and employment oriented programs will be conducted in such a way as to directly provide advantages in a sustainable way to child laborers, and their families/guardians.

- Collaborative works will be done jointly with the government, local bodies, social co-workers, donor agencies and civil societies in a coordinated way and working networks will be constituted from the local to the national level.
- Along with the running of awareness programs from the family to the national level against all forms of child labor, special programs related to vocational skill development, including community based education for working children will be run.
- Arrangements will be made for infrastructure at the local level for the rescue, rehabilitation and reintegration with family in coordination with social co-workers.
- Targeted programs will be prepared and implemented on a priority basis, at designated places for the relief and rescue of child laborers at risk.

9. Programs

The following programs will be carried out for the elimination of child labor:

- Child laborer rehabilitation programs.
- Grant for a child labor elimination fund.
- Child labor information management and monitoring.
- Awareness raising program.
- Informal education and self-employment training.
- Special programs for child laborers at risk and, affected by conflicts.
- Formation of Acts and implementation and coordination.

10. Expected Outcomes

- Legal provisions related with child labor will be timely revised.
- Institutional frameworks related with child labor to be strengthened.
- Guardians of child laborers would have been aware and would have benefited through programs, like informal and employment oriented education.
- The condition of child laborers will be improved.
- The number of child laborers would have been reduced.

11. Assumptions and Risks

- Investment in this sector from international organizations will increase.
- Cooperation and coordination will remain between all the sectoral ministries in the implementation of the Master Plan.
- Networks and pressure groups against child labor will be extensive and effective.

12. Estimate Budgets

At FY 2006/07 Prices

(Rs. in million)

| S.No. | Program | Amount |
|--------------|---------------------------------|---------------|
| 1 | Child labor Elimination Program | 18.8 |

13. Implementation, Monitoring and Evaluation

In the Three Year Interim Plan, arrangements will be made for the implementation of the National Action Plan in an effective manner, which was prepared with the purpose of abolishing child labor by integrating it. The Plan has made the provision of a national level central steering and coordination committee for the integrated implementation of programs related with children as well as for the mobilization of resources. According to the Master Plan MoLTM will function as the nodal point with NPC, MoF, the donor community and other sectoral ministries. In the implementation of the programs mentioned in the Plan, provisions will be made for the coordination of all the programs related with child labor, a high level central coordination committee will be constituted involving the Nepal government, local bodies, social co-workers, donor communities and civil societies. At the implementation level, necessary committees will be formed for coordination and implementation, child labor inspection works will be furthered in a regular manner through labor offices. For maintaining regularity and uniformity in the monitoring of programs with the abolition of child labor, special indicators with targets and the monitoring Action Plan will be prepared and implemented. Surprise and reformative steps will be taken by conducting program review meetings on a regular basis. The role of local bodies, social co-workers and agencies of civil societies will be enhanced. A network for the elimination of child labor will be organized for officials at the district level and implementing agencies will mobilize local vigilant groups, guardian on the monitoring of incidents of the use of child labor. The records from child labor monitoring will be maintained.

Chapter: 18 **Transport Management**

1. Background

Through better organization and strengthening of the vehicle and transport system, it is need of the day to have a reliable, safe, non-polluting and service-oriented transport system with qualitative increase in the service. For this, it is vital to make the administrative and technical aspect efficient, capable, resourceful and effective, through institutional improvement and strengthening. Foreign and non-government investment should be attracted in the road transport sector, which has far reaching impact on the economy, with the involvement of the government and the private sector.

2. Review of the Current Situation

During the Tenth Plan period, the vehicle transport management guideline was implemented. In the context of institutional strengthening of the transport system, construction of a building for the Department of Transport Management has been completed. The task of DLRS networking, to computerize driving license information, is about to be finished. In order to update rules and regulations related to vehicle and transport management, initiation has been taken to introduce necessary amendments. Janakpur Railway has been transformed into Janakpur Railway Company Limited by registering under the Company Act. Direct bus services have been launched to some cities of the neighboring countries.

3. Problems, Challenges and Opportunities

Lack of road expansion in proportion to the increase in vehicle numbers, lack of progress in the management system and technology, and rising accident and pollution rates are major problems of this sector. The existing syndicate system is another problem. Rise in accidents along feeder roads and highways, has also emerged as an important problem. Following challenges exist in this sector:

- To update the Vehicle and Transport Management Act and Regulation.
- To manage the complete record of transport and vehicles, effectively.
- To modernize transport management by using new technology, number plate and driving license.
- To make available physical infrastructure, capable human resources, financial resources and technology, in proportion to the increased work load.
- To make transport business competitive and service-oriented.
- To maintain proper coordination among the concerned agencies and programs related to traffic, road and transport management.

In the context of the changed political scenario in the country, financial and technical assistance can be expected from donor agencies in this sector.

Revenue increase from the transport and vehicle sector has been significant. Government and private sector investments for the improvement of this sector can be expected to increase. Awareness on transport sector improvement has been rising among the social partners involved in the vehicle and transport sector, which would contribute in the implementation of plans.

4. Long Term Vision

The long term vision is to make the transport system safe, affordable, organized, non-polluting, and service-oriented, through qualitative increase in vehicle and transport services, thereby making a contribution towards the overall development and prosperity of the country.

5. Objectives

- To develop the transport system so as to make it less expensive, safe, non-polluting, equipped with facilities, competitive and self-dependent.
- To make the transport sector efficient, transparent, service-oriented and effective.

6. Strategies

- Private sector participation will be increased in legal, institutional and policy-related improvement and transport management.
- Modern technologies will be used for driving license, number plate and vehicular emission.
- Capacity of concerned agencies and human resources will be enhanced.
- Implementation of third-party insurance provision will be made effective.

7. Policy and Working Policies

- Through an improvement in policy, legal, institutional system and technology, highways will be made safe, reliable, effective and modern.
- Institutional improvement will be carried out for effective development and management of the transport sector; and by establishing an autonomous National Transport Board, partnership and cooperation with the private sector will be strengthened.
- By operating vehicles in a competitive environment, certainty, cost-effectiveness and economic capability will be achieved in transport service, and the syndicate system will be abolished.
- Priority will be given to public transportation system.
- By involving the private sector in transport, making it competitive, attractive and responsible, the transport system will be strengthened. In addition, polluting vehicles will be phased out.
- Embossed number plate will be installed in vehicles, and Smart Card will replace the existing driving license.

- By computerizing the archive system related to transport management, prompt and reliable service will be provided. National network of vehicle and transport service will be built.
- For pollution control, necessary mechanism will be established in urban areas including the Kathmandu Valley, and public awareness on this issue will be enhanced.
- Effective coordination will be established among the concerned agencies involved in transport management.
- Office of Transport Management will be constructed and renovated, and will be made resourceful.
- By carrying out a study on road accidents, possible causes and the regions of accidents will be identified, and necessary precautions will be taken.
- Travel cost in vehicles will be subsidized for senior citizens and persons with disability on the basis of identity cards.

8. Major Programs

- Legal and institutional improvement program.
- Modernization of number plate and driving license (including purchase of machine).
- Purchase of equipments to check number plates and the driving license system.
- Monitoring system strengthening program.
- Building construction, and expansion and strengthening of Transport Management Offices.
- Detail study, research and master planning for the strengthening of the transport sector.
- Trainings to women and persons with disability on driving and transport service.
- Refresher training to transport workers (men and women).
- Sticker system to differentiate vehicles driven by persons with disability.
- Public awareness program on road accidents.

9. Expected Outcomes

- Road accidents will decrease due to improvement in transport administration.
- Number plates and driving license will be of quality standard, safe and at par with the international standard.
- Vehicular pollution will decrease.
- On-site monitoring system will be established for vehicular inspection.
- Competitive and economical transport system will be developed.
- Detailed Project Report on the transport sector will be released.

10. Assumptions and Risks

- Commitment and cooperation will be received from the private sector.
- Road network and capacity will improve.
- Cooperation and coordination among the concerned agencies will increase.
- Management process and the overall system will be improved with new technologies.

11. Estimated Budget

At FY 2006/07 prices

(Rs. in million)

| S.No. | Program | Amount |
|-------|--|--------|
| 1 | Transport system strengthening program | 193.4 |

12. Implementation, Monitoring and Evaluation

The working system currently is based completely on manual operation, whereas upon implementation of the above program, services will be provided through a computerized system, which would bring effectiveness in implementation. Through decentralization of transport management, concerned human resources will be trained. An effective mechanism will be built to establish coordination among concerned agencies related to transport management. Through regular monitoring and evaluation, emerging problems will be solved.

Chapter: 19

Education and Sports

1. Background

The main objective of modern education is to make social upliftment through the exposition of the latent talents and potentials in individuals and to prepare citizens to be able to perform in a scientific way by owning human values and beliefs. Further, it is accepted as a means to: enhance the economic competence, protect natural resources and social traditions and cultural protection and promotions; prepare qualified human resources who are capable to cope with the development of innovative knowledge, skill and technology while showing love to the nation and honor to labor.

If this can be translated into practice, the contribution of education in the development of the nation will be meaningful. In addition, the main goal of education is to produce human resources capable of competing in the international level by properly adjusting local knowledge with world knowledge while making educational activities compatible with the daily life of the general citizen and children.

Education is an integral base for complying with the commitments made by the State in national and international forums and in the institutionalization of democracy obtained through the historic People's Movement. Interim Plan for the education sector has been prepared with a view to ensure proportional and equitable access to school level as well as higher and technical education in order to make it useful and relevant for life and make it employment oriented, skill oriented and productive as well as to ensure quality. The Plan has also been prepared by owning the significance of reintegration, reconstruction and re-establishment after the conflict and to get acquainted with the latest developments in science and technology.

2. Review of the Current Situation

The set targets and the progress made during the Tenth Plan are presented in Table 1.

The total number of schools, both public and private, has reached 28,131, at the primary level. Likewise, the net enrollment rate of students has reached 87.4 percent. The percentage of girl students has increased more as compared to that of boys in primary schools. The participation of girl students at the beginning of the Plan has increased from 43 percent to 48 percent. Of the children of school going age, 38 percent of the children of *adibasi janajatis* have participated, whereas 18 percent of *Dalits* and only one percent of children with disability have participated. Against the target of 0.8 for literacy gender equity index, it has reached 0.61. At the primary level, the proportion of female teachers has reached to 30.6 percent, that of *Dalits* to 2.5 percent and *Adibasi Janajatis* to 17.8 percent.

Although there has been progress in the development of primary education, even now, nearly 12.6 percent of the children are deprived of primary

education. Of this, the poor, *Dalits*, *Madhesis*, and *Adibasi Janajatis* are the most deprived and excluded. There has not been equal access to school and higher education for all genders, groups and regions. The class repetition rate and drop out rates are high and the passing out rate is also not satisfactory.

Table 1: Targets and Achievements Related to Education Sector

| S. No. | Indicators | Expected target 10 th Plan | FY 2007/08 |
|-----------|---|---|------------------|
| 1 | a) Literacy rate (6+ age) b) Literacy rate (15+ age) | 70 63 | 63 52 |
| 2 | Gross enrollment rate including pre-primary and child development centre | 32 | 41.4 |
| 3 | Primary level a) Net enrollment rate b) Percentage of girl student c) No. of lady teacher (percentage) | 90 47 30 | 87.4 48 30 |
| 4 | Lower secondary level a) Gross enrollment rate b) Percentage of girl students | 65 45 | 71.5 46.6 |
| 5 | Secondary level a) Gross enrollment rate b) Percentage of girl students | 45 45 | 56.7 46.6 |
| 6 | Higher secondary level a) Gross enrollment rate | 23 | 23 |
| 7 | Technical education and vocational training a) Regular training b) Short term training | 7,100 23,555 | 20,345 15,800 |
| 8 | Higher Education a) Gross enrollment rate | 6 | 6 |

3. Problems, Challenges and Opportunities

Problems

The following problems have appeared in the education sector:

- Basic physical infrastructure not developed for quality education.
- Supply of teachers in relation with the number of children not made.
- A wide disparity between community and private schools in passing out rates.
- Increasing number of educated unemployment.
- Exclusion of women, *Dalits*, persons with disability, backward groups, *Adibasi Janjati* groups, *Madhesis*, conflict affected, and the displaced from the mainstream of education.

Challenges

Of the major challenges existing, the following are critical:

- Inability to implement decentralization in a practical way.
- Inability to enhance the competence for work performance of the stakeholders and educational managers at the local level as expected.
- Inability to adjust the teacher student ratio to decrease the number of illiterate.

- Inability to make institutional reforms in the educational structure.
- Inability to implement the principle of cost sharing.
- Inability to make adjustments of the certificate level education of universities with higher secondary education.
- Inability to link education with the national and international markets.
- Inability to make effective monitoring of educational programs.
- Inability to make professional development of the players.
- Inability to mobilize youth power available in large numbers in the development of the nation.

Opportunities

The following opportunities have appeared in the education sector:

- Starting of the use of information and communication technology in education.
- Reforms made in Education Management Information System (EMIS).
- Increase in donor assistance in the implementation of the commitments made by Nepal in the international forum.
- Increase in interests/concerns among the schools and local communities on transparency, accountability, and responsibility.
- Increase in community participation in school management.
- Increase in partnership and collaboration between NGOs and the private sector.
- Notable participation of Nepal in the international forum on sports and success achieved as expected.
- National consensus and government's policy commitment to make basic education available free of cost.

4. Long Term Vision

The vision of the education sector is to ensure conscious, competent and productive citizens and human resources acceptable to the demand of the national and international market. This will be realized by ensuring democratic, inclusive, equitable and qualitative basic education in order to construct a prosperous, modern and just Nepal.

5. Objectives

The objectives for this Plan related to education and sports are given below:

- To make all the citizens literate by ensuring access to all and to provide quality and employment-oriented education.
- To make everyone experience the feeling of free and equal quality education with easily accessible basic education.
- To develop higher education in line with research oriented and competitive human resource production.
- To make all levels of education equitable and inclusive.

- To produce competent and disciplined youth power for the social unification of the country through the mobilization of sports and youth.

6. Quantitative Targets

In this Interim Plan, the expected targets related to the education sector is as presented below.

Table 2: Target Indicators Related with Education Sector

| Indicators | Status as of FY 2006/07 | 3 year Interim Plan target |
|---|----------------------------|-------------------------------|
| Literacy rate | | |
| a) Literacy rate (6+ age) | 63 | 76 |
| b) Literacy rate (15+ age) | 52 | 60 |
| c) Literacy gender equity index | 0.7 | 0.9 |
| Pre-primary and child development centre | | |
| a) Gross enrollment rate | 41.4 | 51 |
| Primary level | | |
| a) Gross enrollment rate | 138.8 | 104 |
| b) Net enrollment rate | 87.4 | 96 |
| c) Percentage of girl student | 48 | 50 |
| Lower secondary level | | |
| a) Gross enrollment rate | 71.5 | 75 |
| b) Percentage of girl students | 46.6 | 50 |
| Secondary level | | |
| a) Gross enrollment level | 56.7 | 60 |
| b) Percentage of girl students | 46.6 | 48 |

During the Plan period, the target is set to increase the number of community higher secondary schools from 535 to 875. In case of technical education and vocational training, 24,000 individuals will receive regular training, 15,000 short-term training and 6,000 foreign employment training. In case of higher secondary and higher education, the gross enrollment rate is respectively 30 from 23 and 8 from 6. In the same way, in case of youth and sports, 5,000 youth will be mobilized for community development, 6,000 in youth empowerment and social development and 1,000 sports teachers will be provided to the community secondary schools.

7. Strategies

In order to achieve the above objectives, the following strategies will be followed:

- Programs on literacy, post literacy, income oriented, and informal education useful for living will be conducted as a campaign focusing on the targeted groups, in particular, the women, *Dalits*, *Adibasi Janajatis*, *Madhesi* community, people with disability and those affected by the conflict.
- To make basic level education free, easily accessible and compulsory in a gradual way.
- To ensure access of all the Nepalese to education opportunity by adopting open education system.

- To establish the rights of all the citizens to free education upto the secondary level.
- To take the initiation for making school area a peace zone.
- To give the experience of equal quality education by fixing the minimum norms, skills, knowledge and learning achievement for quality education.
- To prepare and implement the action plan of basic education of equal standard for all and make it compulsory.
- To extend the school upgrading program.
- Special programs will be carried out for enhancing the performance of the teachers.
- To enhance the competence of the local bodies in the planning and management of education.
- Along with the adoption of the concept of “one university one development region”, autonomy will be granted gradually to competent campuses meeting the infrastructure needs, under the university.
- Autonomy will be granted to universities with the provision of comprehensive mobilization of research, institutional consulting services and physical means.
- To ensure access of the common people to higher education by establishing open university.
- To give emphasis on research system and development of open and remote education suitable for Nepal.
- Mobile facilitator will be arranged to run literacy program in a special way targeting the women, *Dalits*, *Adibasi Janajatis*, *Madhesi* community, people affected by the conflict and the persons with disability.
- Children-friendly environment will be developed in schools.
- To extend financial and other incentives like scholarships to ensure the enrollment and continuity of the target group in schools as well as in higher education.
- To provide scholarship, hostel facilities, fee concession etc., on a quota system to the target community in technical education and vocational training.
- At the local level, to ensure the educational rights of all females, males and children, by carrying out programs on reconciliation, rehabilitation, peace, conflict management, and psychosocial counseling service.
- To mobilize educated youth in the development of the nation through volunteer service.
- Sports and youth development programs and activities will be adjusted right from the school level.

8. Policies and Working Policies

- To conduct literacy program with the involvement of NGOs, local bodies, schools and the private sector by targeting the women, *Dalits*, *Adibasi janajatis*, *Madhesi* community, people affected by the conflict and persons with disability and those affected by conflict.
- To run literacy classes in order to enable qualified women and men in such a way as to provide services even at their doorstep.
- To mobilize political parties in literacy programs to carry out collaborative works with health, forest, cooperative, women development and other agencies.
- Community based child development centers will be extended as per demand giving continuity to their operation.
- In order to make basic education compulsory, network from the center to the local level will be established.
- In order to increase the enrollment rate and to decrease the drop out rate, scholarship, lunch and edible oil will be distributed to the targeted deprived community through the network.
- To provide education to children in their mother tongue and to adopt the trilingual policy.
- To implement the concept of at least one school in one village by mapping schools.
- To make traditional education provided by *Gurukul*, *Madarasha*, *Gumba*, *Ashram* equivalent to regular formal education levels.
- To fix the minimum learning condition for quality education.
- Priority will be given to adjust the targeted groups in the vacant posts by increasing the proportion of teachers from that group.
- To give continuity to in-service training based on competence in order to enhance the performance of teachers.
- An Education Development Fund will be formed after necessary preparation, in order to arrange special resources for the education sector.
- On the basis of local level education plan and school improvement program, arrangements will be made to make available lump sum grant directly to schools.
- To run refresher trainings for the revitalization based on demand for development training courses at the local level, in order to translate the learning of trainings into workings sites. Mechanisms for post training programs will be developed and strengthened.
- To increase access to higher education, to open ‘Open University’, and to encourage scholarship and subsidized student credit.
- To extend investment on the basis of a performance contract to technical education and vocational training, on the basis of PPP.
- In order to run a new university as a technical university, encouragements will be made to initiate the establishment of Science and Technology University.

- To make use of national and international scholarship and training opportunities on the basis of national priority.
- Youth parliament, exchange of youth experiences programs will be run.
- National mechanism with a view to engage youth and children in the process of preparing national policy and rules in a meaningful way will be prepared.
- To increase the participation of the children in academic processes by making them organized through youth and children clubs.
- To make arrangements for prizes and employment for players receiving medals at the international level.

Working Policy

- Educational management will be done in the pattern of federal decentralization in such a way as to make local bodies responsible in all the aspects of educational processes including education plan at the local level. These will be responsible for the grouping of schools, coordination, resource mobilization, operation, and preparation of guidelines and the fixing of quality targets. The school management committee will be responsible for the management and operation of schools.
- By giving emphasis on school based management, arrangements will be made to make them accountable to local bodies.
- Arrangements will be made to make economic and other works transparent by social auditing along with the making of schools autonomous and responsible for good governance, management, resource mobilization and quality promotion.
- Studies will be carried out on impacts on the education sector due to conflict and because of the reasons behind the conflict and measures to address these. Special attention will be given to solving the problems created for children due to the conflict, like mental stress, reduction in mutual goodwill and displacement, by incorporating different program reconciliation, mutual goodwill and peace in education programs.
- Recognizing the fact that youth women are likely to be more affected and suffer from the conflict, priority will be given to the solution of their problems.
- To work jointly with other different agencies for the re-establishment of the displaced.
- To adopt the concept of inclusiveness as a common policy in the implementation of programs. In order to achieve gender equity/equality in education, educational programs will be prepared to mainstream the issues related to gender.
- In the operation and management of schools, special attention will be given to the participation of the women, *Dalits*, *Madhesis*, *Adibasi Janajatis*, persons with disability, conflict affected and the

disadvantaged groups. Provision to fill in the posts of the teachers from these groups will be made.

- In order to increase the access of the women, *Dalits*, *adibasi janajatis*, *Madhesis*, youth and the poor groups on the basis of school enrollment, scholarships and other incentives will be provided. In addition to such facilities, loans will also be managed in case of higher education.
- Institutional capacity development program will be run for developing the competence of organizations and institutes and human resources of the offices of stakeholders related with education from the center to the local community level.
- In order to disseminate the achievement made in the education sector in an organized way, the use of communication technology will be emphasized. Information and communication technology will be institutionalized in the development of education.
- By giving priority to the backward regions, right from the school level, to start the use of information technology in education and management works.
- To make reforms on the current school grant system.
- To give emphasis to the overall development of education by improving the process related with expenditure, utilization and progress report.
- To make the national literacy program, and basic education accessible to all in an equitable way and free of cost.
- Secondary education will be run by local bodies in such a way as to make it available free of cost in accordance with the Interim Constitution. Further, policy for making any community or group willing to operate on a cost- sharing basis will be allowed.
- Investments on vocational education will be operated with a performance- based contract.
- Higher education will be made on cost sharing block grants. In the changed context, emphasis will be given to curriculum study materials, and reference materials, syllabus, development revision and implementation process in accordance with the outlines of the national curriculum for classes 1 – 12.
- In this work, gender, castes, and regional concerns will be given special attention. A system will be developed for regular gender, caste wise, and region wise auditing of the curriculum and course books.
- On the basis of the outlines, federal and local institutions will develop appropriate curriculum for their constituency respectively. In accordance with the concept of multiple course books, and other course materials their production and distribution will be enhanced with the involvement of the private sector.
- Community center education policy will be adopted to increase the access of education in all mother tongues.

- For ensuring the learning of local children in their mother tongues, school management committee will take the decision on the language medium of education in consultation with local bodies.
- To adopt the system of liberal class progress in order to ensure the learning achieved, fixed for classes upto seven, in a phase wise manner. While doing this, grading of the students will be done based on achievements. Provide support to the schools to develop the system of teaching-learning improvement in the schools so as to ensure minimum grade level learning of the students.
- By merging the current School Leaving Certificate (SLC) Examination Board and Higher Education Board, a National Examination Board will be formed. As regards to Class 10, the National Examination Board will grant certificates, and examination will be conducted according to decentralization at regional levels. As regards to class 12, preparation for the final examination will be managed and operated by national examination board.
- In order to make all levels of the examination system of high quality, a high level committee with the involvement of the concerned sectors will be arranged for.
- To integrate learning and achievements obtained from formal and informal ways with constructive and reformative evaluation and certification. General education and technical/vocational education open system will be adopted. On the basis of independent assessment system, the received reports will be the basis of curriculum reforecast.
- For the participation, transparency, accountability, work performance development, quality of service, control of authority abuse, and corruption control, institutional strengthening, social supervision etc., governance reform programs will be conducted on priority basis.

9. Main Programs

(a) Literacy, Post Literacy and Income Generating Programs

“Education for all” – national literacy campaign will be made effective by carrying out programs focusing on targeted groups and areas including disadvantaged communities, *Dalits*, disappearing adibasi janajatis, and women. Informal and income generating programs will be carried out after identification of their needs in order to make the campaign effective right from the first year of the Three Year Plan. Mobile facilitators will be prepared and working methods will be developed and gradually implemented. Under this, the following programs will be carried out:

- Literacy program of basic level will be run for 1,119,000 people.
- Literacy program will be run as a campaign in 600 VDCs having the village education plan.
- To provide basic literacy education program compatible with daily life for 20,000 people belonging to extremely marginalized and

disappearing *Adibasi Janajatis*, like *Kusunda, Bankaria, Raute, Surel, Hayu, Raji, Kisan, Lepcha, Kusbadia, Chepang, Bote, Barambu, Danuwar, Mushahar, Satar, Pahari, Halkhor*, etc.

- To run post literacy program for 794,247 individuals.
- To run educational programs for drop outs in 30 districts.
- To implement 129 community development learning centers.
- To use information and communication technology in literacy programs under five community study centers.

(b) Alternate School Education (distance education and open learning) Programs

In the context of school education, to ensure equitable access, all types of schools including open education, distance learning and alternate schools will be opened, merged and upgraded. Arrangements will be made for open schools under distance education and open learning, in order to enhance access of all types of children to school education. At the same time program for determining equivalence of knowledge will be run. The provision of certification will be arranged in the entrance to informal school education and open schools. Under this the following programs will be run:

- To run alternate education program in 15 districts.
- To ensure equitable access to education, open education and distance learning program will be run.

(c) Pre-primary Education/Early Childhood Development Center

Community-based child centre will be continued in the form of programs and extension will be made based on the demand. In order to increase the access of the children of primary age group, the operation of one-year pre-primary program in schools will be made comprehensive. Special arrangement will be made to implement, after adjusting the community based early childhood with the integrated program, with the identification of localities of *Adibasi Janajatis*, disadvantaged groups, women, *Madhesis*, disappearing castes and *Dalits*.

The main responsibility for operating the Community Child Center will lie on local bodies. Local bodies will mobilize local level organizations and institutes such as mother group, youth group, users' group, saving group etc. In cooperation with different government and non-government agencies, the following programs will be run:

- To establish 9,000 new pre-primary education/primary child development centers.
- 4,000 community-based early childhood development centers will be established making the marginalized *Dalits*, *adibasi janajatis*, *Madhesis*, disappearing *Adibasi Janajatis*, and *Dalits* after identification, compatible with daily life.

(d) Basic Education

Programs have been formulated in such a way as to make the concerned groups direct shareholders in educational opportunities and investments. The children belonging to these groups will be provided scholarships. Revision will be made in the scholarships now being provided and will be implemented accordingly. To ensure the right to primary education in mother tongue, appropriate programs based on demand will be extended. Under this the following programs will be run:

- To implement basic level, class 1-8 program, on an experimental basis.
- To provide scholarship on an annual basis to 790,000 children from *Dalit* families.
- To provide scholarships to 3,180,000 girl students.
- To provide scholarships to all girl students, i.e., 96,572 studying in community primary schools in the Karnali zone at the rate of Rs. 100 per student per month, for ten months.
- To give grant on a yearly basis to schools at the rates of Rs. 275, 300 and 325 per student in the Terai, hills and mountain areas, respectively, on the basis of the school improvement plan for 4,400,000 students.
- To provide daytime 'Tiffin' and edible oil to 1,680,000 students covering 26 districts including five from the Karnali Zone. To provide scholarship to 32,400 students with physical disability, included in the education program.

(e) Secondary Education

In order to increase the access to secondary education program, giving free education upto the secondary level will be implemented with priority. Further, for this, special programs will be operated. Based on school mapping, access to secondary education will be extended, under this the following programs will be run:

- To implement class 9-12 program at the secondary level on an experimental basis.
- To provide scholarships to 180,000 students (two thirds girls) studying at the secondary level at the rate of Rs. 1,700 per year.
- To provide a grant equivalent to the salaries of two teachers for 2,279 communities' higher secondary schools running Class 11 and 12.
- Karnali Zone Special Programs:
 - To provide grant to schools at the rate of Rs. 500 per student for providing free education to 48,978 students studying at community secondary schools.
 - To provide scholarships at the rate of Rs. 150 per girl per month for ten months to all the girl students, i.e., 14,282 girls studying at community lower secondary and secondary schools.

- To provide grant equivalent to the salaries of four teachers for 60 community higher secondary schools with running of Classes 11 and 12.
- To provide scholarship to the maximum number (9,600 girl students) among the girl students studying in Classes 11 and 12 in the community school for adibasi janajatis in such a way as to include 20 percent intelligent students, 20 percent *Dalits*, 20 percent from the disadvantaged groups, 20 percent from the adibasi janajatis and 20 percent from the economically weaker groups.
- To provide special scholarships to 1,500 students from the disappearing *Adibasi Janajatis* studying in community secondary schools. To provide a grant at the rate of Rs. 500/- per student to the school in order to lower secondary and secondary education fee for all students, i.e., 417,159 from *Dalit* families.
- To provide scholarships to 4,770 students with physical disability studying at the lower secondary level.

(f) Technical Education and Vocational Training Programs

Technical education and vocational training programs based on local resources and means will be carried out in order to produce lower and mid-level skilled technical human resources. Program to establish skill-training centers based on demand through community organization and local cottage and skill development center in community and private sector partnership, will be run. Likewise, in order to raise the quality, training to technical education related people and technical trainers, will be given on a continuous program basis. Likewise, short-term training will be given, targeting those with basic education and those youth willing to go for foreign employment.

Income oriented vocational training program will be carried out in an intensive way by identifying location of women, *Dalits*, adibasi janajatis, people with disability, marginalized groups, *Madhesis*, conflict affected people, people displaced due to the conflict and disadvantaged groups.

Training program schemes will be developed and implemented with investment partners based on demand of the industrialists willing to operate industries matching with the conditions of the country. Higher-level education opportunities will be created after certifying rational skills. Under this the following programs will be run:

- On the regular side 24,000 people will be provided training.
- Short-term training will be given to 15,000 people.
- Annex program will be started in 30 schools.
- The program for skill certification of 4,500 people will be completed.
- Scholarships in technical education and vocational trainings will be provided to 1,200 individuals from women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, persons with disability, the poor, conflict-affected people, displaced people, and disadvantaged groups.
- Skill training will be provided to 42,640 individuals for employment.

- Training based on demand will be provided to 6,000 individuals for foreign employment.

(g) Higher Education

Programs to improve the quality of higher education will be conducted along with making higher education easily accessible. Policy to offer graduate and post-graduate studies in universities will be adopted. Emphasis will be given to the monitoring and evaluation of universities along with the implementation of accreditation programs for the legitimization of universities. Programs to mobilize students of post-graduate levels in community development services will be launched. Programs will be launched to provide scholarships, free studentship and student's soft loans to the talented students who are deprived of higher education due to economic reasons. Program to establish one university in one development region will be launched along with the conducting of feasibility studies on agricultural university and technical university

- Provide scholarships to 12,600 girls for higher education.
- Distribute loan and grant to 4,500 students from the deprived groups, to provide autonomy to six affiliated campuses under the Tribhuwan University. Establish Open University and operate it.
- Grant autonomy to six campuses under Tribhuwan University.
- Establish and run Open University.
- Enhance physical and educational capacity of 10 campuses with community affiliation.
- Make provisions for grant to three small universities based on formulas.

(h) Quality Development in Education

Along with the running of leadership development programs for guardians, teachers, members of the management committee and teacher and guardian organizations, representatives of local bodies and educational managers, educational awareness programs will be operated. Teachers training and teaching permit, and computer literacy at all levels of school education will be provided. Teaching of information and communication related subjects at the school level, capacity enhancement of teachers working in higher education will be ensured. Moreover, long and short-term trainings will be given to staff working at all levels under the ministry. The occupational network of teachers will be developed and used, as a monitoring mechanism for school level education. Educational Management Information System (EMIS) will be developed from the local level. The institutional development of educational research system will be done at all levels of education for quality enhancement.

Libraries will gradually be established in community schools. Programs will be implemented to encourage local bodies and organizations to open and run libraries in different educational institutes in the backward regions. Indicators including minimum norms for quality and learning achievement measurement will be developed and implemented. After developing indicators, equivalence programs will be launched to transfer from informal education to formal education.

Further, the examination, monitoring and supervision system will be made effective.

In order to make school education useful for living and relevant, curriculum and books will be prepared on the basis of the national curriculum outline. Programs for the capacity enhancement of users will be launched to create awareness against discriminatory social structure, to create gender and caste based awareness, to form equity oriented society, etc., which will be included in local curriculum development and implementation. Under this the following programs will be operated:

- Revise, develop and create awareness about the curriculum and study material (including in mother tongue), in the changed context.
- Provide orientation to 90,000 individuals for the preparation of local curriculum and teaching materials.
- Establish one Resource Center for study and research on curriculum and teaching materials.
- Provide short-term and long-term training to 280,523 teachers at the school level.
- Provide management training to 18,885 individuals.
- Conduct demand based teacher training.
- Launch programs to enhance institutional capacity.
- Establish education prize fund.
- Develop education research system.

(i) Sports Development Program

Program to produce competitive players upto the level of international standard, by integrating sports and extra curricular activities from school to higher education. For each and every secondary school, one sports teacher will be provided. In order to bring about professionalism in sports, prizes will be arranged to encourage players along with capacity enhancement programs. Under this, the following programs will be carried out:

- Arrange 1,000 sports teachers in the community secondary schools from women, *Dalits*, backward groups and castes, *Janajatis*, *Madhesis*, conflict affected and displaced groups.
- Programs like promoting sports tourism will be carried out.
- Capacity development and encouragement programs for the players will be conducted.

(j) Youth Development and Scouting Program

In the changed context, by making the youth actively participate in social development of the country for social transformation, through timely relevant youth development policy. To this end, programs like youth auditing, youth parliament, youth experience exchanges, and volunteer mobilization will be carried out to raise their living standard. In addition to this, the following programs will be launched:

- Youth empowerment program for 5,000 youths will be run.

- Programs will be implemented to involve 1,000 youths from women, *Dalits*, those with physical disability, backward groups, *Janajatis*, *Madhesi*, and conflict affected and displaced, in the social development and construction works.
- Youth auditing program will be launched.
- Mobilize 5,000 youth volunteers in the youth parliament, the youths experience exchange and in the community development programs.
- Program to integrate scouting from the school education will be launched.

(k) Physical Construction and Reconstruction Programs

Program related to physical works will be made user-friendly. Likewise, schools, resource centers, district education offices, educational training centers, regional education directorates, and other institutes damaged by the conflict will be repaired, improved and reconstructed. Under this the following programs will be carried out:

- Construct 18,000 classrooms.
- Construct 120 inclusive resource classes.
- Establish 28 evaluation centers.
- Construct 12,000 toilets.
- Provision of drinking water facility in 12,000 schools.
- Rehabilitate 9,000 schools.
- Construct three residential mountain/remote hostels for the women, *Dalits*, backward classes, castes, *Janajatis*, conflict affected and displaced groups.

10. Expected Outcomes

The expected outcomes in the education and sports sector are given below:

- Overall educational indicators of the country will be improved with the increasing number of schools and higher educational institutions.
- Improvements in the living standards of the people of the remote areas, women, *Dalits*, *Madhesi* community, with the increase in services to them.
- Education will be local needs based and employment oriented.
- Education programs operated based on the concept of regional balance.
- Structure of educational institutes reformed.
- Examination system reformed.
- Quality improved after the transfer of schools to communities, due to improvements in the management.

11. Assumptions and Risks

Assumptions

In order to achieve the predetermined objectives with the implementation of strategies, policies and programs of the Plan related to education and sports, the following assumptions are made:

- All party understanding maintained in the policy programs of the proposed 'education for all' action plan and program of higher education projects.
- Continuity and increment in the additional expected support, in the commitments made for support at present, in the education sector.
- Continuation of cooperation from the teachers and staff while providing autonomy to the educational institutions those are at present under the T.U.

Risks

- There is a risk of long-term effect on the expected expenditure by a high increase in expenditure due to career development and facilities of teachers of the higher secondary level education, for the achievement of objectives in the higher education sector.

12. Budget Estimate

The total estimated budget for the Interim Plan at 2006/07 constant prices are given below:

Table 3: Total Estimated Budget

| S.No. | Program | (Rs. In million) | Total Budget |
|-------|---|------------------|---------------|
| 1 | Literacy and income-generating program | 945.0 | |
| 2 | Alternate school education (remote education and open learning) program | 5.2 | |
| 3 | Pre-primary education/early childhood development | 1,310 | |
| 4 | Primary education | 9,990 | |
| 5 | Secondary education | 1,180 | |
| 6 | Technical education and vocational training | 820 | |
| 7 | Higher education (including second higher education project) | 8,240 | |
| 8 | Quality development in education | 7,120 | |
| 9 | Sports development program | 40 | |
| 10 | Youth development and scouting program | 49.80 | |
| 11 | Physical works and reconstruction programs | 5,650 | |
| | | Total | 35,350 |

13. Implementation, Monitoring and Evaluation

In order to make the implementation of this plan effective as well result-oriented, the following reforms in institutional, legal and policy aspects will be made:

Institutional Framework Development

The following institutional reforms related to education will be carried out:

- Education policy formulation committee to be made active.

- A research council will be formed with the involvement of the academic group for the enhancement of quality in higher education.
- Capacity of National Center for Educational Development will be enhanced to develop it as an institute for human resource development.
- Initiation will be taken to conduct examinations of class XI and XII under the Higher Secondary Education Council and that of class X under the Examination Control Office, by one integrated agency.
- Equivalence Accreditation Council will be formed under the University Grant Commission for quality assurance and accreditation.
- Institutional reforms will be done for grant distribution among higher educational institutions on the basis of a formula.
- Develop Regional Educational Directorate as an agency for monitoring and running the Class X examination.

Reforms Related to Legal Aspects

The following legal reforms related to the education sector will be carried out:

- Reforms will be made on seven Acts and Regulations related with education to make structural and functional adjustments in the education sector and to support the implementation of the school sector reform program.
- Free and compulsory basic education will be brought under the scope of rules.
- Transparency will be maintained, by making legal provisions of account audit, social audit and performance audit.

Reforms on Policy Framework

In this Plan, the following policy reforms related to education will be carried out:

- In order to bring reforms in education learning activities, school-based teacher training and user-friendly curriculum development program will be strengthened.
- Arrangements will be made to provide allocation directly to schools by making reforms on grant system.
- In order to form the School Education Framework for classes I-XII by maintaining basic education of classes I-VIII and secondary education of classes IX-XII, school sector reform program will be prepared and gradually tested as a pilot study.
- In order to ensure access to education, open and remote education system will be expanded.
- Minimum learning norms for quality education will be determined and communication for education strategy will be implemented.

14. Monitoring and Evaluation

The following provision will be made for monitoring and evaluation related to education in this Plan:

- Collaborative with local bodies, NGOs, civil societies, teachers union and institutional schools to make reforms on monitoring, evaluation and supervision systems.
- Develop mechanisms for strengthening inspection, supervision and monitoring works from the centre to school level in order to ensure the quality of school education.
- In order to obtain quality and equity oriented education, sectoral programs, responsibility and accountability will be devolved to the local bodies.
- Strengthen educational management information system.

Chapter: 20

HEALTH

1. Background

Good health is an important asset for every citizen to improve living standard. Healthy human resources are essential for an overall development. "Health as a fundamental right of the people" is a globally recognized value, which is also incorporated in the Interim Constitution of Nepal, 2007. This indeed is a historical manifestation of the state's responsibility towards ensuring the citizens' right to health. In line with the concept of social inclusion, the present Plan focuses its attention on the need of ensuring access to quality health services to all citizens, irrespective of the geographic regions, class, gender, religion, political ideals and socio-economic status they belong to. It is believed that with good health the living standard of the people will improve and thereby contribute to the cause of poverty alleviation and economic prosperity.

2. Review of Progress under the Tenth Plan

Following the advent of a planned development process, particularly in the past 16 years, policy, functions and institutions of public health, medicine and population management, and the quality of health services have continued to improve. People's access to these services is also increasing. Additional contribution to health services is also being made by the private and non-government sectors, after the policy of involving them was adopted.

According to the policy of decentralization and devolution, health services have also followed suit. To date, management of a total of 1,433 health agencies (sub-health posts, health posts and primary health care centers) of 28 districts have been handed over to the local bodies. National capacity to produce health human resources at all levels has been developed. The financial and technical contribution of the donor community has played a positive role in the development of the health sector. The role being played by the women health volunteers, particularly in rural communities stands as a distinct example of the people's participation in the delivery of health services.

In the field of child nutrition, significant results have been achieved. Between 2001 and 2007, the percentage of stunting children decreased from 57 percent to 49 percent, and that of wasting (weight to age) dropped from 43 percent to 39 percent, as did the infant mortality rate. Average life expectancy has increased. Despite this positive picture on the whole, health conditions of the people of remote districts, those living below the poverty line and marginalized groups, are less positive. The table below shows the situation:

| S.No. | Health Indicator | Tenth Plan Target | Status by 2006 |
|-------|--|-------------------|----------------|
| 1. | Availability of Essential Health Services (%) | 90 | 78.83** |
| 2. | Availability of prescribed essential drugs at selected health institutions (%) | 90 | 93.3 ** |
| 3. | Women receiving 4 times pre-natal care | 18 | 29.4* |
| 4. | TT vaccination to women (age 15-44 yrs) (%) | 50 | 63* |
| 5. | Delivery attended by trained health workers (%) | 18 | 19* |
| 6. | Contraceptive prevalence rate (%) | 47 | 44.2* |
| 7. | Condom users for safer sex (14-35 year age) (%) | 35 | 77* |
| 8. | Total fertility rate (15-44 year age women) (%) | 3.5 | 3.1* |
| 9. | Maternal mortality ratio (per 100,000) | 300 | 281* |
| 10. | Neo-natal mortality ratio (per 1000 live birth) | 32 | 34* |
| 11. | Infant mortality ratio (per 1000 live birth) | 45 | 48* |
| 12. | Child mortality ratio (per 1000 live birth) | 72 | 61* |

* Demographic and Health Survey, 2006

** Annual Report, 2005/06, Department of Health, 2007

3. Problems, Challenges and Opportunities

Problems

- Lack of skilled human resources and problems in their mobilization to health centers.
- Centralization of general and financial administration.
- Very slow pace of decentralization process.
- Inadequate supply of equipment and drug.
- Political interference in management.
- Weak supervision.
- Lack of physical infrastructure and inadequate repair and maintenance of physical infrastructure.

Challenges

- Improvement of the physical infrastructure of health institutions.
- Delivery of equal health services to the people belonging to various cultural/gender, geographical regions and social status.
- Revision of outdated legal provisions
- Increase government expenditure in health sector.
- Timely use of financial resources provided by the donor communities and regulating the private sector.
- Problems related to the conflict victims, especially those suffering from mental disorder, disabilities, and economic hardship.

Opportunities

- Constitution recognizes that health is the citizens' right.
- Health institutions have been extended to VDC.
- Decentralization policy implementation is underway.
- Private sector's involvement to a considerable extent is noteworthy

4. Long Term Vision

The vision is to establish appropriate conditions of quality health services delivery, accessible to all citizens, with a particular focus on the low-income

citizens and contribution to the improvement in the health of all Nepalese citizens.

5. Objective

The main objective is to ensure citizens' fundamental right to have improved health services through access to quality health services without any discrimination by region, class, gender, ethnicity, religion, political belief and social and economic status keeping in view the broader context of social inclusion. The constituent elements of such an objective are:

1. To provide quality health service.
2. To ensure easy access to health services to all citizens (geographical, cultural, economic and gender).
3. To ensure enabling environment for utilizing available health services.

6. Quantitative Targets

| S.No. | Health Indicator | Status by 2007 | Three Year Plan Target |
|-------|--|----------------|------------------------|
| 1. | Access to Essential Health Service (%) | 78.83** | 90 |
| 2. | Availability of prescribed essential drugs at selected health agencies (%) | 93.3** | 95 |
| 3. | Women receiving 4 times pre-natal care | 29.4* | 40 |
| 4. | TT vaccination to women (age 15-44 yrs) (%) | 63* | 75 |
| 5. | Delivery attended by trained health worker (%) | 19* | 35 |
| 6. | Contraceptive prevalence rate (%) | 44.2* | 53 |
| 7. | Condom users for safer sex (14-35 year age) (%) | 77* | 85 |
| 8. | Total fertility rate (15-44 year age women) (%) | 3.1* | 3.0 |
| 9. | Maternal mortality ratio (per 100,000) | 281* | 250 |
| 10. | Neo-natal mortality ratio (per 1000 live birth) | 34* | 30 |
| 11. | Infant mortality ratio (per 1000 live birth) | 48* | 44 |
| 12. | Child mortality ratio (per 1000 live birth) | 61* | 55 |

* Demographic and Health Survey, 2006

** Annual Report, 2005/06, Department of Health, 2007

7. Strategies

The strategies are as follows:

- Upgrading of sub-health posts to health posts, and in the electoral constituencies, where there is no primary health center primary health care centers will be established.
- Public health promotion will be focused on through public health education.
- Public health related preventive, promotive and curative programs would be implemented according to the principle of primary health care services. Accordingly, essential health services will be extended.
- Inter linkages between Health Profession Education, treatment and public health services will be strengthened as part of the health sector management for making health services pro-people and efficient.

- District health system will be operated as an integrated system and the referral system will be further promoted.
- Management of human, financial and physical resources will be made more effective in order to upgrade the quality of health services being provided by the private, government and non-government sectors.
- Quality drugs will be made available at reasonable prices and in adequate quantity, with proper pharmacy services throughout the country.
- Special attention will be given to health improvement of the economically and socially disadvantaged people and communities.
- A policy to deal with NGOs, the private sector, community and cooperatives will be prepared and implemented.
- Various health services will be provided from one place in a coordinated way.
- Decentralization process will be strengthened as an integral part of community empowerment.
- Ayurvedic and other alternate health service systems will be developed and extended.
- Tele-medicine service will be established and extended.
- Mobile health service camps with specialized services will be launched for the benefit of the marginalized, poor, *Adibasi Janajati*, the *Madhesi* and Muslim communities.
- Free and basic health services, and other health provisions will be brought into practice and in every health institution, a citizens' charter will be placed in a distinctly visible manner
- Services currently in operation for the benefit of the victims of conflict, who are afflicted physically, mentally and with sexual violence, will be continued with more effectiveness in cooperation with NGOs, civil societies, and professional bodies.
- Communicable disease control programs will be continued with added emphasis to the problems of drug addicts, and control of HIV/AIDS. Measures will be developed for the prevention and cure of non-communicable diseases like cancer, cardio-vascular, and mental diseases. Necessary preparedness will be put in place to cope with the possible outbreak of dangerous diseases like dengue, bird-flu, etc.

8. Policies and Working Policies

Essential and Basic Health Services

- Sub-health posts will be upgraded gradually to health posts as per need on the basis of population density and geographical remoteness. Health institution of electoral constituencies, if there is no primary health care center, will be upgraded to primary health care center.

- With special focus on the health promotion need of the socially and economically disadvantaged people; women, *Adibasi Janajati*, *Dalit* and *Muslim* communities, senior citizens and the persons with disability; health improvement measures will be taken as part of the efforts towards fulfilling and improving the citizens' right to free basic health services.
- Arrangements will be made to benefit the people of neighboring districts from free beds in the government and private teaching hospitals. In addition, measures will be taken to provide free or concessionary health services from the private hospitals and health teaching institutions, to the people of selected areas.
- Special attention will be given to increase the access of the people of Far-western, Mid-western development regions and marginalized areas to health services by developing physical infrastructure, and by managing health human resources.
- Under the basic health services principles, preventive, diagnostic, promotive and curative health services will be continued, with additional emphasis on surgery, safe motherhood (reproductive and sexually transmitted diseases, uterus collapsed, etc.) and communicable disease control.
- Under the child health program, immunization and nutrition components will be promoted with special efforts.
- Gynecologists in the district hospitals will be gradually provided.
- Urban and geriatric health services will be initiated.
- To provide health services (including *Aurvedic* and other alternate health systems) to people in their own choice in district health institutions and health institutions under them; human resources will be mobilized in a coordinated way for the national programs.
- Country-wide eye treatment services being provided by the non-government sector will be continued and facilitated for further coverage.

Health Sector Reform and Infrastructure Development

- Hospital based services will be gradually improved and extended.
- Health science education, treatment and public health services will be interlinked and strengthened to make health services more effective, pro-people and efficient.
- Policy of requiring MBBS passed doctors under the government scholarship program to serve at least for 2 years in the health posts, or district, zonal or regional hospitals, as posted by the Ministry of Health and Population, will be enforced more effectively as a precondition for getting the license of the Nepal Medical Council license.
- The organizational structure of health posts will be reviewed and the health staff readjusted as necessary, and the drugs, equipment and other requisite facilities will be provided.

- In the central, regional and zonal hospitals, there will be provision for operating their own pharmacy.
- District hospitals will be developed and equipped as referral hospitals for the district based health institutions with adequate physical infrastructure, beds, human resources and necessary drugs and equipments.
- As a policy, high-income hospitals will be made autonomous after their review, and the resources now being provided by the government will be reallocated to the backward areas.

Public-Private Partnership

- A policy of health sector management with private sector partnership will be initiated.
- Policy will be made clear and effective in order to enable the government, NGOs, private and cooperative sectors to establish, manage and operate health institutions. Further, to provide quality health services through such institutions, human resources, financial and physical resources will be adjusted and managed in an effective way. Regulatory mechanism will be developed and adopted to make service delivery and management effective.
- Non-profit organizations will be encouraged to operate community-based hospitals.
- After a study on the private sector's contribution to the health sector, a policy of public-private partnership as appropriate will be developed and necessary program will be implemented.

Decentralization of Health Institution Management

- There will be a coordination committee formed at the central level for an effective management of health institutions.
- The competence of the community in the operation of institutions will be gradually enhanced by making functional analysis of the health institutions.
- The district health services will be operated as an integrated system, as per the concept of decentralization in order to enhance access of all people (socially and economically marginalized communities, women, *Adibasi Janajati*, the *Muslim* community, senior citizens and the persons with disability) to basic health services.
- Operation and management committees of the health institution will be given orientation training to fulfill their roles.
- Hospitals will be gradually made autonomous.
- Supervision, monitoring and progress review will be done at the central and regional levels without external interference.

Drug Production and Community Drug

- Quality drug production within the country, according to the WHO prescribed GMP process, will be promoted to minimize drug import and ensure their distribution at fair prices.
- Mechanisms to extend community drug programs will be promoted to provide health services based on cooperatives. A health insurance scheme with the participation of local communities will be managed to provide such coverage to a larger number of families.

Health Research

- The National health research policy will be reviewed and a research system will be developed and extended, according to the essential national health research concept.
- Health research system development and extension will be encouraged with the support of necessary resources.
- With the initiative of the Health Research Council, priority will be given to health system research, health financing research, *Ayurvedic* research and public health research. An effective process of utilizing such research outputs in the preparation of policy and strategy will be established.

Health Service Technology Policy

- There will be a health equipment repair and maintenance center established in each of the five development regions, for the use of health institutions.
- Reconstruction of damaged buildings, routine repair and maintenance of health equipment of various health institutions at the district levels, will be carried out effectively by improving the management of the district-based institutions. New construction, and repair and maintenance of staff quarters in the remote areas will be done on a priority basis. All such works will be carried out on the basis of an inventory of the physical infrastructure.
- A fair pricing will be entrusted in a joint participation of the private sector, the drug manufacturers and the Ministry of Industry and Commerce to increase access of essential drugs.
- Global tender will be called for generic drug procurement. No drugs near to their date of expiry and under-standard will be procured.
- Legal provisions, as required to comply with the international convention on intellectual property rights will be made, to better utilize such opportunities.
- According to the requisition system now being followed for the supply of basic drugs, a policy of local procurement of basic quality drugs will be followed.
- To improve the drugs and equipment supply system, funds now being made available to the health institutions will be augmented as necessary.

- Strategy will be implemented to ensure the adequate supply of items required for post-natal care, safe abortion, emergency contraceptives and family planning.

9. Programs

Special Health Services Program

- The existing free indoor and emergency services in district hospitals of up to 25 beds for the poor and helpless people will be gradually extended to all sub-health posts, and health posts. Free outdoor patient service will be provided to the people of the Karnali zone and the Far western region, including 35 districts under the poverty alleviation program with due priority.
- Social help program will be established and extended from zonal hospitals to the central hospitals for the benefit of helpless patients.
- National rehabilitation center will be established to provide better health services like treatment for internal conflict victims, suffering from physical and mental disorder and artificial organ donation. For this, a separate fund will be managed in partnership with NGOs.
- In coordination with professional organizations, especially health service camps, free of cost treatment will be launched, particularly for the benefit of the poor people of the Far western region, and the Karnali areas of the Mid-western region.
- Seti Zonal Hospital will be upgraded to a regional hospital. At Tulsipur, Rapti Zonal Hospital will be built.
- Jumla hospital of the Karnali zone and Banglung Hospital of the Dhaulagiri zone will also be upgraded to zonal hospitals.
- For the treatment and control of reproductive, sexually transmitted infections and uterus collapse problems, there will be a uterus collapse control program unit under the family health division leading to the development of a national level program.
- A coordinated program of blindness and sight deficiency will be launched for an effective implementation of the disability control and alleviation program by assessing the status.
- The existing higher body will be restructured to a national level coordination committee for better coordination of "Vision 2020: The Right to Sight."
- For the rehabilitation of paralyzed and other persons with physical disability, community based rehabilitation programs will be promoted in cooperation with the community and NGOs.
- In the village development committees of the Karnali region, only local persons will be trained as auxiliary nurse mid-wife and will be employed.
- The community health insurance program will be reviewed and extended gradually to other districts as well. In such districts, doctors, nurses and other health workers (including those working in

the Karnali zone and Far-western region) will be included in the community health insurance program as incentives.

- In the districts where Community Drug Programs are being run, the coverage will be extended to the sub-health posts. Necessary guidelines will be prepared and adopted to widen the security network.
- Grants will be made available at the rate of Rs. 50,000 in each VDC to establish a Female Community Health Volunteer (FCHV) Fund in order to make their role more effective by encouraging female health volunteers. There will be a clear-cut policy and program for the proper utilization of the Fund. Initiatives will be taken to fill in the FCHV vacancies occurring due to the retirement of the existing FCHVs at the age of 60, or otherwise by recruiting persons belonging to the marginalized groups and *Adibasi Janajati*, *Madhesis*, and Muslims. If the designated area to be covered by one volunteer happens to be too big to cause difficulties in providing service, work area will be determined in such a way as to make it manageable.
- A process to open bridge course operating clinics will be initiated to upgrade the skills and knowledge of the community based and already trained auxiliary nurse midwives, staff nurses, auxiliary health workers and so on, who are providing primary health care services.
- With the start of tele-medicine in the district hospitals, they will be equipped with computers and email/internet connections. To launch such a program, a committee of representatives of medical colleges, the National Health Research Council and specialists as responsible focal point will be formed in the Ministry or Department.
- In coordination with the ministries of Physical Planning and Works, Transport Management and Home, the Ministry of Health will set up and manage a special mechanism to prevent highway accidents and injuries. The Ministry of Health will also coordinate others to arrange highway patrols. Health institutions located near the roads will be kept fully prepared for the treatment of people injured in accidents and arrangements will be made to refer the seriously injured persons to higher level health institutions.
- A National Health Development Council, chaired by the Minister for Health and Population and consisting of a member of the Health Committee of the Legislative Parliament, representatives of the National Planning Commission, and other ministries, and specialists of various health disciplines, will be formed to provide guidance from the higher level for health sector development.
- For geriatric care, the health related data of the senior citizens will be updated; a public awareness program will be launched; and a special health package will be brought into practice. In the central level hospitals, a geriatric specialized unit will be established for the

diagnostic services, and coordinated with the geriatric unit being developed in the Civil Service Hospital including provision for other necessary assistance.

Regular Program

Safer Motherhood and New-born Child Health Program

- Basic obstetric care will be available at health institutions down to the level of primary health centers. The maternity services will be provided by the health posts and sub-health posts, provided that they are equipped with necessary infrastructure and health human resources. For the Comprehensive Emergency Obstetric Care (CEO), physical infrastructure in various additional hospitals will be developed. Proper neo-natal care and health services will also be delivered by such hospitals. Until the skilled birth attendants are available trained health workers with general training will be further trained to provide delivery services.
- Safe motherhood promotive program, life security program and skilled birth attendant program will be conducted effectively. For this, the private sector and NGOs will also be involved.
- Safe abortion service will be made available in all the districts.
- In the 25 poverty alleviation program operating districts, Maternity and Neo-natal Care Fund will be established with the appropriate operation manual.
- To operate the Youth Reproductive Health Service Program up to the village level, rural clinics will be strengthened by mobilizing the local bodies and other organizations.
- A study will be conducted on the gender-based violence and injuries caused to women. Based on the study, a gender orientation strategy will be prepared and a program will be launched in coordination with the concerned stakeholders.

Child Health Program

- A national child health program will be prepared and launched effectively.
- Expanded program of immunization and polio eradication programs will be conducted effectively by upgrading the quality of the service. Additional effectiveness measures for polio eradication will be taken up. Some new immunization campaigns like combined measles, mumps/rubella will be launched in the selected districts.
- The Community Based Integrated Management of Child Initiatives (CB-IMCI) will be reviewed and extended to all the 75 districts within 3 years. The quality of diarrhea and respiratory diseases treatment services will be enhanced with the increasing of access.

Communicable Disease Control Program

- **Tuberculosis Control:** DOTS program coverage will be extended to all the 75 districts with the joint initiatives of the government, the private sector and NGOs. People's participation will be mobilized to establish clinics and to search the patients. Integrated and coordinated programs for HIV/AIDS and tuberculosis control will be conducted.
- **Sexually Transmitted Infection and HIV/AIDS Control Program:** AIDS control requires a multi-dimensional approach. Programs will be conducted through the engagement of Regional Health Directorates, District Public Health Office, and District AIDS Coordination Committees Primary Health Care Centers, health posts, sub-health posts down to Female Community Health Volunteers. A semi-autonomous body will be established for the wider and effective coverage through monitoring and evaluation works in coordination with the concerned ministries, other government agencies, donor communities and NGOs. Existing anti-Retroviral drug treatment centers will be extended and necessary medicines will be distributed free of cost to HIV/AIDS infected and patients of sexually transmitted diseases. The national coordination system will be further strengthened and made participatory.
- **Leprosy Control Program:** For the eradication of leprosy, the current program will be conducted more effectively. Mobilizing NGOs for an early identification of such patients will be emphasized, along with the rehabilitation and multiple drug treatment of the patients.
- **Malaria Control Program:** Emphasis will be given to the programs such as the strengthening of the laboratory, spraying of insecticides in the most affected areas, promoting the use of insecticide-treated mosquito nets (*Supanet*), and treatment after the testing of doubtful cases. Research will be continued to reduce the drug resistance. Community participation will be mobilized for the behavioral change program.
- **Yellow Fever Control:** Medical treatment of patients and routine and focal spray programs will be continued. Community help in patient identification and management will be mobilized. A social awareness campaign about the preventive measures and health education will be launched. Study of new drugs and disease transmitting parasites will be conducted.
- **Japanese Encephalitis Control:** Programs such as behavioral change communications (BCC), surveillance, supply of necessary drugs, diagnosis and treatment, disease infection risks minimization, mapping of risk-prone areas and the people, and strengthening of the drugs procurement system will be launched. Effective control measures will also be included in the routine district vaccination program.

- **Disease Surveillance Program:** Surveillance network for the polio and vaccination resistant diseases is well established now. This network will therefore, be activated to save the people from other kinds of communicable diseases and epidemics.

Newly Emerging Infectious Disease Control Program

- As Dengue has started to appear in Nepal also, sanitation, mosquito control and health education programs will be conducted with the help of municipalities.
- Measures will be adopted to prevent Avian influenza, which is highly communicable and fatal, from entering Nepal, in coordination with the Ministry of Agriculture and Cooperatives.
- A well-equipped laboratory will be established for disease investigation. Intensive care units will be strengthened for the treatment of patients, and appropriate preventive measures will be taken.
- **Life style-based Disease Control Program:** There are about 805 kinds of diseases identified as avoidable if the right food, physical exercise and healthy life style practices are followed. To this end, following steps will be taken:
 - An integrated strategy for the control of lifestyle based non-communicable disease control will be prepared.
 - Steps towards completing the legal provisions and an appropriate policy to implement the Nepal's commitment to the international declaration on Tobacco control will be initiated.
 - Cigarette and alcohol taxes will be increased and the revenue so realized will be spent on public health programs.
 - In order to inspire the youth for sports and a healthy life style, technical backstopping and other relevant facilities will be provided to the government agencies and NGOs involved in sports medicine.

School Health Program

- Health education will be made compulsory at the school level. MoHP will coordinate to include health related facts and figures in the text books.
- Necessary measures will be taken to make the peer education more effective.
- Coverage of the school immunization program now operating in 24 districts will be extended to 20 more districts.
- To promote environmental sanitation, measures will be taken for students to be required to pay special attention to the habit of pure drinking water and sanitation.
- In all the schools of the district, necessary measures will be taken to examine mouth, teeth, eyes, ears and malnutrition, and curative services as necessary, will be provided.

- To make the health services fairly available to the students, feasibility of insurance will be studied and appropriate schemes will be operated gradually with the participation of NGOs and professional agencies.
- To prevent unsafe sexual relations, tobacco use and other drug habit related diseases and mental tensions, school health education program will be extended in an effective manner through the National Health Education, the Information and Communication Center.

Oral Health Service

- Cases of oral cancer and dental diseases are on the rise and there exists the potential for more complicated problems in the future due to changes in the life style. To meet such exigencies:
 - Oral disease examining service will be extended down to the community level and the health worker will be trained in the related skills.
 - Public awareness about oral hygiene, examining and treatment services, will be extended down to the community level through camps by coordination with the dental and medical colleges, hospitals and such other agencies.
 - District-wide public awareness campaigns will be launched and treatment services will be provided by posting one dental surgeon in every district hospital.

Implementation of Integrated Health Information System

- In the health management information system, there will be a provision of mentioning the ethnic group and gender identification.
- Health related facts and figures of the private sector, NGOs, and others at central, district and local level will be compulsorily included in the integrated information system.

Ayurved and Alternate Medical System

- Ayurvedic and alternate medical services units and the units functioning in the regional health directorates will be made more effective.
- According to the National Ayurved Health Policy, 2052 (1995), there will be 30 bedded regional Ayurvedic hospitals in the Western and the Far-Western regions in the coming 3 years. Initiatives will be taken to establish 30 Ayurvedic dispensaries every year.
- Effective measures will be taken to enable the *Singh Durbar Vaidyakhana (Ayurvedic medicine center)* Development Committee to manufacture quality, safe and effective Ayurvedic drugs in adequate quantity.
- Appropriate programs will be prepared to cater to the wider interest of the people for the economic development including medicinal herb cultivation, promotion of related technology, Yoga, production skills,

preservation of written and unwritten traditions of the concerned people (self motivated users, herb collectors, professionals, and researchers).

- To develop *Ayurvedic* health human resources, equivalency and recognition will be progressed effectively. In addition, there will be a program for technical efficiency promotion, training, structural strengthening and development of *Ayurved* campuses, establishment of an *Ayurvedic* Study Institution, and human resource production for the National *Ayurved* Research and Training Center.
- Homeopathy, *Yunani* and natural medicine systems will also be brought under the Health Ministry's jurisdiction for their planned operation. Accordingly, natural treatment centers in two development regions will be opened, and such services now being delivered by the private sector, will be regulated by establishing a mechanism.
- As regards to the *Ayurvedic* clinics, dispensaries, health centers and rural pharmacies, relevant program for human resources, infrastructure and resource development will be conducted, with the monitoring and evaluation system in place.
- *Ayurvedic* institutions located in the districts and lower levels and the human resources engaged in such institutions will be given equal status and facilities in the health training program and national program operations.
- Measures will be taken to utilize the laboratory and diagnostic service provider institutions, by all health system institutions in a coordinated manner.
- Special programs targeted to collect data about medicinal herbs and intellectual property rights, concerning knowledge, skill and technology of traditional health and treatment professionals will be conducted. Such data will be recorded and the program will also include measures for their conservation, promotion, development and use.

Drug Management

- Procurement of standard quality drugs by their generic names will be done at national level from the pre-qualified suppliers. The central level will negotiate contract prices of drugs to be so procured with arrangement for the delivery of such drugs to the districts. The payment for such a delivery will be done by the concerned districts.
- For proper storage of drugs and health equipments in the districts, where there is none now, stores will be built.
- During this Plan period, prices of at least 10 kinds of essential drugs will be reviewed for updating, according to the existing drug price fixing policy. A feasibility study to enhance drug production as per the GMP process by the Nepal Drug Production Ltd. of the government will be conducted. Based on recommendations of such a study, reform measures will be taken.

- Necessary initiatives will be taken to upgrade the efficiency of the Drug Management Department to play its role more effectively on the basis of a study to be done.
- In view of the exorbitant prices of drugs in remote districts, existing drug price fixing committees of such districts will be activated and such committees will be established where there are none now, to do their job of ensuring reasonable prices of drugs.
- National drug manufacturing industries will be encouraged to obtain licenses for efficient production as per the GMP process.
- A drug quality testing mechanism will be established to maintain the standard quality of drugs.

Health Research

- A total of 15 research works related to health management will be accomplished through the Nepal Health Research Council, medical colleges and the private sector and NGOs. Research will be made compulsory in the public and the private sector medical colleges. Institutions named as hospitals and research centers will be required to submit their research reports to the Nepal Health Research Council compulsorily.
- Priority will be given to health system research, health finance research and public health research, with the involvement of universities, the private sector and NGOs under the convenorship of Nepal Health Research Council. Policy and plan will be formulated based on the information received from the studies.

Laboratory, X-ray/Imaging and Blood Transfusion Services

- All the central level laboratories will be strengthened in order to make treatment effective, with the testing of bacteria of various diseases. Private sector laboratories will be monitored and the laboratory service will be extended and strengthened down to the district levels.
- Health laboratory service will be extended with the help of qualified PCL in laboratory service down to the primary health centre with a view to provide bacteria test results and pathological diagnostic service for the effective treatment of diseases according to the Evidence Based Medical Practice's principle;
- In imaging, services of technicians with PCL in Radiography qualification will be extended, to the extent possible, to ensure the effectiveness of treatment. In view of the acute shortage of such technicians, an initiative will be taken to produce PCL radiography level technicians.
- Special priority will be given to blood collection and transfusion services at the central, regional and zonal hospitals.

Family Planning

- Family planning program will be run according to the concept of a managed family. The use of proportionately mixed method will be emphasized as a long-term method in order to reduce the dependency on permanent vasectomy. This service will be made an integral part of the hospital service with special attention to quality service delivery. Participation of NGOs and private sector institutions will be ensured, by prescribing targets for them. In areas where family planning service is not yet available, adequate arrangements will be made to provide such services. Family planning will be promoted as an integral part of the motherhood program and safe abortion service. To increase the access of the poor, and the people of disadvantaged and depressed classes, *Madhesies*, indigenous and *Adiabsi Janajati* and Muslim women, to the emergency health and family planning services, Female Health Volunteers will be mobilized to coordinate with the community-based savings and cooperative program, for the resources such women may need.

Nutrition Program

- Programs related to the malnutrition of the unborn, infants and expecting mothers will be launched.
- A national nutrition center will be established for the coordination, planning, program development, supervision and evaluation of nutrition information and program. This center will implement the National Nutrition Policy.
- Under the micro nutrient program, vitamin A and iron deficiency control program will be conducted with increased effectiveness. Educating people about locally available nutritious food items, food security, food availability and nutrition values, will be emphasized.
- Program of iodine deficiency efforts control and de-worming drug service will be extended to a wider coverage. Similarly, the value of breast-feeding will be disseminated. Physical and intellectual development of children will be effectively monitored; school health education and nutrition will be given added attention. Similarly, coordination among relevant agencies will be ensured in order to focus on the value of clean food.

Natural Disaster Management

- Programs like fielding management teams in coordination with the concerned ministries, at the time of disaster occurrences due to natural causes or outbreak of epidemics, providing training in disaster management, minimization of earthquake risks, medicine supply improvement etc. will be carried out.

Mental Health

- A detailed review and study of the mental health status of the conflict victims will be conducted and the intensity of such problems and impacts will be assessed. Based on the findings of such a study, a mental impact minimization program will be prepared and gradually implemented with the cooperation of various social institutions, national and international NGOs, civil society, women, professional bodies and eminent psychologists. Current data will be updated and utilized in combination with new ones. Health education program run by the government institutions will include a public awareness program about mental health. Health workers will be trained in basic mental health management. Community mental health program will be integrated with the primary health service as also recommended by WHO. Long time mental health patients under treatment in mental hospitals will be rehabilitated in the community.

Public Health Promotive Program through Health Education

- Education, information and communications components will be included in all health programs.
- All available communication media will be used for health education and communication promotion.
- Educational, information and communication materials will be supplied through all distribution systems of private and public health service agencies.
- Local FM ratio and magazines will be used for production, promotion and dissemination of health education, information and communication of news value to local communities.
- For the promotion of community participation in health improvement program, local bodies like consumer groups, mother groups, local health agency management committees and local clubs will be mobilized.

Improvement in Financial Administration and Proper Mobilization of Resource

Investment allocated by the government to the health sector is meager in comparison to the need. Allocation made available is not spent properly. To address such problems, following measures will be taken:

- National health account record will be streamlined, on a routine basis, to use for the national health budget preparation, allocation and for the analysis of expenditures.
- Budget disbursement process will be simplified after review of the present process of disbursement and reporting by the representatives of the District Public Health Offices, the Finance Ministry and donor agencies.
- District level financial reporting will be made computer-based at the district offices itself. Arrangements necessary for forwarding the

financial report as well as program progress reports to the central level will be made.

Production of Essential Human Resources

- Production of high-level health human resources like MDGPs, pathologists, radiologists, anesthesiologists and gynecologists will be increased.
- Together with the production of emergency physicians, their career development scheme and creation of posts will be delineated.
- For middle-level health manpower production, like radiographers, anesthesia assistants, infrastructures of B.P. Koirala Health Sciences Institute and the Health Science National Academy will be utilized.

In-Service Training and Career Development

- Doctors, nurses, and allied health science or co-medical staff will be provided training and career development opportunities to ensure an amicable work environment for them.
- Capacity of the national health center will be enhanced and the present health training centers will be restructured as necessary. Training will be conducted with the partnership of teaching institutions and professional organizations affiliated with the health training center.
- To develop human resources and maintain the quality standard of the health sector, inter linkages among health profession education, treatment and the public health service system will be strengthened by coordinating with various medical colleges and universities for the highest degree of results. A program to this effect will be launched in line with the recommendation of the High-level Commission.
- Necessary initiatives towards effective steps for the development of Bir Hospital as a national health science academy will be taken. Specialized human resources as per the need will be produced within the country. A mechanism to provide specialized service to the zonal level will be developed.
- Necessary process to establish the Patan Hospital, also as a health science institute will be initiated.
- Kanti Children Hospital stands as a provider of specialized services related to treatment, and as a research center. It will be developed as a children health study institute to conduct MD, DCH. like post-graduate courses.
- Sahid Shukraraj Tropical and Communicable Diseases Hospital will be developed as tropical diseases service and research center.
- The Maternity Hospital at Thapathali will be developed as a maternity health focal point of WHO, for it to make maternity service more reliable and to deliver quality services.

- To help regional development, new hospital/health centers will be located in places outside Kathmandu, as a matter of policy.

Decentralization Program

- At the central level, there will be a committee of the Ministries of Health, Finance, Local Development, Women, Children and Social Welfare, and the National Planning commission.
- In view of the satisfactory results of the decentralization program implemented districts, on the whole, where the health agencies were handed over to the local bodies, such a policy will be continued to make the local bodies or communities responsible for the operation and management of health agencies.
- Local health agencies management committees will be given orientation training.
- There will be a separate unit of management in the region and department to conduct programs related to the decentralization scheme in the districts and local levels.
- Progress measurement, supervision and monitoring, will be conducted by the central and regional levels without any external interference.
- There will be coordination committees established from central to district levels to make the health decentralization scheme more effective in consultation with the Ministries of Health, Finance, and Local Development. In addition, a health decentralization policy will be prepared and its implementation process launched as an integral part of community empowerment.

Management of Health Institution Wastes

- Appropriate programs to manage wastes scattered around the health institution premises will be conducted.

Urban Health Promotion

- To strengthen the health departments of municipalities, technical support will be provided.
- Support for developing a mechanism to deliver health services at ward levels of the municipalities will be provided.
- For the supply of safe drinking water, public toilets and sanitation, necessary support will be provided with the coordination among the concerned ministry, the private sector and NGOs.

Participation of Private Sector in Health

- A policy will be prepared after a detailed study of the contribution of the private sector and NGOs in the health sector. To fulfill the role of a guardian and a regulator, necessary to implement such a policy, a separate unit in the Health and Population Ministry will be established.

- Non-health activities like cleaning, security services, will be contracted out to the private sector.
- Guidelines will be prepared for operating the services like laboratory testing and imaging through the private sector.
- There will be a high-level committee under the Health Ministry with the representation of the concerned agencies, the Nepal Medical Council, and the Education Ministry for works necessary to promote the partnership between district hospitals and private medical colleges.
- The private sector will be prompted to fulfill their social responsibility of providing free health care services to the people living below the poverty line.

10. Expected Results

- Reduced death rate due to control and preventive measures against infectious diseases.
- Increased availability of maternity and reproductive health services.
- A visible decrease in tuberculosis and leprosy patients as a result of wider coverage of service delivery.
- Checked proliferation of HIV/AIDS through a wider coverage of the public awareness program about prevention and curative methods.
- Decreases in crude reproductive ratio, maternal and infant mortality ratio due to progressive use of family planning services.
- Effective measures in place to control diseases of epidemic scale.
- Improved service delivery due to the timely supply of drugs and equipment to health agencies.
- Maximum use of health services due to an increase in public awareness.
- Health agencies enabled to provide quality and effective health services.
- Standard quality laboratory service made available.
- Ayurvedic and alternate health services made available in effective measure.
- Public awareness about eye treatment increased, and easy access to effective services provided within the country.
- The facilities for treatment and control of cancer, cardiac and smoking related diseases made available.
- Monitoring and evaluation functions facilitated and strengthened, policy reform related to human resources development accomplished.
- Poor, helpless and the depressed group/people benefited from the access to free of cost essential health services.

11. Resource Mobilization and Budgeting

For the implementation of this Plan, per capita public expenditure will be raised to 9.00 US dollar equivalent. Accordingly, mobilizing government and foreign aid resources will increase the annual budget allocation. Per capita expenditure target, though improved, will still be far behind the international measure of US dollar 34.00 equivalents. Additional foreign aid resources, therefore, will be needed. Donor communities will be extensively consulted to raise their contribution, including voluntary fund from the WHO and other UN agencies for the various program proposals.

In Nepal, every person is found to spend 30-40 percent of the total health costs from his/her own pocket. Consequently the poor people suffer, as all the people are bound to pay for health services provided by both the government and the private sector. Private health institutions charge fees as fixed by them and people are not getting the adequate services they pay for. In this context, efforts will be made to raise the government allocation from the present 6-7 percent, and to improve resource management.

All revenues collected from cigarette, tobacco products, alcohol and the likes, also known as Sin Tax, will be used for health promotion. To save people from possible cheating due to inadequate services for the money paid, a community health insurance scheme will be operated. This scheme will provide quality services at a less cost. For the people identified as poor, those belonging to depressed classes, *Adibasi Janajatis*, *Madhesis*, disadvantaged groups, senior citizens and the people in the bracket of living below the poverty line, the state will provide insurance premium with no cost to them. People so insured will be encouraged to utilize services from the appointed health institutions.

Total estimated budget amount for 3 years is shown in the table below:

(Amount in FY 2006/07 prices)

| S.No. | Program | (Rs. in million) Three Years Estimate |
|--------------|---|---|
| 1. | Essential Health Service Program | 19,814.2 |
| 2. | Health Services other than Essential | 4,102.6 |
| 3. | Decentralization and Autonomy Program | 1,189.6 |
| 4. | Public Private Partnership Program | 105.4 |
| 5. | Sector Management | 952.0 |
| 6. | Financial Administration and Resource Management Program | 522.3 |
| 7. | Physical Infrastructure Construction and Medicines and equipment Supply Program | 2,714.4 |
| 8. | Human Resources Development Program | 441.4 |
| 9. | Integrated Information System and Quality Improvement Program | 272.2 |
| Total | | 30,114.0 |

12. Implementation, Monitoring and Evaluation

This Plan will be implemented according to the principle of regional management of the health sector. Homework will be done for involving the private sector and NGOs in the Plan implementation.

Monitoring, supervision and progress measuring play an important role in ensuring health services to all and to the economically and socially disadvantaged and depressed group/people. Data collection and analysis need to be done at various levels, beginning from community level. At the village level, data should cover the service delivered by regions, groups, gender, ethnic groups, depressed and other such groups, so that they can be used in the planning of the village and district level activities and for monitoring as well.

Program review process at the district, region, department and ministry levels will be rationalized to make it more practicable. Interaction with the donor community during this period of the Plan will be a regular feature. The main purpose of progress review is to identify the weaknesses for timely correction measures, and to guide the policy and plan preparation. Collected health data and the results of survey and studies will serve as necessary inputs for such exercises. The concept of peer review and self-monitoring will be followed to make the monitoring process more productive.

Chapter: 21

Population

1. Background

According to the census of 2001, Nepal's total population reached 23,151,423 and the annual growth rate has remained high (2.25%). If this growth rate is maintained, the population of Nepal will double in 31 years. Hence effective management of the population has become a compulsory need.

In the Population Perspective Plan (PPP), it has been integrated with health and family planning programs and attempts have been made to coordinate with other sectors. By 2017, the total fertility rate has been targeted to be equal to the replacement level. The concept has thus been formed to help all the Nepalese people live a quality life with reduction of poverty and hunger by owning different aspects of population management as the integral part of development and human rights, through effective population management.

It has not been possible to adopt the program of study, research monitoring and evaluation get success to avoid duplication in the implementation of population related programs and in the review of the policies and laws of ministries and sectoral agencies related to population as well as coordination among sectoral agencies. This plan is focused on the adoption of the action plans to the Nepalese context endorsed by international conferences and with commitments from the government, along with the development of institutional mechanisms of the network to reach population management to the doorsteps of the people at the local level.

2. Review of the Current Situation

The annual growth rate of the population of Nepal is still high. In 1981, the total fertility rate was 6.3, which dropped to 3.1 in 2006. The crude birth rate has reached 28.4 and the use of family planning means at 48 percent. Although the fertility rate in urban areas is decreasing, it is still high in rural areas. The number of dependents in the structure of population (children and old) is higher. Expected outcomes have yet been achieved in reproductive health. Likewise, there has been duplication in the implementation of programs related with population and inadequate coordination among sectoral programs. Although the indicators of the elements influencing the change in population like birth, death and migration have pointed at positive directions for the last few decades, they are not adequate.

3. Problems, Challenges and Opportunities

Problems

At the national level, total fertility rate has started to decrease. But the total fertility rate in rural areas is higher than that of urban areas. There seems to have been duplication in the implementation of population programs and problems of coordination sectoral agencies. It has not been possible to reduce

maternal mortality rate and infant mortality rate as hoped for due to superstitious beliefs, early marriages on a customary manner, and bearing children at an early age. The migration process has not been properly managed and is still high.

Challenges

It has not been known to what extent the implementation of the action plans endorsed by international conference with commitments of Nepal has occurred in the Nepalese context. As the number of children and those among the elderly has been found to be high, programs targeting the children and the old have not been formulated and implemented. Effective programs, to reach population management programs to the doorstep of the people, have not been formulated.

Opportunities

Despite different problems and challenges in relation to population management, increasing awareness due to education and communication media is accepted as the major opportunity. Likewise, the policy commitments at the national and international levels have become another positive aspect. Further, a condition prevails for the continuity of different programs being launched in this sector through NGOs and the civil society. In addition to this has continuity of international cooperation in this sector another important opportunity.

4. Long Term Vision

The long term vision is to provide the help to the Nepalese people live a quality life for all by owning different aspects of effective population management as an integral part of development and human rights. By 2017, the vision is to bring the fertility rate to the level of replacement through the medium of women empowerment and poverty alleviation.

5. Objectives

Nepal's population policy will be effectively combined with the goal of poverty and hunger reduction. Special objectives are as follows:

- To support poverty alleviation by reducing the population growth rate.
- To integrate population management process with development programs.
- By promoting reproductive and sexual health rights of the females and males,
- To manage the migration process.

6. Strategies

- Based on the Population Perspective Plan, management of the programs will be gradually carried out in order to provide access to the people at the village level by preparing an action plan related to population.

- Priority will be accorded to public awareness works for the targeted groups in order to develop small families as well as to reduce the population growth rate.
- Special programs targeting the youth (10-24 years) will be launched with priority.
- In order to implement, monitor and evaluate the conducted programs related to population by the government, non-government or the private sector in a coordinated manner, the agencies from all sides, at the central and local levels will be made active. Likewise, at the local level, programs for population management will be extended.
- By reviewing the current policies related to population, population management programs will be made effective through the promotion of male and female reproductive and sexual health rights. For this, encouragement will be given to small families for the education of women, the importance of family planning, late marriages, breast-feeding, and nutrition reproductive health.
- Programs will be launched directed towards youths, *Dalits*, *Adibasi Janajatis*, women and senior citizens through debates on population and related subjects, and the stakeholders related to population management.
- In order to launch and coordinate population related programs in an effective manner, by enhancing the capacity of the manpower related to population, the arrangement to look at population aspects in the concerned agencies will be done by establishing population units at the local level.
- Institutional reforms will be made on information and statistics for giving emphasis on study and research related to population.
- In order to manage migration, by identifying programs in a coordinated manner, appropriate policies and programs will be formulated and emphasis will be laid on study and research.
- In order to manage internal migration, development of small towns will be emphasized and special attention will be given to urban area management by enhancing the inter-linkages with urban regions.

7. Policy and Working Policies

To maintain population balance by reducing the population of the country has remained a challenge. Likewise, the fertility rate in urban areas has come down to the level of replacement, while it is still high in the rural regions. In order to strengthen population management the following policies are adopted:

- The programs of population management will be launched at the central and local levels by integrating it with other programs, linking population policy with MDGs and the eradication of poverty and hunger.
- By advancing the concept of small and quality family, in order to decrease population growth promotional measures will be adopted in the rural areas.

- Emphasis will be given to make targeted youth programs result-oriented.
- Statistical system will be strengthened for population management from the gender perspective.
- Priority will be given to study and research on population.
- Institutional development will be carried out in order to make adjustments on the population related studies and research carried out by the private and non-government sector within one umbrella.
- Migration will be considered as an important part of population management.
- In order to promote the reproductive and sexual health rights, local level participation will be enhanced for increasing the access to population management programs.
- Forward and backward linkages of population with other aspects and sectors related to it will be established.
- Measures to make studies and research on the different aspects of population will be adopted.

8. Programs

The programs related to population management to be carried out during the Plan period have been categorized under the following five headings.

Awareness Programs

- To run awareness programs related to population targeting different classes/groups.
- To make diagnosis and consultations to bring positive changes in the conduct of youths.
- To run programs on public awareness in an effective manner also in local languages to inform on matters like:
 - controlling the impact on women due to terror against them;
 - motivation for late marriage;
 - advocating the importance of family planning;
 - encouraging breast-feeding; and
 - sending daughters to schools.

Capacity Enhancement Programs

- To arrange for a fixed person to look after population aspects in local bodies.
- Practical and competency enhancement program related to population management including the promotion of female and male reproductive and sexual health rights will be conducted.
- Orientation programs will be conducted in coordinate and partnership at the central and local levels.
- In order to mainstream population in development, capacity related to gender, population and development will be enhanced.

Encouragement-oriented Programs

- Encouragement programs will be developed for living a small and quality family life through population management programs.
- Programs will be conducted to make necessary statistics and IEC materials available to information centers to be established at the district level by strengthening Population Management Information (PMIS).

Targeted Programs

- Targeting the adolescent youth (10 – 24 years), adolescent friendly programs will be run for their personality development including reproductive health (also male) and sexual health rights.
- Population management will be diagnosed, by running programs related to population targeting the women, *Adibasi Janajatis*, *Madhesis*, Muslims, deprived and other groups.
- Programs will be run especially to provide access to the target group by strengthening the availability of contraceptives.
- To make necessary services available to health institutions by considering the impacts on physical and mental health from terror against women as the major theme of public health.

Policy and Institutional Strengthening Program

- Program to integrate HMIS and PMIS will be run.
- Mechanism to receive information from local bodies will be developed.
- Study on international migration will be made to keep records at entry points in a gradual way.
- Different studies and research will be adjusted with the identification of NGOs/CBOs related to migration.
- Initiatives will be taken for the formation and implementation of actions related to population for the management of urban areas.
- Programs to deliver population information up to the lower level in partnership with government and NGOs at the local level.
- Giving attention to major subject matters of perspective population planning, detailed action plan will be prepared in a coordinated way. In this process, coordination with different stakeholders' agencies will be ensured, by making local bodies focal points.

9. Expected Outcomes

- With the capacity enhancement of human resources and institutions involved in population management, the institutional system will be strengthened.
- Population management will be made effective by raising awareness related to population among the youth.
- The relevance of the programs will be increased with easy access of the targeted communities particularly *Adibasi Janajatis*, people with

- different languages, disadvantaged groups etc. to the population related programs.
- Policy and institutional basis for managing the migration process will be prepared. Quality of programs will be increased with the increase in coordination and partnership between population, health and development program.
- District information centers related to Population management will be strengthened.
- A foundation will be laid to manage migration with the increase in rural urban linkages for initiating the formation and implementation of acts.
- For the management of urban areas, acts, rules and action plans related to population will be prepared. Institutional and systemic foundation will be laid and all the stakeholders would experience the feeling of ownership and will receive the meaning of the programs.

10. Estimated Budget

The estimated budget for three years for the National Population Program is Rs. 60 million.

11. Implementation, Monitoring and Evaluation

The concept of public private partnership will be adopted in order to make the effective implementation of programs related to population as expected. Under this, especially awareness-oriented programs, capacity enhancement programs, targeted programs and incentive and reward programs in the context of NGOs and local women group, youth community and civil society, will be made active partners. The reaction of the targeted groups on the programs will be considered as a base for program reforms. In the context of policy and institutional strengthening at the central level, the role of NPC, MoHP and at the local level concerned offices and stakeholders, will be made further effective, also in the program implementation process. Policy, program and institutional coordination will be given special attention.

Likewise, efforts will be made to make monitoring and evaluation result-oriented. For this, the review of programs will be institutionalized. Further resources, other inputs and human resources will be effectively mobilized. Reforms after making the right and proper use of such resources will be carried out. For monitoring, the competence of human resources will be enhanced, and will be mobilized as far as possible. Monitoring and evaluation reports will be used as a base for the preparation of annual programs.

Chapter: 22 **Water Supply and Sanitation**

1. Background

There is a direct linkage between the livelihood and well being of human beings and water supply and sanitation services. Improved water supply and sanitation ultimately contribute towards nation building and prosperity by enhancing the health status of the common mass and thus, their economic productivity.

Despite significant progress recorded in the extension of basic water supply services across the country, a large chunk of the population still suffer from water borne diseases caused by impure drinking water and inadequate sanitation facilities. This Plan has been formulated with the objectives to increase the access of water supply and sanitation services, and to continue raising the quality of drinking water. For a comprehensive development of this sector, it has envisaged the construction of new projects along with repair and maintenance, extension and improvement in the services and quality level, with respect to completed schemes. Treatment inclusive sewerage systems have been proposed in case of urban areas and emerging towns.

2. Review of the Current Situation

In order to make local bodies gradually responsible for basic water supply services, water supply and sanitation schemes serving less than one thousand people have been devolved to them. During the Tenth Plan period, drinking water schemes were implemented with due priority given to improvements in water quality and service standards. There has been a gradual increase in the participation of common masses and the involvement of the government and community based organizations for the development of water supply and sanitation services.

The process of transferring water supply management to the private sector has been initiated in case of the Kathmandu Valley. In this regard, the process of handing over the assets and management responsibilities of Nepal Water Supply Corporation in the valley had been initiated through the establishment of the Kathmandu Valley Water Supply Management Board. Similarly, Water Supply Tariff Fixation Commission has been established for the purpose of tariff fixation and monitoring, and Kathmandu *Upatyaka* (Valley) *Khanepani* (Water Supply) Limited (KUKL) has been constituted for the management of water supply services. These entities have already commenced their activities.

By the end of the Tenth Plan, it was estimated that 76.6 percent of the population had access to basic drinking water supply services and 8 percent had access to improved quality of drinking water. The status of the sector by the end of Tenth Plan is shown below:

| Indicators | Targets, 10th Plan | Progress, 10th Plan |
|--|--------------------------------------|---------------------------------------|
| Basic Drinking Water Service | | |
| - Total Benefited Population (in '000) | 22,680 | 20,434 |
| - Percentage of Benefited population | 85 | 76.6 |
| Sanitation Service | | |
| - Total Benefited Population (in '000) | 13,341 | 12,232 |
| - Percentage of Benefited population | 50 | 45.8 |

3. Problems, Challenges and Opportunities

Problems

During the Tenth Plan period, inadequacy of resources was ascertained as the major problem. Lack of financial resources adversely affected the timely completion of projects and hence, the expected delivery of services. The completed old schemes could not be repaired and improved or extended on a timely manner. Similarly, the damaged schemes could not be reconstructed as envisaged. Reduction in availability of fresh water sources, particularly in hilly areas caused by the degradation of forests and modernization, had adverse effects on the atmosphere. Reduction in water quality and service standards caused by environmental pollution, the absence of a sewerage system and lack of sanitation facilities, particularly in urban, semi-urban and dense settlements have occurred. Most of the available water sources have already been used up, and there is an increased demand to tap distant or alternative water sources. As a result, the investment requirement for construction, and O & M has been increasing.

The quality standard of the constructed facilities and uniformity of the available services could not be maintained due to ineffective monitoring and evaluation of programs executed by different agencies. Problems in plan formulation and resource mobilization were encountered due to failure of making available the service coverage related data and information of projects implemented at the local level by local entities and NGOs. This has also led to duplication of efforts and misuse of resources.

Challenges

Some of the challenges that need to be addressed by the sector in the future include the following:

- To provide water supply and sanitation services and improve water quality standards in places where accessible or traditional water sources are not available.
- To effectively mobilize community participation, right from the planning and preparatory stages of water supply distribution and sanitation projects to their implementation.
- To focus on R&D initiatives towards appropriate and low cost technologies.

- To increase political commitment for giving priority to this sector in resource allocation.
- To develop effective coordination and a uniform mode of project implementation amongst the different agencies involved in this sector. In this regard, it has become necessary to establish DWSS as the lead agency for coordination/facilitation.

Opportunities

The sector also presents a list of opportunities for the TYIP, such as:

- Availability of adequate skilled human resources with the lead organization at the central level and extension of their nationwide network to provide services in the remote areas.
- Increased number of institutionally strengthened Users' Committees for project conceptualization, implementation and O&M due to increased public awareness.
- Increased involvement of INGOs and NGOs in addition to local bodies and government agencies for the development and extension of the sector.

4. Long Term Vision

The long term vision of the water supply and sanitation sector in the TYIP is to contribute towards raising the living standard and the status of public health by making sustainable and equitable water supply and sanitation services available.

5. Objectives

The objectives of this sector are to ensure sustainable water supply services and a healthy environment by institutionalizing socially inclusive development initiatives; gradually providing purified drinking water to the whole population; providing treatment facility with an inclusive sewerage system in urban, semi-urban areas and emerging towns; and providing toilets using appropriate technology in rural areas.

The National Water Plan 2005, has set the target of achieving total population coverage of basic level drinking water supply and sanitation services by the year 2017.

6. Quantitative Targets

The water supply and sanitation service coverage by the end of the TYIP period has been envisaged to be as below:

| Indicators | Status by 2006/07 | TYIP Targets |
|---|-------------------|--------------|
| Basic Drinking Water Service | | |
| - Total Benefited Population (in '000) | 20,434 | 24,327 |
| - Percentage of Benefited to Total | 76.6 | 85 |
| Medium and High Level Drinking Water Service | | |
| - Total Benefited Population (in '000) | 2,134 | 4,293 |
| - Percentage of Benefited to Total | 8 | 15 |
| Sanitation Service | | |
| - Total Benefited Population (in '000) | 12,232 | 17,172 |
| - Percentage of Benefited to Total | 45.8 | 60 |

7. Strategies

Strategies to attain the above objective, during the TYIP period, will include the following:

- Execute simple technology based water supply schemes for extending the basic drinking water supply services.
- Ensure sustainable water supply services through rehabilitation and extension of previously executed old and damaged water supply schemes.
- Gradually improve the quality of drinking water in accordance with the Drinking Water Standards, 2007.
- Gradually extend the service standards as per the Water Supply and Sanitation Policy, 2004.
- Promote and extend sanitation facilities through public awareness at the rural and urban areas with the participation and contribution of the local government and Users' communities.
- Introduce necessary policy, institutional and legal reforms for adopting the Sector Wide Approach through effective coordination between the stakeholder agencies.
- Strengthen organizational capacity for effective and result oriented plan implementation, monitoring and evaluation.
- Update and arrange for the dissemination of data and information on population with or without having access to water supply services.

8. Policy and Working Policies

- Basic drinking water supply service will be provided by executing drinking water schemes based on simple technology that is within the operational and management capacity of the consumers' groups and by optimally employing local technology and resources.
- Priority will be accorded to complete the on-going drinking water schemes under construction within the three-year period through active participation of the users' groups.
- In order to incorporate all projects implemented in the district within the District Development Programs, mandatory provisions will be made to ensure that all government and non-government agencies execute only those schemes that are in the priority list under the District Master Plan.
- New projects will be selected based on selection criteria that also evaluate the proportion of peoples' contribution, and priority will be accorded to the execution of those schemes that assure high peoples' participation.
- In order to ensure sustainable development and management of water supply and sanitation schemes, preparatory stage activities will be compulsorily undertaken prior to the commencement of construction works.
- Priority will be accorded to ensure regional balance along with the inclusion of socially and economically disadvantaged groups.

- 'Coordination Forums' for drinking water users' committees and forest users' committees will be established to strengthen the financial management aspects as well as for conserving the sources of water.
- The proportional representation of women in the decision making (leadership) level of the users' committees will be duly emphasized so as to ensure their powerful and effective role.
- The use and harvesting of rainwater will be encouraged in areas with inadequate water sources and a low population density.
- The responsibilities for operation, management and repair and maintenance of all the completed schemes will be handed over to the concerned users' committees. The policy regarding subsidy given for operation of the schemes handed over will be modified.
- The drinking water system (schemes) that are completed but presently not in operation due to lack of proper repair and maintenance will be rehabilitated for service delivery with the initiation and participation of the users' communities. Similarly in the case of new schemes, provisions of Joint Investment Fund and Advance Repair Maintenance Fund will be made mandatory.
- The designation of the institute to support repair, extension and rehabilitation works will be done after the preparation of necessary policy, guidelines and directives.
- Quality Improvement Programs will be gradually implemented in drinking water projects of urban areas and emerging towns to ensure distribution of drinking water in accordance with National Water Supply Quality Standard.
- The principle of cost recovery will be given continuity along with encouraging private sector participation in programs implemented to improve service level and quality standard of water supply projects of urban areas and emerging towns.
- The water treatment facilities will be constructed to improve the quality standard of water available from the surface water sources. Similarly, the water available from the ground water sources will be gradually treated before being distributed.
- The investigations pertaining to Arsenic will be made effective and measures for minimization and mitigation of the Arsenic problem will be adopted. Besides, alternative sources of water will also be explored.
- Special programs will be launched to improve the service level of drinking water supply in the major cities including Kathmandu.
- The sanitation program will be implemented as an integral part of the drinking water supply projects.
- The 'Total Sanitation Program' will be implemented and expanded through school/community led public awareness, participation of stakeholders and optimal utilization of local resources.

- By making necessary acts, rules and regulations, arrangements will be made to make management or lease contract for operating and managing the drinking water schemes that were initially constructed on cost recovery principle but that are presently facing difficulties in recovering the costs of investment and operation.
- Preference will be given to operate and manage the water supply and sanitation projects by the consumers themselves through the establishment of Management Board/Users Committee.
- Treatment facility inclusive sewerage system will be constructed in the urban, small and emerging towns with the active participation of the community. For areas where sewerage system is non-existent, consumers will be motivated to construct toilets using appropriate technology.
- Subsequent to preparing the policy, guidelines and standards for the development and management of sewerage, a master plan for sewer construction and development will be prepared in consultation and coordination with the sector wide stakeholders.
- Emphasis will be given on ensuring the distribution of purified and good quality drinking water at the point of delivery.
- Local bodies, cooperative / community / non-governmental organizations and private sector entities will be encouraged to assume the role of coordinator/facilitator towards the promotion of water supply and sanitation.
- Conducive environment will be created for adopting the Rural Water Supply and Sanitation Monitoring and Evaluation National Strategy, 2005 by all the sectoral entities.
- In order to develop human resources, coordination with non-governmental institutions including other sectoral entities, the private sector, educational establishments like the engineering colleges will be established. The Human Resource Development Unit of the Department of Water Supply and Sewerage (DWSS) will be activated.
- The skill and capacity of local bodies, users' committees, community based and non-government organizations will be enhanced.
- The data and information pertaining to population, wards and VDCs covered/not covered by the services will be disseminated after being updated.

9. Major Programs

Programs for Providing Basic Water Supply Services

- Programs for completion of on-going water supply projects within three years.
- Programs for providing access to *Dalits, Adibasi Janajatis, Madhesis* and conflict affected communities.

- Programs for mobilizing alternative water sources like the rainwater harvesting.
- Community based water supply projects.
- Program for construction of new water supply projects.
- Program for increasing water supply.

Programs for Improvement of Water Supply Service Standard

- Melamchi Water Supply Project.
- Kathmandu Valley Water Supply Improvement Project.
- Urban and Emerging Towns' Water Supply Projects.
- Kathmandu Valley Computerized Billing and Account System Improvement Program.

Programs for Improvement of Water Quality Standard

- Melamchi Water Supply Project.
- Water Supply Quality Improvement Program.
- Small Towns Water Supply Project.
- Arsenic Mitigation and Eradication Program.

Repair Maintenance and Rehabilitation Programs

- Repair, improvement and rehabilitation of previously implemented schemes.
- Deep Tube-well Program.
- Other repair maintenance and improvement program.

Programs for Improvement in Sanitation Facilities and Service Standard

- Rural Water Supply and Sanitation Program.
- Sewerage Construction Program.
- Bagmati Area Sewer Construction.
- Rural Water Supply Distribution Program.
- Public Awareness Program.

Programs for Institutional Strengthening and Capacity Improvement

- Institutional strengthening of the Department of Water Supply and Sanitation (DWSS).
- Management Information System and Monitoring Program.
- Program for capacity development of local bodies, community/non-government organizations and users' committees.
- Program for capacity development of female volunteers.

10. Expected Outcomes

- Additional 8.4 percent population served with basic drinking water.
- Additional 7 percent population served with high and medium level drinking water supply.

- Additional 14.2 percent population would have access to sanitation services.
- Increased skill and capacity of Stakeholders and institutional improvement of the concerned agencies in the areas of implementation and management.
- Improvement in access of the remote areas, women, *Dalits*, *Adibasi Janajatis* and *Madhesi* communities to drinking water facilities.
- Resumption of services after the rehabilitation of schemes that were affected by conflict, natural disaster or other causes.

11. Risks and Assumptions

Assumptions

- Adequate financial resource is assured.
- There will be improvement in coordination and participation of the implementing agencies (government, NGOs etc.).
- Institutional improvements of the involved institutions will result in enhanced work performance.
- Participation and capacity of the Users' Group will be enhanced.

Risks

- Source related disputes.
- Obstructions in structural improvement.

12. Estimated Budget

During the TYIP period, a total expenditure of Rs. 17,508 million has been estimated at the constant price of FY 2006/07 for the Water Supply and Sanitation Sector. The program wise details are given below:

| S.No. | Program | Amount in NRs. millions |
|--------------|---|-------------------------|
| 1 | Programs for providing basic water supply services in the urban and rural areas | 9,310 |
| 2 | Repair, Improvement and Rehabilitation Programs | 138 |
| 3 | Programs for improvement of water supply service standard | 6,120 |
| 4 | Programs for improvement of water quality standard | 400 |
| 5 | Program for improvement in sanitation facilities and service standard | 540 |
| 6 | Programs for institutional strengthening and capacity improvement | 1,000 |
| TOTAL | | 17,508 |

13. Implementation, Monitoring and Evaluation

Development of Organizational Structure

- The organizational structure of the DWSS will be improved in accordance with the conceptual framework of devolution.
- The Water Supply Sector Resource Center will be established. The activities pertaining to additional supply, development and capacity

improvement of human resources will be carried forward, as per the need.

- The Sectoral Stakeholder Group will be made active for effective coordination between the different water supply and sanitation related entities.

Legal Reform

- In order to make the water supply and sanitation services more effective through the participation of the private sector, Acts and regulations will be formulated and implemented.

Policy Reform

- In order to make the water supply and sanitation services more effective in urban areas and emerging towns, the Urban Water Supply and Sanitation Policy will be formulated and implemented.
- The Department of Water Supply and Sewerage will be developed and strengthened as the Lead Agency for more effective, managed and coordinated delivery of water supply and sanitation related services.
- The policy guidelines on projects implemented and operated by the Users Committees, will be modified to mobilize increased participation of the users groups.
- Effective implementation of the policy for handing over the water supply and sanitation schemes that benefit less than one thousand people, to the local bodies will be ensured.

Monitoring and Evaluation

- The Users Committees will be made responsible for the regular monitoring of the water supply and sanitation related projects and schemes. Besides, the policy of involving the Users' Committees for the mid-term, terminal and impact evaluations will also be adopted.
- The M&E unit established at the Ministry of Physical Planning and Works will be made effective to coordinate and monitor the activities of different entities involved in the water supply and sanitation sector.
- By employing the independent and public audit as well as the Technical Audit of projects and based on its feedback, the implementation process of the projects will continue to be made more effective.
- In order to monitor the impacts with regards to labor, time, productivity and empowerment of women and children, a few sample projects will be studied.

Chapter: 23

Children

1. Background

The government has expressed various commitments at the national and international level in order to protect the rights of the children and to create a conducive environment for the realization of the potential embodied in them. Efforts are being made to fulfill such commitments from the government as well as non-government sector. In fact, child education, and health related programs have been carried out from the first periodic plan onwards. There have been gradual improvements in the health, education, and status of participation of the children. However, due to various reasons, the problems the children have to face and the risks they are exposed to, all the policy programs and institutional efforts have proved to be inadequate. Children's rights have been narrowed due to poverty, lack of education, family breakdowns, ten year long conflict, and incidents of terror, exploitation and abuse. In the changed context of the establishment of democracy, the end of the conflicts and comprehensive historic peace accord, this plan is focused on the rehabilitation of children by giving emphasis to the children affected by the conflict and those at risk and dejected, for the overall development of children and the protection of their rights.

2 Review of the Current Situation

The population of the children below 16 years of age accounts for 40.93 percent in Nepal. During the 10th plan period, the revision of the *Mulki Ain* and the Act against sexual and labor exploitation has been enacted. The Optional Protocol of the Child Right Convention, and SAARC Convention has been endorsed. 87.4 per cent of the children of school going age, are found to be enrolled in schools.

Master Plan on Child Labor, 2004–2015, Prohibition and Regularization of Child Labor Act, 1999 have been adopted. Various programs are being carried out in accordance with the 10year National Action Plan of children (2004–2015). Minimum norms and standards have been fixed for the operation of children's homes. There have been improvements in facilities provided in education, health, sports, and entertainment areas. Programs have been conducted targeting the children at risk. There has been an increase in rehabilitation and socialization. Scholarships have been provided to the incapable, poor and *Dalit* children. Programs related with education, health, training, skill development, awareness and community-based rehabilitation programs have been carried out for children with disabilities. Psychosocial counseling service has begun. At the central and district level, efforts have been made to strengthen Children Welfare Boards. Para legal committees in districts and Women and Children Cell in Nepal Police have been formed. Working groups have been formed and are in operation against sexual exploitation and trafficking at the district level. Community-based children centers are also in operation. The participation of children is increasing.

3. Problems, Challenges and Opportunities

Problems

The implementation of the current laws related with the protection of the children, social security, sexual exploitation and abuse has been weak. Juvenile justice and administration is ineffective. There have not been improvements as expected in the access of the children of *Dalits*, *Adibasi Janjatis*, *Madhesis*, Muslims, people with disability, and poverty stricken families to services and in the status of social security. Likewise, child labor, conflict affected and children at risk and their social security and rehabilitation have not been adequate. There is a lack of institutional provision for the rehabilitation of children suffering from conflict, HIV/AIDS and trafficking.

Challenges

It has become a challenge to ensure the rights of the children by making legal, institutional and program implementation as well as the provision of children's participation effective for the implementation of commitments shown by Nepal in the areas of children's rights.

Opportunities and Strengths

Cooperation and resource mobilization for the children from the government, donor community and NGO sectors have been increasing. There has been an increase in social concerns on the rights, interest and welfare of the children. Children are also making contribution in an empowered way. Human and technical resources are also increasing in this sector.

4. Vision

The vision is "to create an environment where the children of all the regions of the country and of all communities are able to make an overall personality development by enjoying their rights fully".

5. Objective

The goal is to end all types of exploitation, abuse, violence, risk and discrimination through the promotion of favorable, child-friendly environment for the physical, emotional, mental and intellectual development of the children and for the protection of the Children's Rights.

6. Strategies

- To provide immediate relief and to implement immediate programs targeting the children affected by the conflict and the children of marginal communities, with disabilities or at risk.
- To make programs related with the children transparent and to enhance access in the inaccessible places by making policy, legal and institutional reforms for the protection of children's rights.

- To make the efforts of government, non-government sectors intensely coordinated, mutually linked and effective by giving priority to collaboration and coordination.
- To enhance the capacity of agencies and human resources related with children by giving emphasis to the development of children's network, the promotion of children's participation and decentralization.

7. Policy and Working Policies

- Integrated and targeted programs will be run for the conflict-affected children and children at risk (girl child, children with disability and of marginalized community, street children) for rehabilitation and reintegration including psychosocial counseling, education and skills.
- Permanent Children's Fund will be established and operated for the protection of the rights of the children as well as for providing emergency help and relief to children at risk.
- In order to increase the access of children, programs will be extended to areas where access is less and in order to make the programs transparent, emphasis on the participation of guardians, community and children will be given.
- The areas where children remain active will be made peaceful.
- Programs will be advanced in such a way as to bring all the children within the scope of social security.
- Courts, schools, hospitals, children homes and the transport sector providing services to the children will be made child-friendly.
- Necessary legal, policy and institutional provisions will be made to make children free from all types of abuse, violence, exploitation, abduction and discrimination along with the defining of the children on the basis of age.
- Resource center will be operated, by collecting different information related to children and birth registration, and recording works now going on at local bodies will be made more effective.
- The Department of Women Development will be designated to look after the protection and development of the children.
- Policy and law relating godson, goddaughter, and foster care will be formulated. Bal Mandir, Child homes will be brought under legal system and will be operated by preparing minimum standards and indicators.
- The names of different agencies will be reviewed from the perspective of rights and will be changed accordingly.
- Child clubs, children's institutions and their network will be encouraged and their capacity will be enhanced. They will be mobilized to make social life of the children active. Likewise, the process of registering children's organization will be simplified.

- Policy and guidelines will be prepared to make children participate in all the stages of the planning cycle of programs related with children programs being run by government, non government and community based organization based on the age and competence of the children. For this, necessary revision and amendment in LSGA will be done.
- Special programs will be run through education and other service providing institutes related with the children for their physical, emotional, and moral development.
- The government and NGOs/INGOs will carry out programs, in order to mainstream the issues concerned with children, in development, by coordinating them.
- In accordance with the concept of child-friendly governance, local bodies will be encouraged to formulate and implement programs related with children.
- By placing Bal Mandir and District Child Welfare Board under DDC, the capacity of Central Child Welfare Board and District Child Welfare Board will be developed and strengthened for the coordination of programs, their planning, monitoring and evaluation.

8. Programs

Child Welfare Program

- Grant for rehabilitation including education, health, psychosocial counseling for those affected and children at risk
- Grant for the rehabilitation and counseling program for juvenile delinquent and those whose guardians are in prisons.
- Review of policy laws and amendments/formulation.
- Awareness program through communication media regarding protection and promotion of children's rights.
- Institutional strengthening for monitoring of children's rights.
- Study on effectiveness of big projects carried out by the government and nongovernmental sector.
- Strengthening of Bal Mandir as a resort for children at risk.
- Strengthening of institutes working for the child.
- Preparation of minimum standards for the child homes.
- Revision of security policy, acts, as well as enactment and amendments, for the rights, interest and personality development of the children.

Programs to be Conducted by Children Welfare Committee

- Institutional strengthening of Central Child Welfare Board, District Child Welfare Board and NGOs working in the areas of children and children's clubs.

- Protection and development program for the displaced, deserted, children at risk and street children.
- Social awareness and re-integration campaign to end all types of child labor.
- Operation of resource center.
- Monitoring, evaluation, coordination and facilitation and reporting.
- Promotion of child-friendly environment and education in schools and communities.
- Campaign to end children's abuse of drugs.
- Juvenile justice strengthening program.
- Promotion of children's participation.
- Capacity development of government and non-government organizations associated with children.
- Establishment of central coordinating and monitoring committee.
- Grants for children's institute performing exemplary works, etc.
- Development of the Child Information System.

Skill and Employment Oriented Training

To run programs with the selection of qualified training institutes and providing grants for running of skill and employment oriented trainings for youths above 14 years and outside schools, street children, *Dalits*, *Adibasi Janjatis*, *Madhesis*, Muslims and children from remote and backward areas.

- Protection of children with disabilities, in need of special care.
- Protection program for children with disability and equal opportunity program.
- Child-care and protection programs for intellectually disabled children, in need of special and protection will be run by providing grants.
- Permanent Children's Fund for emergency help and rescue works programs related emergency help.
- Relief and rehabilitation for children at risk will be carried out through the establishment of Children's Fund.

Bal Mandir Strengthening Program

Bal Mandir will be strengthened as a resort for the children at risk by linking it with the network of institutions related with other government and non-government organizations working for the children's welfare.

9. Expected Outcomes

- Basic rights of the children will be promoted and conducive and child-friendly environment created for their development and protection.

- Elimination of all forms of exploitation, abuse, risks and discrimination against the children and their living standards improved.
- With the efforts of the government and non-government sector intensified, coordinated and inter-linked, effectiveness is improved.
- Development of children networks, promotion of child participation and capacity enhancement of agencies and human resources related with children.

10. Assumptions and Risks

- Attraction to schools will be increased as a result of effectiveness in the educational system.
- Commitments of all the stakeholders for the protection and development children to remain.
- Increase in investments in this sector from INGOs and NGOs.
- Children at risk will be targeted on priority basis by agencies and institutes running the programs.

11. Estimated Budget

At FY 2006/07 Prices

| S.No. | Program | (Rs. in million) |
|--------------|--|-------------------------|
| | | Total amount |
| 1 | Child Welfare program | 28.4 |
| 2 | Child Welfare Committee | 13 |
| 3 | Development of information system related with children (with inclusion of conflict affected, children with disability and at risk, indigenous nationalities, and Dalit children) and the operation of resource center | 1.2 |
| 4 | Awareness programs through media for the protection and promotion of children's rights | 0.9 |
| 5 | Skill and employment-oriented training grant program for street children, outside school youth above 14 years from <i>Dalits, Adibasi Janjatis, Madhesis</i> , children from remote and backward areas | 25.4 |
| 6 | Grant programs for children in need of special care and protection and those with intellectual disability. | 4.9 |
| 7 | Protection and equal opportunity program for children with disability | 4.9 |
| 8 | Permanent Children's Fund for emergency help and relief for the children at risk | 14.7 |
| 9 | To strengthen Bal Mandir as the resort for children at risk | 14.7 |
| Total | | 108.1 |

12. Implementation, Monitoring and Evaluation

The issues related to children have become the concern of all the sectors. Due to this, all the implementing agencies, ministries, departments, district level offices, local bodies, children's clubs and development partners will be made to come forward and responsible in the implementation of plan and monitoring following a comprehensive and integrated result-oriented system.

Programs related to children will be continuously run through all the affiliated ministries such as MOHP, MWCSW and the departments under them through a regular mechanism. These agencies will be made sensitive in focusing their attention on the issues of children from the Child Rights perspective. Likewise, a system will be followed to ensure that DDC, VDC and municipalities prepare, implement, monitor and evaluate children' programs from the perspective of the rights of the children and with active participation of NGOs.

Facilitators and focal points will be designated from schools and communities. They will be made active. NPC, MoWCSW and Central Child Welfare Board will play an important role in the areas of plan formulation, monitoring and coordination at the central level. From local level to central level networks will be constructed for reporting and monitoring of the violation of children's rights. At the end of every year, review and revision of the programs will be done.

Chapter: 24

Youth

1. Background

Youths are the load bearers of the future and the partners of the present. They are the drivers of development and change. It is the duty of the State to create opportunities for the youths to be developed as creative, skillful, industrious and responsible citizens. In the past the policy, law and programs have failed to address with priority the youth and issues of their concern. Evidence from history shows how the failure of State in mainstreaming youth, the drivers of change, in running of states and development programs can deprive the nation from taking advantage of their talents and energy simultaneously solving problems of violence, instability and abusive behavior. Considering these facts, it is necessary to invest the energy and capacity embodied in them in a constructive way for the development of the country by making the youth competent and responsible and by making them partners in policy formulation, program implementation and evaluation activities of the state.

2. Review of the Current Situation

The population of youth between the age of 15 and 29 is 6.131 millions in Nepal. This accounts for 26.5 percent of the total population. In this, the proportion of male is 48.2 and women 51.8 percent. Of the total youth population, 0.4 percent has physical or mental disability, 83 percent of the youth live in rural areas and 17 percent in urban areas. Forty percent of the total urban population of Nepal are the youth. The attraction of the youth to the cities is increasing. According to the census of 2001, the literacy rate among the youth is 70.1 percent, the percentage of unemployed youth among the age group 15 to 29 is 11.4 percent. It is estimated that more than 29 percent of the population in 2011 AD will be youth.

In the Tenth Plan, the education and sports sector emphasizes mobilization of school level youth and on intellectual, social and emotional development, and civic education. Accordingly, youth mobilization program had 2,800 youths participating. Of the 25,068 who have received skill training under Ministry of Labor and Transport Management, the majority were youth. A total of 3,007 volunteers were mobilized in different districts through national development volunteer's service managed by NPC. For the first time women were given entry to Nepal Army. Various programs are being implemented by the NGO sector focusing on youth such as awareness enhancement, empowerment, control of drug abuse, rehabilitation, life and vocational/skill development. Youth organizations, youth clubs and radio programs listeners clubs have been formed. Through this medium, development works are being launched in local communities.

3. Problems, Challenges and Opportunities

The major problems of the youth have been employment and underemployment. Foreign employment where the youth heavily participate is

not properly managed and made safe. Likewise, proper management of remittance has not been done. The country has made investment in developing the youth specialists and experts in different fields. However, it is being deprived of their services due to their escape to foreign countries. Due to the mismatch between the market demand for competent human resources and the education provided to the youth, maximum number of the youth has become unemployed.

It has become critical and challenging to address the diversity among the youth in terms of age-group, region, caste, and gender. Due to the lack a responsible agency for the youth and also for lack of coordination policies programs and structures which make youths optimistic, could not be formulated. Making adjustment of former combatants living in cantonments in different areas according to their needs as well as the rehabilitation, reconciliation, education and livelihood support for the conflict affected youth and children also remain as challenges. Coordination between different government agencies, political parties, donor agencies, NGOs and other agencies which implement programs targeted to youth has also been a challenge.

Interim Constitution of Nepal, 2007 has also made the provision of the adoption of special policy by the State in order to mobilize the youth in the development of the nation. Enthusiasm, ambition, zeal and dynamism found in the youth after the people's movement are opportunities for the nation. There is also opportunity of developing entrepreneurship among large number of youth and thereby make them contribute to national economy.

4. Long Term Vision

The vision is to make youth major partners in the nation building by emphasizing their role in the social, cultural and economic development of the nation and establishment of sustainable peace.

5. Objective

To make the youth actively participate in the reconstruction and social and economic transformation of the nation by providing opportunities to all Nepali youths to develop their potentials and talents.

6. Quantitative Targets

- Increase in youth employment by 3.5 percent.
- Improved youth HDI.
- Increased involvement of the youth in the formation of all policies of the State.
- Reduction in drug abuse among the youth by one third.

7. Strategies

- To formulate necessary policy, program and mechanism for clarifying the role of the youth in the society and the nation.
- To mobilize the youth in productive sector.
- To ensure the access and involvement of the youth in policy making process of the State

- To mobilize the youth for sustainable peace and development by instilling in them the spirit of voluntarism.

8. Policy and Working Policies

- The participation of the youth will be increased in development and construction works.
- Necessary mechanism, like youth consulting service, resource centre, etc., will be developed.
- National action plan for youth employment will be prepared and implemented.
- Participation of the youth in the policy and programs of the State having direct concern to the youth will be ensured.
- Opportunities will be provided to the youths for employment, self-employment and social works by developing their social and economic entrepreneurship.
- Entrepreneurship and self-employment will be encouraged, by giving stress on practical, technical and labor market relevant education and training based on the competence and educational level of the youth.
- Agro-based industries, traditional occupation, local resources and means as well as innovation and new information technology will be encouraged.
- Emphasis will be given to social and personality development of youth by providing education useful for life and civic education.
- Preventive and curative programs will be run in order to reduce drug abuse and HIV/AIDS infection among the youth by giving emphasis to youth friendly health services.
- For the overall personality development of the youth, they will be motivated to participate in different personality development works including sports.
- Rural, deprived, at risk, disabled and conflict affected youths of all geographical regions will be given special priority in education, health, training and employment opportunities.
- Participation of youths will be ensured in central and local level youth agencies, and in formulation, implementation and evaluation of policies and programs.
- The policy of affirmative action will be adopted for balanced development of *Dalits*, women, *Adibasi Janajati* and *Madhesi* youth.
- Youth organizations will be given priority for the implementation of youth programs.
- Youth participation will be increased in state restructuring, reconstruction, sustainable peace building and development.

9. Programs

- To formulate and implement National Youth Policy.
- "Youth Partnership in Development Grant Program" will be implemented to support youths with new and innovative ideas and programs.
- To develop national mechanism for involvement of youth in policy making.
- To formulate and implement national action plan for the employment of the youth.
- To involve the youth as volunteers in development works of different districts.
- To encourage the formation and operation of forums like National Youth Conference and Youth Parliament.
- To run youth entrepreneurship and skill development programs.
- To run leadership development program.
- The establishment of National Youth Fund and launching of programs related with youth.
- To run business incubation and youth credit and seed capital program.
- Formation and operation of youth information and resource centre.
- To run capacity enhancement program of the organizations of the youth.
- To run livelihood support program for the youth affected by the conflict.
- To undertake national youth study and prepare youth report.
- To conduct youth audit program.
- To enact and implement National Youth Council Act.
- To carry out vocational and self-employment program for those failing S.L.C examination and school drop outs.
- To run programs to control drug abuse, prevent HIV/AIDS, and establishment and expansion of rehabilitation centres as well as drug program for infected people.
- Programs like participation in International Youth Day and International Youth Forums and exchange programs for youth for sharing experience.
- To run youth empowerment program for those marginalized and deprived along with social good-will promotion programs.

10. Expected Outcomes

- Economic status of the youth enhanced with the development of employability and entrepreneurship.
- Improvements in the educational and health level and personal and institutional capacity of the youth.
- Notable contribution of the youth in state restructuring, reconstruction, sustainable peace and development

- Reduction in the gender, caste, regional, lingual, cultural and class based inequities among the youth.
- Interest and involvement of the youth in policy formation of the state enhanced.

11. Assumptions and Risks

- Linkage and coordination will be maintained between programs related with the youth conducted by different agencies.
- Timely preparation of legal and institutional provision for the youth representation.
- Notable participation from the youth in reconstruction, sustainable peace and development.
- Investment from the government, non government and private sector in youth activities increased.

12. Estimated Budget*

At FY 2006/07 prices

| S.No. | Program | (Rs. in million) |
|-------|---|------------------|
| | | Amount |
| 1 | National youth study and youth report program | 1.6 |
| 2 | National youth policy formation | 1.0 |
| 3 | Youth partnership in development grant program | 9.8 |
| 4 | National youth service program | 1.6 |
| 5 | National Youth Conference and Youth Parliament | 2.0 |
| 6 | Youth information and resource centre establishment program | 3.3 |
| 7 | Capacity enhancement program for organizations led by youth | 9.8 |
| 8 | Political empowerment of the youth program | 3.3 |
| 9 | Youth entrepreneurship and skill development programs | 4.9 |
| 10 | International Youth Day Program. | 1.6 |
| 11 | Program to get youth to participate in International Youth Forums | 3.3 |
| 12 | Youth experience exchange program | 1.6 |
| 13 | Youth audit program | 1.1 |
| 14 | National Youth Fund establishment | 8.9 |
| 15 | National Youth Council Act formulation and implementation | 2.7 |
| 16 | Vocational and self-employment programs for S.L.C and school dropouts | 33.5 |
| 17 | Business incubation and credit and seed money program | 33.5 |
| 18 | Foreign employment capacity enhancement and remittance management program | 33.5 |
| 19 | Study and research on youth employment | 3.3 |
| 20 | Extra curricular activities in schools and social service extension program | 8.1 |
| 21 | Drug addiction and HIV/AIDS control programs and rehabilitation centers and medicine program for the affected | 16.5 |
| 22 | Special reconciliation and livelihood program for the conflict affected youth | 16.5 |
| 23 | Peace building program by giving training to the youth as peace builders at the village level | 13.4 |
| 24 | Deprived youth empowerment program | 4.9 |
| 25 | Special preparatory program for increasing entry to civil service for marginalized and deprived youth. | 6.7 |
| 26 | Inter-caste marriage promotion programs. | 3.3 |
| | Total | 229.9 |

* As youth programs are related to various sector programs, the programs listed above will be implemented through various sectors.

13. Implementation, Monitoring and Evaluation

Independent, autonomous and competent National Youth Council will be formed according to the law as umbrella agency related with the youth affairs at the central level. This council will mainly formulate national youth policy in consultation with the stakeholders, implement the same, and regulate works related to youth as well as evaluate and coordinate the agencies working in the youth sector.

Monitoring and Evaluation System

For the evaluation at the central level, an independent evaluation task force will be formed. The task force will include specialist and representative from political youth students' organizations, youth institutes, and civil societies. Youth audit will be adopted for the monitoring and evaluation of youth programs to be executed by the ministry at the district and community level. In the monitoring and evaluation process, attention will be given to the access of the youth to resources and services, policies, rules, organization and capacity development aspects addressing their issues. Youths will be involved in the evaluation of all youth related planning and development programs.

Chapter 25

Senior Citizens

1. Background

At present the population of senior citizens above the age of 60 is about 6.5 percent. In the present condition, there have been changes in several social structure and values and beliefs in Nepal. There is an erosion of joint family system. The need of the day is to maintain social tradition, culture and beliefs without allowing further deteriorations. In relation to senior citizens, decisions, declaration, commitments and actions at the international and regional level, and in particular, United Nations Principles for Older Persons 1991, Macau Plan of Action of Ageing 1998 and Madrid International on Plan of Action on Ageing 2002 needs to be adopted to match with the conditions of Nepal and should be implemented in a phase wise manner through the medium of National Action Plan. In particular, this plan has tried to address the following aspects:

- To make their life convenient.
- To utilizes their knowledge.
- To create necessary infrastructure to allow them to live a dignified life in the society.
- To develop respect and a sense of duty in the new generation for them.
- To create an environment for the economic and social security and the protection of their rights and welfare.

2. Review of the Current Situation

Although works relating to social security, facilities, capacity utilization of senior citizen has not progressed as expected, there has been initiation of some welfare and protection works. Health treatment programs are in operation in all the 75 districts. Institutional support and some grants have been made available to different old age homes and daytime service centers. High-level Senior Citizen Coordination Committee is in place for policy works and consultations. Senior Citizens Welfare Fund has been established. Works on social security allowance for the old and widows and records updating are proceeding. Senior citizen health treatment service program guidelines 2061, Senior Citizen National Action Plan 2062, Social Security Program Operation Working Methods 2063 and Acts related with senior citizen 2062 have been enforced. Likewise, allowance for senior citizens, helpless widows and people with disabilities have been increased. Draft regulations related with senior citizens have been prepared.

3. Problems, Challenges and Opportunities

Problems

Although the number of senior citizens has been increasing at a rapid rate, there is a lack of programs and resources and means to address this. Institutions with quality and multi- purpose old age houses, model senior citizen

day time service centers, senior citizen clubs, senior citizen consulting service centers have not been developed.

Other problems include the following:

- Issues related with senior citizen has not received priority
- Lack of effective coordination in running of programs between the concerned ministries and other stakeholders agencies
- Lack of proper mechanism and environment for working in accordance with the knowledge, skill, experience and competence that senior citizens posses and exhorting to the interest
- Weak condition of old age houses operated by the government and lack of knowledge and skills among the stakeholders on the senior citizens

Challenges

The major challenge has been seen in the form of ensuring the rights of senior citizens and social security by bringing national, international and regional declaration and commitments related with senior citizens into practice.

Opportunities

Some basic policy and laws and some institutional provisions related to senior citizen have currently been prepared. Peace established after a long conflict has made it easy to further the necessary programs in accordance with the concept of the security of senior citizens along with economic and social development.

4. Long Term Vision

The vision is to ensure respectable, safe and content living opportunity for the senior citizens by protecting their basic entitlements and rights.

5. Objective

To provide favorable facilities and environment for respectable, safe and content living for all senior citizens of the country.

6. Strategies

- To develop policy, legal and institutional provisions.
- To extend economic social security programs targeting the senior citizens.
- To undertake joint works with local bodies, private sector, donor communities, and non-government sectors.

7. Policy and Working Policies

- Necessary legal and institutional provisions will be developed for ensuring the entitlements and rights of senior citizens.
- Policy of utilizing knowledge, skill and experience of senior citizens will be adopted.

- By constituting senior citizen commission, their participation will be increased in all relevant institutions.
- Policy to incorporate rights, responsibility, duty, care taking, security, cultural values and beliefs in compulsory subjects of Class 6 to 10 will be adopted.
- A separate Senior Citizen Fund will be established to run programs related with senior citizens.
- The old age houses under operation by government and non-government sector will be organized and economic social security programs including senior citizen allowances will be made effective after review.
- Special facilities will be provided in hospitals and public transport modes for senior citizens.
- Special programs will be conducted to encourage institutional and family rehabilitation. Improvement, strengthening and extension of old age houses will be done.
- By preparing database related with senior citizens, access of the stakeholders to information will be enhanced.
- The capacity of organizations working in the area of senior citizens will be enhanced.
- Encouragements will be made to local bodies, private sector and non-government sector for providing appropriate services and facilities to senior citizens.
- Separate arrangement will be made by all the service providing agencies for senior citizens.
- Provision will be made to transfer the allowance of senior citizens to a separate fund at DDC without freezing.

8. Programs

Programs including the following will be carried out:

- Health treatment for senior citizen program,
- Senior citizen central fund mobilization,
- Studies on senior citizen,
- Institutional strengthening program,
- Capacity enhancement of institutions working on senior citizen,
- Database and resource centre establishment and operation program,
- Social security, insurance and livelihood program
- Inclusion of subjects related to senior citizens in non-formal and formal education.
- Program to encourage private sector, local bodies, NGOs and community organizations,
- Program to coordinate and further relations with civic societies having national level networks,
- Provision of Geriatric Home for senior citizen,
- Physical and managerial reforms of senior citizen old age resorts.

9. Expected Outcomes

- Database related with senior citizen to have been prepared.
- Programs to be implemented in an effective manner with priority accorded by the State and in a coordinated way through authorized commission.
- Access of the stakeholders to information increased. Sensitivity to senior citizen in the society increased, capacity to run programs related with senior citizen enhanced
- Provisions of social security for the senior citizen extended and community and family rehabilitation infrastructure increased.
- Proper mechanism and environment prepared for the senior citizens work according to the knowledge, skill, experience and desire.
- The condition of old age homes, run by the government improved and extended.

10. Assumptions and Risks

- Policy, acts, rules and institutional structure will be prepared on time.
- There will not be much instability due to transfer at the demonstrative level.
- Investment will be made from the private and non government sector for the development of services and facilities for the senior citizens.
- Social security programs will get priority.

11. Estimated Budget**At FY 2006/07 prices**

| S.No. | Program | (Rs. in million) |
|--------------|--|------------------|
| 1 | Senior Citizen Health Treatment Program (75 districts) | 24.4 |
| 2 | Senior Citizen Day Observation (75 district) | 3.5 |
| 3 | Senior Citizen Central Fund | 8.6 |
| 4 | Senior Citizen Study | 3.2 |
| 5 | Institutional strengthening program | 89.5 |
| 6 | Capacity enhancement program | 6.8 |
| 7 | Statistics and resource centre establishment program and operation | 42.3 |
| 8 | Social security, insurance and livelihood program | 254.8 |
| Total | | 433.1 |

12. Implementation, Monitoring and Evaluation

Emphasis will be given to collaborative works among the government, non-government, community and the private sector in the implementation of the plans. At the central level, coordination will be done by the affiliated ministries, agencies, and Senior Citizen Welfare Coordination Committee in the implementation process. At the district and local level, implementation will be carried out in coordination with Women Development Office, local bodies, NGOs and Community Organizations. Arrangements will be made to send progress

reports to MoWCSW in a regular manner from agencies concerned with implementation.

From the central level, monitoring and evaluation will be done by MoWCSW and Senior Citizen Welfare Coordination Committee. On the basis of monitoring of the status of implementation, adjustments will be made in programs, strategies and policies.

In regards to monitoring, coordination and evaluation of the implementation status, other involved agencies in implementation will also be on board. In the work, agencies related with human rights, independent observers, senior citizens and specialists would also be involved.

Chapter: 26

Natural Disaster Management

1 Background

Natural disasters have been increasing in the country due to unplanned migration, haphazard deforestation and encroachment, maximum pressure on agricultural land, unscientific and traditional agricultural system unplanned urbanization, increasing population and so on. Due to such incidents, social and economic development has been disturbed along with the damage in basic structure. Further, every year, it has become routine or customary to bear the loss of life and property due to earthquakes, floods, landslide, fire and other disasters. Nepal lies on an earthquake prone zone. There has not been adequate and reliable provision for the mitigation of natural disasters including earthquake. In the context of mitigating natural disasters, it has become necessary to further preventive and curative efforts in an effective and coordinated way.

2. Review of the Current Situation

For the management of disasters, institutional arrangements with the representation of different agencies from the center to the district level have been made. Storage of materials at different levels for the management of disasters has been arranged. A provision has been made for the related agencies to remain with preparedness. Agencies including seismographic centers and meteorological centers have been given clear roles. Policy, legal and institutional arrangements have been made.

3. Problems, Challenges and Opportunities

Many problems including the following have caused obstructions in disaster management.

- Lack of timely coordination among the involved agencies
- Efforts on management being curative mainly rather than preventive
- Lack of modern technology to pre-inform and warning
- Lack of adequate awareness and mapping work of disaster prone areas and natural disaster management
- Lack of assessment of natural disaster while selecting development projects
- Inadequate rehabilitation and assistance program, non-compliance of standard or code in the construction of high-rise residential buildings, inadequate allocation of budget, and
- Planned management process not followed.

It appears that disaster management will be effective if all the organizations and agencies could be mobilized in a coordinated manner. This can be realized with increasing public awareness and clarity of policy, legal and organizational roles.

4. Long Term Vision

The vision is to minimize social and economic loss and damage caused by disasters.

5. Objective

The objective is to promote the security of life and property from natural disasters through sustainable, environment-friendly and result oriented development by making disaster management practices efficient, competent, strengthened and effective.

6. Strategies

The following strategies will be adopted for the management of disasters:

- Emphasis will be given to develop and apply environment-friendly systems in development and construction works.
- For the mitigation of risks of natural disaster, appropriate information flow and pre-disaster preparedness will be made.
- To strengthen collaborative works between the government, non-government and private sector for providing relief and rescue to those affected by disaster.

7. Policy and Working Policies

- Provisions relating to EIA and natural disaster assessment will be strengthened prior to the implementation of infrastructure construction.
- Timely reforms will be made on policy and institutional mechanisms in relation to the mitigation of risk of natural disasters.
- Appropriate mechanisms will be developed to strengthen the collaborative works among the government, non-government and private sector in order to provide relief and rescue and rehabilitate those affected by disasters.
- Awareness programs will be run to enhance the participation of the community organizations and the general public in order to mitigate the risks of natural disasters.
- Emphasis will be given to pre-disaster preparedness by advancing the process of identifying areas with high risk from disasters and their mapping works.
- To strengthen the Ministry of Home as a competent central coordinator for the disaster management by enhancing the capacity of agencies and human resources associated with disaster management.
- Technology for making weather and climatic forecasts robust will be used.
- Soil erosion, landslides, flood and river control works will be implemented in an effective way.

8. Programs

- National strategy formulation and implementation
- Awareness programs
- Disaster competence enhancement program
- Rescue, relief and rehabilitation preparedness programs for the disaster affected
- Study and research program
- Identification and mapping of disaster prone zones
- Storage of relief and rescue materials
- Enhancement of the involvement of local bodies and communities in the prevention works on landslide, river control and soil erosion.

9. Implementation, Monitoring and Evaluation

Implementation

Through the effective mobilization of the Department of Water induced Disaster Control, Department of Meteorology and Hydrology, Department of Soil Conservation, Department of Minerals and Geology, local bodies, organizations and agencies and spontaneous people's participation in institutional framework of the Ministry of Home and organizations under it; life and property will be protected through effective implementation of disaster management works.

Protection and maintenance will be given adequate attention. Implementation will be subject to detailed studies and EIA of the development programs and projects. Planned system in disaster management will be developed and implemented.

Monitoring and Evaluation

Emphasis will be given to continuous monitoring and evaluation. Field inspection will be made effective and indicators will be applied with adequate evaluation of the past incidents and impacts and study reports.

Chapter: 27

Local Development

1. Background

An important aspect of local development is the implementation of development programs, based on locally available knowledge, skills, resources and technology, to meet the needs at the local level. For the development programs to be sustainable and to ensure effective service delivery to the masses, people's participation at the local level in the selection, plan formulation, implementation, and monitoring and evaluation is the driving concept. In this context, it is critical to ensure increasing access of the people to basic development services and facilities by implementing programs through local level institutions based on the concept of participatory and inclusive decentralization. This would demand greater emphasis on developing local bodies in the framework of decentralization, social inclusion and local governance.

2. Review of the Current Situation

During the Tenth Plan period, development programs were undertaken focused on the meeting of the basic needs of the people, intending social, economic, institutional and infrastructural development based on local capacity and resources, ensuring increased access of women, disadvantaged groups, *Dalits*, *Adivasis*, *Janjatis* and others to development programs and services. Though these programs could not produce intended results due to widespread conflict situation and absence of elected local bodies, there, indeed have, been some achievements and successes.

The annual grant made available to the VDCs by the Government of Nepal doubled from half a million to one million in the FY 2006/07, the last fiscal year of the plan period. During the Plan period, the annual grant amounting to Rs.170 million was made available to the municipalities. Similarly, the annual grant to District Development Committees, towards capital and administrative expenditure, amounted to Rs. 1,050 million. These unconditional grants to local level institutions were used in undertaking the development programs related to infrastructure development, institutional development and local capacity building and this grant amount was also used as a matching fund in the donor funded development projects.

The process of allocating unconditional grant to Municipalities and District Development Committees using set formula based criteria was initiated. Monitoring of District Development Committees, based on minimum conditions and performance measure indicators, was started through Local Bodies Fiscal Commission.

In 52 districts, Periodic District Development Plans was prepared and their implementation, are underway. In District Development Committees, Local Development Fund was instituted to undertake social mobilization programs and in 30 municipalities Municipality Partnership Development Fund was instituted for this purpose. Installation of facilities for Geographic Information System was

completed in almost all the districts and at the municipality level information centers were established. Accounting software is in use in 39 districts. Similarly, vital registration of birth, deaths, other events which is essential for effective population management, has been made effective. During the plan period, District Transport Master Plans were completed for additional 24 districts and with this the number of districts with District Transport Master Plan has increased to 74.

The reserve fund created through local development tax was used in the blacktopping of roads and in the construction of gravel road, sewerage, conference hall, weekly markets sheds, slaughter house and waste management in the municipalities. In Pokhara Sub-Metropolis, use of landfill site constructed under the assistance of Asian Development Bank was started. In Kathmandu Metropolis, use of landfill site constructed at Sisdol (Okharpauwa) has started. Tribhuvan Municipality started to conduct a landfill site on its own initiative. Similarly, the Urban Development through Local level Initiative (UDLE) Program provided support to selected municipalities in the administrative and financial management and in the analysis, development planning and resource mobilization. The program also provided support in the development of training centers on poverty alleviation in 3 municipalities and regional resource and training centers in 5 municipalities.

Training programs have been organized by the Local Development Training Academy from time to time for the personnel working at local level institutions in the areas of accounting, development planning and office management and for people's representatives at the local level in the areas of project cycle and gender sensitive governance.

Road tracks of 3,110 km length were opened, besides completing the gravelling of 1,446 km and blacktopping of 14 km road lengths under the Agricultural and Local Level Road Development Program. Of the total of 22,000 km of rural road network in the country, only 10,000 km road length is currently in use, as the rest of the road network remains unused due to the lack of proper repair and maintenance. Similarly, as regards to the development of large suspension bridges, construction of a 1,453 m long multi-span suspension bridge across Mahakali river at Chandani-Dodhara was completed. Besides, the construction of a total of 1,263 suspension bridges, including 1,034 under TBSU/BBLL program, 76 under Remote Area Development Program and 153 through central and local level agencies were completed.

In the remote hill and mountain districts in the northern part of the country, construction of 22 rural electrification programs, 17 water supply systems, 7 irrigation schemes and 67 km mule track, and income generating training of 130 participants were completed during the Plan period with the support of Remote Area Development Program.

For the organizational development of *Adibasi Janjati* communities, management support including capacity enhancement was provided to a total of 31 institutions, besides undertaking lingual coding and development of dictionary of 20 dialects that are on the verge of extinction. Scholarship support to a total of

2,374 students from *Adibasi Janjatis* studying in schools and higher educational institutions was also provided in order to increase their access to education.

Under the Monastery Development and Management Program, rehabilitation and repair and maintenance of 147 monasteries were completed, besides organizing four country visit programs for the *Lamas* (monks). Under Praja (*Chepang*) Development Program, school uniform, textbooks and scholarships were distributed for the educational development of the Chepangs in Dhading, Chitwan, Gorkha and Makwanpur districts.

Towards the empowerment of marginalized, exploited and *Dalit* communities, besides airing 209 radio programs, scholarships for higher education to 469 students and prizes to 43 promising students were provided. In addition to organizing training programs on occupational skill development, preparation classes for civil service examination were also organized in order to enhance the access of *Dalits* and disadvantaged communities to administrative jobs. For social security, living allowances/pension for senior citizens above 75 years of age, widows/helpless women above 60 years of age and for persons with disabilities were continued.

Under the Rural Community Infrastructure Works (RCIW) Program for 25 districts, construction of 1,281 km long rural road and 25 km of mule track were completed within the Tenth Plan period, besides providing support for the construction of 6,114 units of houses for freed bonded laborers, construction of 19 km long river training works and construction of fish ponds in 6 ha area. Under the program, 38,853 metric tons of food grain was mobilized that benefited a total of 343,000 laborers from 232,000 households, including 210,000 males and 133,000 females.

Social mobilization activities initiated under the Poverty Alleviation Program in Western Terai (PAPWT), targeted to benefit the households below the poverty line in a total of 80 VDCs, have been completed. Under the program, such works as formation of saving groups, rehabilitation of freed bonded laborers, construction of toilets, hand pumps, tube-wells and treadle pumps were taken up. The program also provided support for the development of community shallow tube wells, culverts, ponds, hand pumps, improved toilets, forest plantation, community health and training programs on agriculture and vocational skill development.

Western Upper Hill Poverty Alleviation Project (WUPAP), intending support for poverty alleviation of population living below poverty line in the upper mountain districts in mid-western and far-western regions (Jumla, Humla, Mugu, Kalikot, Jajarkot, Dolpa, Bajhang and Bajura) has been started. The activities started under this program included the formation of leasehold forest user groups, action plans for leasehold forestry and transfer of the right to use leasehold forest to the user groups. Other activities initiated under the program included technology testing for the selection of promising cultivars of wheat, potato and vegetables; construction of plastic tunnels for the production of seedlings of medicinal herbs; and training programs for the capacity development on animal husbandry and in other areas.

The implementation of Rural Infrastructure Development Project (RIDP) in Banglung, Kabhre and Tanahun districts was completed during the Plan period. Construction of 100 km of rural road network was completed during the Tenth Plan period. Under Rural Access Improvement and Decentralization Project (RAIDP) for 20 districts, road upgradation works of 261 km road network was completed, and additional 50 km long road track has been opened. Under District Road Support Program (DRSP) for six districts, construction of 53 km long road network was completed besides upgrading, repair and maintenance of 291 km long road length. Under Rural Access Program (RAP) for 7 districts, track development of 400 km long road network has been completed, of which 207 km long earthen road is motorable.

The Decentralized Local Governance Support Program (DLGSP), which started in 2004, with the merging of Participatory District Development Program and Local Governance Program, was extended to cover 66 districts of the country. Under the program, village development activities have been initiated through community-based organizations formed in the villages. Programs for self-employment are underway in 880 VDCs with the mobilization of credit support of Rs. 1,410 million for capital development. In some VDCs, such programs as community livestock insurance, small community infrastructure development works, occupational skill based training and non-farm business activities have started. The program has also been extending support to the District Development Committees in strategic planning, human resources development, institutional development, strengthening of accounting and information archival and participatory program planning. With the support under the program, identification of strength and weaknesses in 35 DDCs, installation of planning software in 20 districts, organization of public hearing in 25 districts, poverty mapping in 35 districts and resource mapping in 55 districts were completed. In addition 'Biseshwor with Poor' program is also underway in these districts.

In 20 districts, where Decentralized Finance Management and Development Program (DFDP) was undertaken, such development programs as water supply and sanitation, rural transportation (road), social services (health posts and schools), productive infrastructure (irrigation), environmental conservation (flood control and forestation) and human resources development, are being implemented based on the demands of local communities. Decentralized Action Plan for Children and Women (DACA) was implemented in the total of 15 districts covering 250 VDCs and 8 municipalities. The program included such activities as education, child security, child and maternal health, nutrition, kindergarten development, water supply and sanitation, awareness raising on HIV/AIDS, community development and good governance. In the 15 districts where this program was implemented, mapping of disadvantaged group (DAG Mapping) has been completed. In 9 districts of Himalayan region with widespread poverty, development activities to produce impact in shorter timeframe had been started. With the establishment of children clubs and paralegal committees, the household violence against children and women has reduced. This has also helped in the settlement of disputes at the local level.

Similarly, Community Owned Primary Education Program (COPE) has extended support in establishing community schools in 6 districts and 10 municipalities. Rural Urban Participatory Program (RUPP) was implemented in 25 municipalities. Under Rural Water Supply and Sanitation Program (RWSSP)-Phase II, water supply for additional 250,000 population and sanitation facilities for 319,000 population were developed in the six districts of Lumbini Zone. Similarly, with the water schemes transferred by the Department of Water Supply and those developed by the local level institutions, water supply facilities have been extended to cover additional 150,000 of the population.

In the Tenth Plan period, the Waste Management Program, implemented to address the problems of waste management and environmental pollution in the Kathmandu valley in a sustainable way, and to promote the use of waste as resource, has completed acquisition of 10 *ropani* of land, development of landfill site package in 17 ha, construction of 70 km long road, gravelling in 8 km of road, blacktopping in 8 km of road and about 100 other smaller development works associated with the landfill sites namely irrigation, health post, school building and small rural roads.

In the last year of the Tenth Plan, arrangements were made for the program implementation to ensure employment for one person from every family in Karnali Zone through local level institutions and Rs. 180 million was mobilized for this purpose.

3. Problems, Challenges and Opportunities

Problems

The problems facing local development included:

- Absence of elected representatives in the local bodies, after 2002.
- Continued lower institutional capacity of local bodies.
- Destruction of local infrastructure in the conflict period and lack of undertaking their rehabilitation on time.
- Lack of monitoring and evaluation in the implementation of development programs.
- Lack of execution of provisions under the Local Governance Act and continued confusion in the implementation of this act owing to delays in the amendment of conflicting provisions in other acts and legislations.
- Lack of institution to control corruption and compliance to fiscal discipline in the local bodies.
- Duplication of works in the absence of coordination between the central government agencies and local government institutions.
- Lack of timely and quality execution of development works in the absence of needed technical support.

- Excessive work burden on the part of the personnel deputed in local bodies and lack of capacity enhancement the personnel with multidisciplinary expertise.

Challenges

The challenges pertinent to local development include:

- Effective delivery of services and ensuring effectiveness in the execution of development programs.
- Dissemination of social mobilization programs in all VDCs through continued support to people's participation.
- Using information technology for the monitoring and evaluation system.
- Ensuring equitable distribution of facilities and services among the target groups and controlling misuse of resources.
- Motivation of employees to work in the remote areas and making the Local Development Training Center result oriented and professional institution.

Opportunities

- Availability of Periodic Plans, Transport Infrastructure Development Plan, GIS Database, Social Maps and Resource Maps with local bodies has effective foundations laid for the scientific formulation of development plans.
- Participation at the local level in the development programs and commitments of local bodies thereto, has increased significantly.
- Some municipalities have taken initiatives towards reduction in poverty of urban poor by formulating poverty reduction strategy and implementing targeted programs.
- Opportunities for increased local level employment and development of environment friendly infrastructure have evolved owing to the availability of local resource based and labor intensive technologies and positive contribution to livelihood opportunities through Infrastructure Plus program.
- Organized community institutions have evolved in the rural and urban areas to implement infrastructure development and income generating activities through social mobilization.

4. Long Term Vision

To bring improvement in the living standard of the masses through good governance based on a democratic value system and inclusive development effort subsequent to the restructuring of the state, based on the conceptual framework of federal, inclusive and participatory development, with the implementation of the local level development initiatives under the leadership of local autonomous government.

5. Objective

The major objective of the local development program will be to support poverty alleviation measures on the fundamental premise of inclusive development, and through the mobilization of local resources, use of local skills and technology and creation of employment and income generating opportunities – all with the direct involvement of local inhabitants.

6. Strategies

- To implement demand driven, targeted and community focused, programs to increase the access of people from remote areas, women, *Dalits*, *Adivasi Janjatis*, *Madheshis*, Muslims, exploited, marginalized, minority, disadvantaged and other backward groups to resources and opportunities itself through their increased participation and ownership.
- To develop the perception of good governance through the strengthening of the local self- governance system and by mobilizing the internal and external resources for the local bodies and its effective utilization as well as capacity enhancements, sector wide areas of devolution and through the coordinated efforts of other local level stakeholders.
- To create employment opportunities at the local level and increase the access of people to the facilities and services through the development of environment friendly infrastructure that is based on labor intensive technology and local resources and in accordance with the Strategic Work Plan for Local Infrastructure.

7. Policy and Working Policies

- The proportionate inclusive representation and participation of women, *Dalits*, *Adivasi Janjatis*, *Madheshis*, Muslims, laborers, farmers, persons with disability, and disadvantaged groups and regions, will be ensured in all the stages of the project cycle of development programs of the local bodies. Besides, integrated programs will be implemented for the upliftment of the target groups and regions.
- Policy and working level coordination will be established for the mobilization of the government, NGOs and the private sector by strengthening the coordination mechanism between the sectoral line agencies at the central and local levels.
- The program for effective implementation of the registration of personal events, based on the list of households, will be taken up in the form of a Campaign.
- Direct but conditional grants, under predefined bases, shall be made available to the municipalities to undertake participatory development works from the reserve fund created out of the local development taxes.

- Appropriate training programs shall be conducted to develop skilled human resources critical to the capacity building of local level institutions. For this, the relationship and networking with international institutions and associations/federations of local bodies will be promoted and expanded for the mobilization of resources and sharing of knowledge and experiences on local self governance aspects.
- The local bodies will continue to be strengthened and made efficient through effective utilization of natural, physical, financial and human resources along with the information technology.
- The service delivery will be made effective through capacity development of local bodies.
- The existing organizational structure of Ministry of Local Development will be improved.
- Programs for social and economic improvement and empowerment as well as rural infrastructure development will be undertaken in Karnali, its peripheries and along the borders by focusing on the VDCs with the settlements inhabited mostly by the poor, *Dalits*, *Adibasi Janjatis* and disadvantaged *Madhesis*.
- Child friendly campaigns for childcare, child welfare, development, participation and protection will be institutionalized in the local bodies.
- Registration of personal events based on household records will be taken up in the form of a campaign and this work will be integrated with information technology in order to establish basic information database.
- Local bodies will be made fully accountable for the devolved sectors in an attempt to improve the effectiveness of service delivery and execution of development works at the local level.
- Different programs for social empowerment, infrastructure development and income generation will be undertaken in the rural and urban areas through social mobilization for the upliftment of the communities and groups in the society that are either backward or made to be backward.
- While further expanding the social mobilization activities, priority will be accorded to the border areas, Karnali region and the backward settlements.
- Social security programs, that were focused on senior citizens, persons with disability, will be continued.
- The coordinated and complementary programs, focused on the backward groups, will be implemented by eliminating the duplication of efforts in programs at the local level undertaken by the government agencies, NGOs and financial institutions.
- The projects prioritized by the Periodic District Development Plan, District Transport Master Plan and other sectoral plans will be executed.

- Public auditing will be undertaken for local development programs.
- Local physical infrastructure that were damaged and affected during the conflict will be rehabilitated and reconstructed.
- Emphasis will be given to upgrade the existing earthen roads to all weather roads recognizing the comparative advantage of the already constructed roads. In the districts with low human development index and those where deliveries of basic support services are limited due to low road density, construction of new earthen roads shall be undertaken on a priority basis. In order to ensure sustainability of the developed infrastructures, provisions for regular repair and maintenance will be made by instituting funds for repair and maintenance.
- Monitoring of development program shall be institutionalized. Monitoring Action Plan will be prepared and implemented at all levels or entities.
- Research and Development (Investigations and Studies) as well as information dissemination and promotional activities will be undertaken for low cost, environment friendly and local resource based technologies.
- For the comprehensive development of the remote areas, development strategies will be formulated on the premise of optimal utilization of available financial resources and the programs will be developed accordingly.
- In the sector of waste management and for the collection, transportation and recycling of wastes, the final waste disposal will be done in a scientific manner with the involvement of the private sector under the leadership of local bodies. Appropriate legislation shall also be developed to support this initiative.
- Infrastructure development programs that are presently carried out under varied names, directives and guidelines will be carried forward under the conceptual framework of Sector Wide Approach (SWAP) by coordinating with donor agencies supporting the programs.
- The quality testing system will be strengthened in the local bodies in order to emphasize quality of infrastructure development.
- The stakeholders concerned with the development programs will be oriented to adopt the environment friendly technologies and will be sensitized to the consequences of environmental degradation and mitigation measures, before the implementation of the programs.

8. Quantitative Targets

The quantitative targets related to local development are shown in the following table.

| S.No. | Activities | Targets of the Plan Period |
|-------|---|-------------------------------|
| 1. | Review and Evaluation of Periodic Development Plans of DDCs | 52 |
| 2. | Review and Evaluation of Periodic Development Plans of Municipalities | 15 |
| 3. | Updating the Periodic District Development Plan | 75 |
| 4. | Updating District Transport Master Plan | 75 |
| 5. | Establishment of Geographic Information System (GIS) | All Districts/Municipalities |
| 6. | Poverty Mapping, Social Mobilization Mapping and Disadvantaged Group Mapping | All Districts/Municipalities |
| 7. | Preparation and Implementation of Sector Specific Capacity Development and Human Resources Development Plans | 40 DDCs and 30 Municipalities |
| 8. | Implementation of Code of Conduct | All Local bodies |
| 9. | Updating and Use of Citizens Charter | All Local bodies |
| 10. | Sensitization of Functionaries at Local Bodies on Local Governance System | 10,000 persons |
| 11. | Establishment of Community Development Fund | 800 VDCs |
| 12. | Updating and Execution of Formula for Unconditional Grants | All DDCs and Municipalities |
| 13. | Development of Criteria and Implementation for Allocation of Grants to VDCs | 30 VDCs |
| 14. | Installation of Computer Package for Accounting, Planning and Monitoring and Evaluation | All DDCs and Municipalities |
| 15. | Testing of Computer Package for Registration of Personal Events | 15 districts |
| 16. | Implementation of Personal Event Registration | unto 90% |
| 17. | Orientation Programs/ Training on Planning, Coordination, Resource Mobilization, Conflict Resolution, Empowerment, Administration, Management and Decision Making | 10,000 persons |
| 18. | Execution of Social Mobilization Programs | 66% of Local bodies |
| 19. | Participation of Women/ <i>Adivasi/Janjatis Dalits/Madhesis</i> Persons with Disability and Disadvantaged Groups in the Development Programs | Minimum 50% |
| 20. | Minimization of Urban Poverty | 50% Municipalities |
| 21. | Rehabilitation and Upgrading of Roads for Year Round Use | 7,000 km |
| 22. | Regular and Periodic Maintenance of roads currently in operation | 12,000 km |
| 23. | Construction of New Earthen Roads | 2,000 km |
| 24. | Construction of Road Bridge | 11 km |
| 25. | Construction of Suspension Bridges on the Main and Local Tracks | 1000 Units |
| 26. | Extensive Repair and Maintenance of Suspension Bridges on the Main Tracks | 71 Units |
| 27. | General Repair and Maintenance of Suspension Bridges | 3500 Units |
| 28. | Preparation of Integrated Rural Access Program (IRAP) | 50 Districts |
| 29. | Updating of District Transportation Master Plan | 50 Districts |
| 30. | Feasibility Study of Local Level Ropeway and River Navigation | In Feasible Areas |
| 31. | Completion of Progressive Rural Water Supply and Sanitation Programs | 800 Units |
| 32. | Preparation of District Master Plan for Small Scale Irrigation and River Training | 25 Districts |
| 33. | Preparation of Profile on Micro-Hydropower and Alternative Energy | 45 Districts |
| 34. | Capacity Development of Local Bodies for the Execution of Alternative Energy Programs | 45 Districts |
| 35. | Completion of physical infrastructure related development programs under cost sharing arrangement from Reserve Fund | 240 Under Municipalities |
| 36. | Improvement of basic minimum services of municipalities | 53 Municipalities |
| 37. | Detailed study of sanitary landfill sites | 50 Municipalities |
| 38. | Construction of landfill sites | On demand of Municipalities |
| 39. | Orientation and awareness raising programs on disposal of managed waste | All Municipalities |
| 40. | Construction of access roads to landfill sites | 1.2 km |
| 41. | Construction of Landfill Sites | 14 ha |
| 42. | Construction of physical infrastructure projects at DDC and VDC levels | 12000 Units* |

* Assessment of outcomes of sectoral projects will also be initiated in the area of infrastructure development

9. Major Programs

Local Bodies Grant and Management Program

This program includes disbursement, management and monitoring of grants made available to the local bodies (DDCs, Municipalities and VDCs). The activities of the program include:

- Development of scientific parameters and indicators for monitoring and their updating; institutionalization of monitoring and evaluation system.
- Central level record keeping of progress and achievements.
- Preparation and modification of work-plan/manuals and orientation workshops and training programs.
- Disbursement of funds to the municipalities from the local development revenue collection will be based on a pre-determined formula.

Capacity Development and Local Bodies' Strengthening Program

The local bodies at the Village, Municipalities and District Levels shall be strengthened in accordance with the capacity development program in order to strengthen the local governance system in the changed context. These shall be undertaken under local bodies' capacity development strategy developed on the basis of minimum compliance and performance indicators. Changes in the organizational structure of local bodies shall be proposed based on the studies undertaken to review the existing organizational framework and work execution under the local bodies. Based on the review of organizational framework, local bodies shall be classified and planning, organizational and managerial capacity building activities shall be undertaken accordingly.

Arrangements for the training of the functionaries and officials and other stakeholders shall be made at Local Development Training Center in order to develop capacity of local bodies. For this a mechanism of ownership of local bodies in the Local Development Training Center shall be created. Human resources engaged in local development and decentralization shall be made more professional, accountable and disciplined through a series of sensitization and training programs. Human Resources Development Plan for local development, encompassing all the disciplinary areas, will be developed and implemented.

Targeted Programs

Socially and regionally targeted programs initiated in the past shall be continued in the Interim Plan period and new target programs shall be added based on the needs and priorities. The targeted social development programs shall include empowerment programs focused on women, *Adivasi Janjatis*, *Dalits*, *Madheshis*, Muslims and other marginalized and backward communities. Regionally targeted programs include the programs focused on Karnali, VDCs in the border areas and in the remote areas.

In order to help the local government in assuming the identified duties and responsibilities, support in such areas, as, integrated population and reproductive health and social security of senior citizens, Muslims, *Dalits*, *Adivasi Janjatis*, persons with disability and widows, shall be provided. Special programs focused on social and economic empowerment shall be undertaken in Karnali and in other areas along the borders.

Karnali region shall include the districts in Karnali Zone and five other districts in the periphery, including, Bajhang, Bajura, Jajarkot and Rukum. In addition to these district, the remote districts of Darchula in the far western region, some VDCs of Dailekh bordering with Kalikot and some VDCs of Rolpa bordering with Rukum shall be included under special program proposed for Karnali region. Likewise, Food for Work Program and High Hill Poverty Alleviation Program shall be brought under one umbrella for implementing the program in an integrated manner. In VDCs/Municipalities, target groups shall be identified and programs for employment generation, skill development and credit mobilization, contributing directly to poverty alleviation, shall be undertaken. In order to strengthen the mobilization of finance through institutional credit, arrangements shall be made for their integration with the concerned financial institutions.

The programs to be implemented include:

- Employment promotion for the Karnali region and other remote areas, empowerment program focused on *Dalits*, *Adivasi Janjatis* and disadvantaged groups leading to the development of inclusive society.
- Locally viable production programs contributing to poverty alleviation.
- Program for making the tourist sites attractive and well managed, road and civil aviation related infrastructure development programs for improving the rural economy.
- Rehabilitation and relief programs for the people displaced during the conflict; electricity and lighting program.
- Programs for the conservation of endangered plants and medicinal herbs.
- Motivational programs for technicians and officials working in the remote areas as well as programs addressing the regional requirements.

Specific institutional arrangement will be made to coordinate and facilitate the execution of these programs in an integrated manner. In executing such programs, coordinated efforts among the sectoral ministries, local bodies, NGOs, private sector and civil societies will be ensured.

In the areas along the borders, Chure region and in Terai, the women, *Dalits*, *Adivasi Janjatis*, marginal and disadvantaged groups will be empowered through social mobilization in order to contribute to poverty alleviation.

Social Mobilization Program

The Decentralization Local Self Governance Support Program (DLGSP) shall be expanded to contribute towards rural and urban poverty reduction through organizational, savings and skill development programs using locally available resources. The direct participation of women, *Dalits*, *Adivasi Janjatis*, *Madheshis*, Muslims, marginalized and disadvantaged groups shall be ensured through social mobilization in undertaking the stated programs. Similarly, in the course of strengthening the interrelationship between rural and urban areas and for creating a conducive environment for reducing urban poverty, Rural Urban Partnership Program will be undertaken through social mobilization. In order to increase the partnership of the private sector in the improvement of urban environment, public-private partnership program shall also be continued.

For social and economic empowerment and capacity building, intending the protection of rights of women and children and their welfare, the Decentralized Action Plan for Women and Children, currently continuing in 25 districts, shall be expanded and continued. Alongside of this model Child Welfare Program will be undertaken in the selected districts. In undertaking Children Welfare Campaign, arrangements shall be made for active participation of children in the program and awarding local bodies under clearly stated framework for program implementation and indicators for program monitoring.

In order to minimize the duplication of efforts in social mobilization programs at the local level, integrated social mobilization manual will be prepared and implemented. In intending so, coordinating institution shall be developed for strengthening local development fund at the District level and community development fund at the VDC level.

Registration Program

Personal Event Registration Act- 2033 will be reviewed in order to make the registration of birth, death and other personal events effective and essential for administrative works in other administrative entities as well, for effectiveness of population management programs. Arrangements shall be made for personal event registration undertaken through local bodies. The process of registration of personal and family events will be strengthened.

Social Security

The process of providing pension and living allowances by the state under its social security responsibility to the senior citizens, windows above 60 years of age and disabled, will be made simple and regular. Currently the pension and living allowances are provided to the senior citizens above 75 years of age, however efforts will be made to reducing this age within the Interim Plan period. Effective monitoring system will be developed at the central and local levels and studies shall be undertaken to assess the effectiveness of the program.

Program for the Improvement of Minimum Basic Infrastructure in the Municipalities

To ensure minimum basic infrastructure services in the municipalities stated under Local Governance Act, 1999, programs for the development and improvement of infrastructure shall be undertaken in 50 percent of the municipalities failing to provide the services.

Program for the Promotion of Remittance of Local Agencies

Program for the promotion of remittance collection of the DDCs and municipalities will be implemented, based on the feasibility. Where feasible, this program will also be expanded to the VDCs.

Local Infrastructure Development Programs

Local infrastructure development works relating to transport, irrigation and river training, micro-hydropower, alternative energy, water supply, residential housing, urban development, waste management and social infrastructures, shall be undertaken as stipulated in Local Infrastructure Development Policy. Alongside of this, support for the development of road, water supply, micro-hydropower, renewable energy, small irrigation, community building, school and health post, shall also be provided through such programs as, Rural Community Infrastructure Development Program (RCIW), Western Region Upper Hills Poverty Alleviation Program (WUPAP), Decentralized Local Government Support Program (DLGSP), Decentralized Finance Management and Development Program (DFDP) and Remote and Special Area Development Program. Following programs shall be given importance under local infrastructure development:

(a) Decentralized Local Infrastructure and Livelihood Program (DRILP): Under this program, underway in 18 Districts and started under the philosophy of developing transportation links in the rural areas, rehabilitation of 300 km long roads and construction of 87 suspension/suspended bridges have been proposed to be undertaken over 3 years time.

(b) Rural Accessibility Improvement and Decentralization Project (RAIDP): Under this program, underway in 20 Districts, road improvement of 400 km, construction of 200 km of new road and construction of 350 suspension/suspended bridges have been intended. This project has been proposed to be expanded to cover 30 Districts.

(c) Rural Access Program (RAP): Under this program, underway in 7 Districts, construction of 230 km of road has been proposed.

(d) District Road Support Program (DRSP): Under this program, underway in 6 Districts, construction of 60 km of new road, road rehabilitation of 400 km and road repair and maintenance of 400 km, shall be undertaken.

(e) Agricultural and Local Road Program: Under this program, development of 600 km of mud road and improvement and rehabilitation of 5000 km of road length shall be undertaken over the next three years.

(f) Repair and Maintenance Program under Rural Road Repair and Maintenance Fund and Road Board: These two programs provide support towards repair and maintenance of local roads under cost sharing arrangement by the users. Regular repair and maintenance of total of 7,400 km of road will be undertaken over the next three years under the support of the two programs.

(g) Construction and Rehabilitation of Suspension/Suspended Bridges: Under this program, undertaken with the support of local bodies and the Government of Nepal with the objective of development and rehabilitation of suspension/suspended bridges along the major and local trails, construction of 600 new suspension/suspended bridges, rehabilitation of 70 suspension/suspended bridges and minor repair and maintenance of 1,500 suspension/suspended bridges, have been proposed. This program will be in addition to those undertaken through different projects.

(h) Construction of Community Road Bridges: Under this program initiated under joint support of donor organizations, Government of Nepal and local agencies, 15 Districts have been selected for the construction of permanent road bridges, wherein construction of 7 bridges, have already started. Under the program, proposed exclusively for road bridge development, construction of 100 bridges has been foreseen over the next three years.

(i) Rural Water Resources Management Project: Under this program, underway in 10 Districts in the Far Western and Mid-Western Regions, development of water supply and sanitation benefiting 120,000 people, development of irrigation facilities for 600 ha of land and development of micro-hydropower system benefiting 6000 people, have been targeted.

(j) Water Supply and Sanitation Project: This program will be undertaken to complete 703 water supply schemes under construction over next 3 years providing drinking water and sanitation services to additional 600,000 of population. Besides, this program will also provide support for repair and maintenance of completed schemes.

(k) Western Nepal Water Supply and Sanitation Program: This program will be undertaken in 9 Districts of Western Development Region including Myagdi, Parbat, Baglung, Syangja, Tanahun, Piuthan, Nawalparasi, Rupandehi and Kapilvastu Districts. Government of Finland will be providing grant assistance to undertake this program.

(l) Rural Infrastructure Rehabilitation and Reconstruction Project: Under this program, besides rehabilitation of the infrastructures damaged in the conflict, construction, rehabilitation and upgrading of the infrastructures in socially and economically disadvantaged areas, supporting transformation of the people in these areas, shall also be undertaken. Alongside of this, infrastructure development works included under Local Infrastructure Development Policy, 2004, not started due to limitation of resources but contributing to the local infrastructure capacity enhancement, shall be undertaken. Works relating to small scale irrigation and rive training, residential housing and urban development, micro-hydropower and alternative energy promotion, shall be undertaken under this program based on the sectoral master plan of these sectors as well as demands made at the local level.

(m) Environment and Waste Management Program: Special effort will be made towards establishing a processing center for the management of biodegradable wastes in Kathmandu valley. Initiative will be made towards modifying and updating the National Policy, 1997 for waste management with the participation of concerned stakeholders. Hazardous wastes generated from the industries and hospitals, will be managed by the institutions concerned without health consequences resulting from management of such wastes. The municipalities and urbanizing VDCs, those geographically nearer and connected to transportation for easy accessibility, shall work jointly in community awareness building, management of landfill sites, organic fertilizer production and energy development. The Waste Management and Resource Mobilization Center will facilitate this initiative.

Efforts shall be made towards increasing private sector participation and promotion of public-private partnership in tasks relating to waste management such as, collection, storage, transport, sorting, recycling and processing of wastes.

Regional Economic Development Program

Initiatives shall be made in starting regional economic development programs to help achieve regionally balanced development in the economically backward areas, based on the identification of comparative advantages and local capacity of these areas. Such programs are expected to contribute in minimizing the regional imbalance and improving economic growth rate.

10. Expected Outcomes

- People's participation and accessibility in local governance, planning process and service delivery will be promoted.
- The quality of services delivered by local agencies shall be enhanced.
- Social mobilizations processes shall be enhancing equitable and inclusive representation of women, *Dalits*, *Adibasi Janjatis*, *Madheshis*, Muslims, marginalized and disadvantaged communities.
- The local agencies shall be abiding by the minimum work accomplishment indicators as stated in the Local Governance Act and related regulations.
- People will be realizing enhanced autonomy in local governance with the increased activities and effectiveness of local agencies.
- The allocation of grants, local development tax and government's remittance to the local agencies, made under fixed bases, will be contributing to equitable development.
- The motivation towards the registration of personal events will be enhanced, resulting to increasing registration of such events.
- The targeted groups shall be realizing enhanced social security made available by the state.
- Rural infrastructure development will lead to promoting access of the people to basic livelihood resources.

- Enhanced social and economic infrastructure development at the local level shall contribute to regional balance and promotion of 60 million person days of employment opportunities, through this, will be contributing to poverty alleviation.
- Effectiveness of monitoring and evaluation processes shall be enhanced.

11. Assumptions and Risks

- The supports made available by the donor agencies shall be continued and they shall continue to be responsible to the local agencies in implementing the development programs.
- Political stability shall be achieved and occurrences of such events as 'Nepal bandh' and transportation strikes shall be stopped completely.
- Local agencies will be reinstated with elected representatives.
- Peace and law and order shall prevail in the Terai region.
- The officials working in the local agencies and the social mobilization sector shall continue to extend cooperation.
- The local agencies will continue to follow the policy frameworks.

12. Estimated Budgetary Provisions

The estimated expenditure foreseen towards the implementation of the state programs, at the constant prices of F.Y. of 2006/07, is Rs. 51,880 million.

| S.No. | Programs | (Rs. in million) Total Budget |
|-------|---|----------------------------------|
| 1. | Grants to the DDCs (continued) | 4,280 |
| 2. | Grants to the VDCs (continued) | 11,760 |
| 3. | Grants to the Municipalities (continued) | 1,200 |
| 4. | Programs for the organization and strengthening of new municipalities (continued) | 1,230 |
| 5. | Management of unconditional grants to local bodies and their monitoring program (new) | 20 |
| 6. | Decentralized Finance Management and Development Program (continued) | 900 |
| 7. | Rural-Urban Participation Development Program (new) | 10 |
| 8. | Public-Private Partnership Program for Urban Environment (continued) | 160 |
| 9. | Local Development Training Center (continued) | 60 |
| 10. | Local Agencies Restructuring Program (new) | 120 |
| 11. | Support to local agencies on human resources development, communication, environmental management and monitoring and evaluation (continued) | 80 |
| 12. | Karnali and Special Area Development Program (continued) | 1,230 |
| 13. | Decentralized Program for Women and Children (continued) | 1,610 |
| 14. | Decentralized Local Government Support Program (continued) | 1,080 |
| 15. | Western High Hill Poverty Alleviation Project (continued) | 420 |
| 16. | Rural Community Infrastructure Development Project (continued) | 750 |
| 17. | Dalit Development Program (continued) | 290 |
| 18. | Ancient Monastery Conservation Program (continued) | 120 |
| 19. | Programs on social security of senior citizens, disabled and widows (continued) | 3,400 |
| 20. | Registration Program (new) | 20 |

| S.No. | Programs | Total Budget |
|--------------------|---|---------------|
| 21. | Tribal, Ethnic Groups (Adivasi and Janjati) and Chepang Development Program (continued) | 300 |
| 22. | Population Education and Reproductive Health Project (continued) | 150 |
| 23. | Promotion of peace and employment opportunities through local economic development (new) | 110 |
| 24. | Chure and Terai Region Development Program (new) | 120 |
| 25. | Programs for the uplifting madhesis, muslims and disadvantaged groups (new) | 270 |
| 26. | Program for environmental management at local level (continued) | 210 |
| 27. | Decentralized Rural Infrastructure and Livelihood Program (continued) | 3,000 |
| 28. | Rural Accessibility Improvement and Decentralization Project (continued) | 2,800 |
| 29. | Rural Access Program (continued) | 900 |
| 30. | Rural Road Support Program (continued) | 300 |
| 31. | Rural Road Repair and Maintenance Fund (continued) | 180 |
| 32. | Rural Water Resources Management Project (continued) | 450 |
| 33. | Suspension/Suspended and Road Bridges Construction and Repair and Maintenance (continued) | 1,050 |
| 34. | Rural Water Supply and Sanitation Project (continued) | 1,550 |
| 35. | Waste Management Program (continued) | 250 |
| 36. | Agricultural and Local Road Program (continued) | 3,400 |
| 37. | Western Nepal Water Supply and Sanitation Project (new) | 250 |
| 38. | Rural Infrastructure Reconstruction and Rehabilitation Project, including support program for the projects with the deficiency of budgetary resources (new) | 4,000 |
| 39. | Development program based on people's participation (continued) | 600 |
| 40. | Building Construction of Ministry of Local Development (continued) | 100 |
| 41. | Minimum basic infrastructure improvement program of the municipalities (new) | 3,000 |
| 42. | Regional Economic Development (new) | 150 |
| Grand Total | | 51,880 |

Local agencies are expected to mobilize additional Rs. 18,000 millions during the Three Years Interim Plan period.

13. Program Monitoring and Evaluation Arrangement

- Effective arrangement shall be made for monitoring and evaluation of programs implemented at the local level by finalizing appropriate indicators for monitoring and evaluation.
- Whether or not the local agencies have formulated annual plans based on the national priority, and periodic plans shall be monitored.
- In order to institutionalize project monitoring and to manage it effectively, institutional mechanism will be developed at all levels in the agencies to implement continued monitoring under the established work plan.
- Besides public accounting, public hearing and making the monthly expenditure public, the indicators for minimum compliance and work accomplishment shall be enforced in order to ensure transparency in the implementation of the projects.
- Priority shall be given to undertaking local level programs through user groups under the leadership of local bodies.

- In program implementation, the provisions laid out in Local Governance Act, 1999, Local Governance Regulations, 2000, and Local bodies Fiscal Administration Regulation, 2001 (with amendment) shall be used as bases.
- The bylaws and work execution manual approved by the council of the local bodies, within the premises of above stated acts and regulations would also be used as additional bases in program implementation.
- Local Governance Act, Local Governance Regulation and Fiscal Administration Regulation, shall be modified and updated in order to make them decentralization friendly.
- The name of the Ministry of Local Development will be changed to Ministry of Local Governance Management and the role of the Ministry will be changed to a facilitator and regulator rather than implementer of the programs.
- The roles of local bodies shall also be changed to function as entities for local level policy formulation and facilitator, in coordinating the activities of the user groups, NGOs and local level line agencies.

Chapter: 28 **Non Government Organizations**

1. Background

The role that NGOs have been playing has become important not only in the national level but even at the international level. The access and role of the government cannot be effective in an equal form in all the sectors. In areas where the state provision of services is deficient, the role of NGOs, community organizations and civil societies have been found to be effective. Due to the adoption of liberal policies, the dynamism of such organizations has substantially increased in service delivery and community development. During more than the decade long conflict situation, the presence and role of NGOs remained important. As transparency, accountability, participation and inclusive development are the fundamental basis of the government, it is necessary for NGOs, to own these beliefs and translate them into practice. It has been seen that the effective mobilization of NGOs in the department of the social sector and targeted programs is important for the overall economic and social development. For building new Nepal and equitable economic social development, it has been found necessary to make collaborative works and coordination of the government and NGOs further strengthened. Focusing on these matters, this plan has been prepared.

2. Review of the Current Situation

In the Tenth Plan, policies like the following have been put forward:

- To create a favorable environment for national and international NGOs to work effectively.
- To encourage them to be active as development partners with a transparent and positive image.
- To make proper use of their comparative advantages.
- To bring clarity by reviewing the Organization Act, Social Welfare Act and other related Acts.
- To make appropriate policy, legal and administrative arrangements.
- To adopt one door system to make the programs of NGOs of high quality, simple and effective.

During this period, along with the implementation of the one door system, a committee was made in the context of facilitating INGOs under the MoWCSW. However, the one door system has not been as effective as expected in the context of facilitating national NGOs from the government. Although efforts were made to institutionalize their transparency and accountability by preparing the code of conduct for NGOs, it could not come to practice, as it was prepared without adequate consultations. Other thoughts could not be translated into practice as policy and legal provisions and institutional mechanisms for institutionalizing partnership and joint works between the government and NGOs could not be developed.

3. Problems, Challenges and Opportunities

Problems

Although NGOs have been accepted as development partners, partnership could not be institutionalized or effective. There have been desirable reforms for the monitoring, evaluating and good governance of the actions and working system of the NGOs. As a result, in several places programs are repeated and resources wasted.

Challenges

The task of making NGOs/INGOs transparent, accountable and responsible for sustainability of the achievements and bringing their activities under the one door system has become challenging due to inadequate institutional capacity, resources and means. It has become difficult to direct the programs and activities of INGOs to national priority areas, empowerment of the target groups and community development. It has been our experience that instability and distortions have started to increase due the inability to give a clear direction to the desirable sectors through effective coordination, monitoring and evaluation of the correct actions and the operation of NGOs.

Opportunities

During the past years, there has been a hopeful extension in the number, subject-wise and area-wise involvement and work performance of NGOs/INGOs. If the activities of NGOs could be directed to the national priority sectors by promoting them as partners and providing them an appropriate environment to work, it appears that important achievements in social development can be achieved.

4. Long Term Vision

The long term vision of this plan has been to develop INGOs, country organizations and civil societies as reliable drivers and partners, by strengthening their role, and making them respectable and transparent.

5. Objectives

- To make NGOs/INGOs active in the form of partners in the economic and social development process.
- To bring transparency and effectiveness in the use of resources and means of NGOs/INGOs

6. Strategies

- To increase the involvement of NGOs in programs launched by local bodies and district level government offices and to integrate the programs of NGOs with the District Development Plan and programs in a compulsory manner.
- The activities of NGOs and civil societies will be directed to the empowerment, development and rehabilitation of backward regions,

women, senior citizens, *Adibasi Janajatis*, *Dalits*, *Madhesis*, Muslims, children and persons with disability.

- To develop the mechanisms of facilitating, collaborating, coordinating and monitoring along with making the working system of NGO/INGOs transparent and pro-poor.

7. **Policy and Working Policies**

- Social Welfare Council will be strengthened in the form of the Social Development Council, by making revisions in the Social Welfare Act and the Organization Act. The statistics of NGOs will be updated and a tradition will be set for keeping records of the contributions made by NGOs/INGOs in the areas of national development, and to set a tradition of felicitating them.
- They will be mobilized with a view to make maximum utilization in appropriate regions through classification of the organizations based on subject-wise and work-wise geographical areas and resources and means.
- A separate trust will be constructed to encourage NGOs to place private property in trusts.
- The participation of NGOs will be ensured by encouraging them as partners in the economic and social development of the country.
- Complementarities among programs will be established through coordination between the government sector and the non-government sector in order to make the achievements made by NGOs sustainable and effective.
- INGOs will be motivated to conduct programs through District Local Bodies, NGOs and other community organizations to the local planning process. Likewise, effective coordination, monitoring and evaluation will be set up to get the programs done, and a necessary mechanism will be formed for this.
- In order to direct the programs of INGOs to the national priority sectors in accordance with the Paris Declaration, a common mechanism will be prepared with the involvement of the government agencies and the representatives of the network of INGOs.
- Facilitation will be made effective along with the making of the one door system mandatory.
- While running programs through NGOs with the support of INGOs, arrangements will be made to adopt the following modality:
 - the central level to specify the priority and geographical areas;
 - DDC and concerned INGOs in joint participation, to select VDCs running the programs;
 - in case of the fixing of programs, to be conducted in municipal areas, to be done in joint participation by the concerned municipality and INGO.

- Policy to enhance transparency, accountability and the direct participation of the people and to prepare the code of conduct with their involvement and to make them follow it.
- NGOs will be involved as complementary to the government mechanism in the remote rural areas and the community and in particular to the poverty stricken women, *Dalits*, *Adibasi Janajatis*, squatters, freed *Kamaiyas*, youths, *Madhesis*, persons with disability and senior citizens, for subsistence promotion and raising the standard of living.
- NGOs will be encouraged to be active in conflict transformation, peace establishment, rehabilitation and reintegration of the conflict affected and displaced people.
- The involvement of NGOs will be increased to the maximum extent in the activities of public awareness, rights based empowerment along with education and health, drinking and sanitation, environment promotion and mobilization of local resources and means, and income oriented and subsistence programs.
- A system of preparing annual reports on the activities and actions of NGOs will be adopted.
- In order to increase the transparency of effective actions and activities of dealings of NGOs and INGOs, encouragements will be given to programs like social auditing and public hearings.
- National NGOs will be made competent to take leadership of the NGO sector and to play their role with responsibility, by enhancing their business competence.

8. Programs

- Policy and institutional reform program.
- Local NGO and community organization capacity enhancement programs.
- Monitoring and evaluation program.
- To prepare and implement the code of conduct for NGOs with their participation.
- Regular review of NGOs programs, and the contributions they made.
- To publish reports on a yearly basis on NGOs, their activities and their contribution.
- Social auditing and public hearing program.
- Priority sector subsistence promotion program.
- Program to award NGOs performing exemplary works for the marginalized communities.
- Conflict transformation and peace establishment and rehabilitation program.

9. Estimated Budget

At FY 2006/07 prices

| S.No. | Programs | (Rs. in Million) |
|--------------|--|------------------|
| | | Amount |
| 1 | To revise organizational/institute acts, social welfare act. | 0.5 |
| 2 | To conduct mapping of NGOs and their works and to categorize them and to prepare the scientific norm related to incentives for them. | 1.5 |
| 3 | To prepare and maintain national records of the works of NGOs, and to develop information and resource centre. To update the statistics on NGOs and make recording. | 0.3 |
| 4 | To prepare guidelines including standards and norms for collaborative works with NGOs. | 0.3 |
| 5 | Capacity enhancement of partner local NGOs and community organizations. | 5.9 |
| 6 | Restructuring of Social welfare Council in the form of Social development Council | 4.9 |
| 7 | Monitoring and evaluation works of programs conducted by NGOs. | 2.7 |
| 8 | To establish forums for interaction and coordination with NGOs on a regular basis. | 0.3 |
| 9 | Provision for focal points for the simplification of NGOs and capacity enhancement. | 0.5 |
| 10 | To prepare and implement code of conduct for the participation of NGOs. | 1.9 |
| 11 | To make regular reviews on the programs of NGOs and contributions they make. On an annual basis, to publish reports on the NGOs and their actions and contributions. | 0.2 |
| 12 | Social auditing and public hearing program. | 1.9 |
| 13 | Establishment and running of priority area joint action fund | 49.1 |
| Total | | 70.0 |

10. Expected Outcomes

- More expediency and effectiveness achieved when the NGOs work with the government in partnership on development works.
- The government mechanism would be enabled, competent and strengthened, which will ensure the effective role of NGOs with the institutionalization of the monitoring and evaluation system and making it sustainable.
- Development activities would have been further effective with the development of positive relations between NGOs and the concerned agencies.
- Data and other descriptions of NGOs and INGOs would have been updated.
- National and international NGOs would have been accountable, transparent and responsible.
- Initiatives on employment opportunity, social goodwill, development and peace would have started at the local level and there would have been important achievements in the development of leadership, work efficiency, knowledge and skill development.
- Contribution made on poverty reduction of the targeted groups.

- There would be an attitudinal change in assuming the responsibility in an institutional form.

11. Assumptions and Risks

- Red tapism in the works of facilitation will end and effectiveness will occur.
- A common mechanism would have been prepared in order to strengthen partnership and joint works between NGOs and the government.
- NGOs willing to investment in the priority areas as directed by the Plan.
- Necessary policy, rules, Acts and laws would be prepared fast.
- Necessary infrastructure would be in place for ensuring the code of conduct, transparency and accountability, to be adopted from the side of the NGOs.

12. Implementation, Monitoring and Evaluation

For the monitoring and evaluation of the programs of NGOs, necessary institutional and procedural reforms with the NPC, the MoWCSW and the Social Welfare Council, will be made. Further, for the simplification of monitoring and evaluation, NGOs and the Social Welfare Council will be made competent and effective by strengthening it in the form of the Social Development Council. The number of NGOs, their subject-wise and geographical involvement, mapping program for this will be integrated with monitoring and evaluation. At the local level, the simplification and monitoring and evaluation of NGOs will be done. Mechanisms at the DDC will be prepared and strengthened. Planning, monitoring and evaluation system will be encouraged.

Chapter: 29 **Human Resource Development**

1. Background

Human resource is a major base for economic development. From the development of quality human resources, there will be tremendous support in reducing the current poverty and achieving a high growth rate. Through the medium of competent human resource, work performance of the government sector will increase in the production of agricultural and non- agricultural goods, increase in foreign employment and remittance with the extension in the access to the regional and international market, and all of these will have a positive impact on the economy, in the overall context. Of the total population of Nepal of 27 million, productive labor force is (15 – 64 years) about 57 percent. The population of youth (15-29 years) is 27 percent. Hence, it is essential to enhance the quality of economically active human resource and especially youth population in the context of human resource development (HRD). For this, appropriate education, technical and vocational training and the promotion of health and collaborative efforts between the government and private sectors is necessary.

2. Review of the Current Situation

Compared to the developed countries, Human Development Index (HDI), average life expectancy, number of educated people and the number of students enrolled for study at different levels, are very low in Nepal. The quality of education and the health status is low in a competitive sense. Under-employment is at a staggering magnitude, and the productivity of the employed people has also been low.

3. Problems, Challenges and Opportunities

Problems and Challenges

The major problems and challenges of this sector are as follows:

- To mobilize domestic and external resources, in order to increase investment in the social sector.
- To adopt pragmatic and productive education and health policy in order to enhance the quality of education and health.
- Although there have been some improvements in social indicators including education and health, the overall status of human resources is still very weak as there exist extreme differences with respect to women, *Dalits*, *Adibasi Janajatis*, *Madhesis*, Muslims and residents of remote regions, in terms of gender, caste and region.
- Inadequate attention given to HRD by the organized sector, public institutes and other agencies.

Opportunities

- In accordance with the present structure of the population in Nepal, the percentage of dependents is gradually decreasing, with the percentage of working population increasing.
- There exists a favorable condition for Nepal to take enough advantage due to the ongoing economic development of the two big neighboring and friendly countries, achieving high economic growth on a continuous basis.
- Due to a high demand for mid level human resources in the regional and international labor market, there is a possibility for Nepal to get immense advantages.
- For HRD, there has been skill development, and health promotion and improvement in the status of nutrition.
- Increase in the activities of the private sector in the development of education and the health sector, due to the policies adopted for human resources in the private sector

4. Long Term Vision

To develop necessary competent human resources capable of competing in the national and international labor market, for the continuous development of the country.

5. Objective

For the continuous development of the country, to develop competent and competitive human resources capable of competing in the necessary national and international labor market.

6. Strategies

- Public-private joint works on HRD will be carried out.
- Arrangements for conducting vocational and skill oriented training programs with the participation of local bodies by involving individuals dropped out from different levels of schools.
- Along with the timely revision of the education and the health policy, public investment will be increased.
- Scholarships and loans will also be arranged in order to make necessary education and training available to enhance the work competence of backward women, *Dalits*, persons with disability, minorities and disadvantaged groups, *Madhesis*, Muslims *Adibasi Janajatis*.
- The private sector will be motivated in HRD.

7. Policy and Working Policies

- Special emphasis will be given on vocational and technical education and skill-oriented training.
- Revision and refinement of the population, education and health policy will be done in such a way as to make it favorable to HRD.

- Necessary policy arrangement will be made to utilize some portion of the remittance, which has been providing an important contribution to the economic system of the country in HRD.
- An arrangement will be made to make the MoGA responsible for coordinating training activities run by government agencies and public corporations.
- Based on market demand, training programs will be adjusted and conducted.
- Policy in support of helping the private sector to develop the human resources working in their enterprises will be arranged for.
- Incentives will be provided to training providers in the private sector to develop their infrastructure, institution and human resources.
- By collaborating with foreign educational institutes, policy provision will be made to conduct education and training programs.
- For the necessary HRD in government, local bodies and other sectors, proper management for external cooperation will also be made.

8. Programs

HRD being a cross-cutting issue related with the social and economic sectors, programs in accordance with the above mentioned policies have been included under the education, health and labor sectors.

Chapter: 30

Road Transport (SRN)

1. Background

The road transport sector has been assuming an important role in the social and economic development of the country. With due consideration to its contribution towards prosperity of the nation in an integrated manner along with reducing regional imbalance and socio-economic inequality, the development of the road sector has been accorded high priority in the yester years. Along with the long-term prospects of connecting neighboring India and China through different north-south road corridors and developing the East-West Highway gradually to the Asian Highway standard, construction and up-gradation works for roads connecting district headquarters, remote areas, east-west Mid-Hill & Postal (Hulaki) and north-south Terai roads will be continued, for providing market access to agriculture and industrial production as well as services.

2. Review of the Current Situation

The Department of Road, functioning under the Ministry of Physical Planning and Works is responsible for the construction and maintenance of the Strategic Road Network (SRN). The SRN's are the main national arteries, which provide inter-regional connections and links to district headquarters, international borders, key economic centers and the major urban roads. The Local Road Network (LRN), comprising of district roads, village or agricultural roads and non-strategic urban roads, are being constructed and maintained by the local governments (DDC's & municipalities) with the support from DoLIDAR, functioning under the Ministry of Local Development. The Roads Board was established with the purpose of funding the maintenance requirements of both the SRN and LRN, and has been strengthened in the Tenth Plan period. Similarly, the institutional strengthening and capacity enhancement activities for the Department of Roads have also been on going. The Sector Wide Road Program in the form of 10-year Priority Investment Plan (2007-2017) has been approved and is being implemented. The feasibility studies for eight identified north to south road corridors are being undertaken, and at the same time construction and upgradation works in a substantial portion of these roads have already been completed under the pre-text of different programs such as the one connecting various district headquarters. During the Tenth Plan period, the district headquarters of Kalikot, Jumla and Darchula have been connected by road.

The up dated status of the road sector under DoR management is presented in Table 1, and Table 2, which exhibits the targets set and progress achieved in the Tenth Plan period.

Table 1: Updated Status of Roads under DOR Management

| S.No. | Type of Road | Status by the end of FY 2063/64 | | |
|-------|----------------------|---------------------------------|------------------|--|
| | | Length (km) | Percent of total | |
| 1 | Sealed (Blacktopped) | 5,402 | 30 | |
| 2 | Gravel | 4,529 | 26 | |
| 3 | Unsealed (Earthen) | 7,851 | 44 | |
| | Total | 17,782 | 100 | |

Table 2: Targets and Progress of the Tenth Plan

| S.No. | Particulars | Unit | Target | Progress | % Progress |
|-------|---|------|--------|----------|------------|
| 1 | Construction of new roads (all types) | km. | 1,025 | 805 | 78 |
| 2 | Road up-gradation | | | | |
| a | - Blacktopped | km. | 1,050 | 768 | 90 |
| b | - Graveled | km. | 714 | 393 | 55 |
| 3 | Road improvement, reconstruction and rehabilitation | km. | 596 | 705 | 118 |
| 4 | Periodic Maintenance | km. | 1,216 | 1324 | 108 |
| 5 | Construction of Bridges | nos. | 220 | 112 | 50 |
| 6 | Additional district HQs connected | nos. | 10 | 3 | 30 |

3. Problems, Challenges and Opportunities

Problems

Some of the key constraints faced during the Tenth plan implementation included the following:

- Ineffective management of road asset due to budget constraints.
- Non-implementation of road safety concepts.
- Implementation of non-prioritized projects due to political interference.
- Institutional strengthening of the DoR and other related entities not effective as yet.
- Ineffective implementation of arrangement for devolution of responsibility to the local bodies for the construction and maintenance of local level roads.
- Lack of a conducive environment to attract private investment in the road sector.
- Ineffective M&E by the regional wings due to inadequate resources, facilities and lack of management infrastructure.

Challenges

Thus, in the context of the TYIDP, the major challenges can be outlined as:

- The need to provide road access to remote areas including all the district headquarters in the context of the difficult geography and inadequate resources.
- Attract private sector investment in the development of roads (introduction of BOT etc.),
- Manage and preserve the existing road assets in an effective manner, and

- Implement arrangement for devolution of responsibility to local bodies for the local level roads in an effective manner.

Opportunities

- Gradual improvements in the performance of the DoR.
- Gradual improvements in the resource base and management of the Roads Board.
- Capacity enhancement of the local contractors and the consulting organization.
- Improvement in the awareness of road related stakeholders.
- Improvement in the peoples' participation.
- Improved opportunities for resource mobilization and donors' assistance in road construction and maintenance.
- Improved involvement of the private sector in road maintenance (PBMC system).

4. Long Term Vision

In the context of achieving the overstretching national objective of reducing the regional imbalance and social inequality, the long-term vision of the road sector is to develop a safe, reliable and environment friendly national transport network, so as to:

- Provide easy access to agriculture, industrial and other production and service centers.
- Promote trade between the neighboring countries.
- Provide support to the development of other social and economic infrastructures.

Following specific measures have been conceptualized to meet the aforementioned goals:

- In accordance with the Sector Wide Road Program (2007-2017), develop a minimum 31,000 km. of road network including 9,740 km. of Strategic Road Network (SRN) and 6,000 km. of Local Road Network (LRN), which will provide access to the population living within 4 hrs. in hills and 2 hrs. in the Terai, from the road head.
- Develop the identified eight trade and transit corridors between neighboring India and China.
- Develop three parallel east-west highways (existing Mahendra Rajmarg, Mid-hill Rajmarg and the Postal (Hulaki) Rajmarg in the Terai).
- Develop a transparent and decentralized management system by enhancing the capacity from central to local level entities for prompt construction and maintenance of the roads.
- Develop and operate safe roads by suitable road safety and traffic management activities including raising public awareness on such activities.

- Develop feasible, alternative, transparent infrastructures like railways, ropeways and waterways.

5. Objectives

- To reduce regional imbalance and social inequality as well as to promote broad based economic growth and help alleviate poverty, transport facility will be developed through construction and upgradation of the reliable and environment friendly national road network.
- To operate sustainable, reliable and safe road transport services by preserving the road asset.
- To develop other alternative transport system.

6. Quantitative Targets

The targets set for the road sector in the TYIP are presented in Table 3 below:

Table 3: Major Quantitative Targets of TYIP Period

| Particulars | Unit | Target |
|---|------|--------|
| New Road Construction (all types) | Km | 780 |
| Road upgradation, rehabilitation and reconstruction | Km | 2,500 |
| Periodic Maintenance | Km | 1,450 |
| Regular Maintenance | Km | 7,300 |
| Construction of Bridges (construction included) | no. | 104 |
| Additional district HQs to be connected | no. | 12* |

Note*: Simikot, the district HQ of Humla, will be connected from the Tibet side

7. Strategies

Following strategies will be adopted to achieve the targets in relation to the objectives of the TYIP and the road sub sector.

- Provide continuity to the construction, upgradation and development of strategic roads connecting district HQs and principal border points along with urban roads within the Kathmandu valley.
- Initiate construction of an alternative highway to connect the Terai with the Kathmandu valley (Kathmandu Terai Fast Track).
- Upgrade roads of strategic importance in the Terai and Hills for providing easy access to commercial and market centers for the agricultural and industrial products as well as for the development of the dense and border area settlements.
- Develop east-west, north-south and mid-hills corridor along with the prioritized inter-district links that provide accessibility to hitherto unserved but economically potential remote areas.
- Develop East West Highway as the Asian Highway and the regional trade route in accordance with the concept of developing road networks for promoting South Asian Regional Development.
- Adopt the planned road asset management system for sustainable, reliable and safe road transport operations by preserving the existing road asset through prioritized implementation of repair, maintenance, rehabilitation and reconstruction of roads and bridges.

- Transfer the responsibility of operation and management of the local roads to the local bodies, in line with the decentralization policy.
- Strengthen the institutional capacity of the concerned entities and enhance the coordination between them so as to ensure a result based plan implementation, monitoring and evaluation.
- Provide continuity to studies and investigations on road safety, environment and other aspects.
- Initiate programs for the development of alternative transport infrastructure such as railways, ropeways and waterways.
- Make the legal and regulatory mechanisms more practical and simple through time specific legal and regulatory reforms, so as to attract private sector investments for the development of roads and alternative transport infrastructure.

8. Policy and Working Policies

- The roads connecting the DHQs (either under construction or already completed) will be gradually upgraded (sealed).
- The road network in the Kathmandu valley will be extended to facilitate safe, environment friendly and smooth transport management, after undertaking a detail urban transport related study and with due consideration to urbanization led pressure.
- Capacity of roads will be enhanced as per the requirement, and feasibility study for flyover and underground routes will be undertaken, after duly monitoring and investigating the traffic pressure on the road networks and the urban roads.
- Legal provisions will be drafted and enacted for the proper management of road construction activities in the urban areas.
- Separate space will be provisioned, preferably within and along the boundary lines of the Right of Way, for laying out sewerage, drinking water, telephone and electricity infrastructures (cables and pipelines). Provision of a bicycle lane will also be made on the feasible roads.
- Disable-friendly road facilities will continue to develop.
- In the Terai, different north-south roads connecting the commercial centers and major border crossing points with the East-West Highway will be constructed and upgraded along with upgrading the east-west Postal (*Hulaki*) road.
- The construction, repair and maintenance works for roads connecting the major hydropower, irrigation, tourism and similar projects will be executed as part and parcel of the concerned projects.
- The expansion as well as requisite improvements and maintenance of the road network will be prioritized on the basis of recommendations made by the Priority Investment Plan (PIP).
- The construction, extension and upgradation of the roads connecting district headquarters and other secondary/feeder roads in the mid

hills will be undertaken in such a manner so as to contribute towards the gradual development and extension of the east west (mid-hill) highway.

- Road projects will be formulated and constructed based on methods that optimally utilize the local skill and resources and generate employment opportunities.
- Priority will be accorded to construction of those bridges that are required for either already constructed roads or are currently under construction.
- In order to effectively manage the road asset, the database will be updated through regular data collection and the data management system will be modified in a timely manner.
- The Geospatial Road Data Base Management system will be established and operated using GIS. The data and information of roads that are under the management of local bodies will also be integrated in the database after making them compatible to the National Grid System.
- The Road Maintenance Plan will be formulated and implemented based on prioritization of the road network. The prioritization will take into account the ultimate interest of road users, assurance of minimum service conditions and economic returns.
- The Roads Board Nepal will be strengthened. The maintenance activities will be managed on the basis of prioritization as well as assurance of funds and putting together of the requisite resources.
- By reforming the existing contract system, 'One time Contract Award' policy will be adopted for the entire period of the required construction and maintenance works.
- The responsibility for the maintenance of local level and urban roads will be transferred on to the local bodies. Along with roads, the existing manpower as well as machinery, equipment, office and residential buildings etc., will also be transferred, temporarily or permanently, to the concerned local body on the basis of road density.
- Institutional strengthening and capacity enhancement measures will be adopted in the Department of Road and its subordinate offices following the conceptual framework of decentralization, and to ensure the management of timely and transparent service delivery.
- With a view to increase the effectiveness of the development outcome through gradual improvements in the management infrastructure, the designated Result Based Matrix will be used as the tool for M&E and also as the basis for formulation of annual programs.
- The provision of budget for monitoring and evaluation will be compulsorily included while preparing the cost estimates of the development programs.

- In order to implement the projects in time and with least cost and specified quality standards, the institutional capacity of local contractors, consultants and the entities concerned with the construction and operation of roads, will be enhanced.
- The Research and Development (R&D) unit will be established in the Department of Roads so as to manage the R&D, institutional strengthening and capacity development activities as an integral part of the construction and development works.
- The research, study and management systems related to road accidents, including prevention of road accidents, will be improved.
- With due consideration to its significance for tourism, the accessibility of rural areas to the infrastructural facilities will be improved through the development of alternative transport systems like the waterways and ropeways.
- Following the concept of public-private partnerships, legal and procedural reforms will be made to attract and encourage the private sector towards the development of railways, waterways and ropeways.

9. Major Programs

The major programs of the road sector (SRN) in the TYIDP include the following:

Roads Connecting District Headquarters

Out of twelve not yet connected district headquarters (DHQs), eleven DHQs of districts namely Bhojpur, Sankhuwasabha, Solukhumbu, Khotang, Mustang, Manang, Jajarkot, Bajura, Bajhang, Muju, and Dolpa will be connected with the national road network. Simikot, the DHQ of Humla will be connected by road from the Tibet site.

During the TYIP period, the existing unsealed roads that already provide access to sixteen DHQs, will be upgraded and sealed through the following programs.

- Under the World Bank funded Road Sector Development Project (RSDP), the roads connecting the district HQs of Bajhang, Kalikot, Darchula (upto Gokuleshwor), Baitadi and Dailekh (total five) will be sealed.
- Under the Asian Development Bank funded Road Network Development Project (RNDP)-Fourth Road Improvement, the district HQs of Sankhuwasabha will be connected.
- Under the assistance of the Government of India, the roads connecting the district HQs of Khotang, Salyan, Rolpa, Bajura, Achham, Pyuthan and Rautahat as well as the alternate route to Dailekh (total eight) will be upgraded.
- From the own resource of the GoN, the roads connecting the district HQs of Myagdi and Jajarkot will be upgraded.

North South Trade and Transit Corridor

With the assumption that the trade and transit corridors between India and China through Nepalese territory will directly benefit Nepal, eight different road corridors have been identified and are being implemented.

1. ***Kechana-IIam-Fidim-Taplegunj-Olangchungola (460 km)***
The Mechi Highway is currently in operation up to Taplejung, out of which 83 Km. of road section will be upgraded under the Road Connectivity Project. The feasibility study of the section between Taplejung to Olangchungola will be completed during the TYIP period.
2. ***Rani-Itahari-Hile-Sankhuwasabha-Kimathanka (419 km)***
The district HQs of Sankhuwasabha will be connected within the TYIP period. The feasibility study of the section between Sankhuwasabha to Kimathanka has been recently completed.
3. ***Janakpur-Dolakha-Lamabagar-Chinese Border (295 KM)***
The improvement/upgrading works for the Janakpur-Dhalkebar portion will be completed within the TYIP period and the on-going construction works between Sindhuli Bazaar and Khurkot will be continued. The construction of Khurkot to Manthali section and Dolakha to Singati section is being undertaken at the local level.
4. ***Birgunj-Jitpur-Pathalaiya-Fast Track Road to Kathmandu – Dabalghat - Miteri Sandhu (292 KM)***
With the construction of the Kathmandu-Terai Fast Track, the total length of this corridor could be reduced. The feasibility of the Fast Track is at the completion stage.
5. ***Birgunj (ICD) - Jitpur-Pathalaiya (MRM) - Kathmandu (Kofu) – Trishuli – Dhunchhe –Syaprubes - Rasuwagadhi (265 km)***
The upgradation works of the road section between Birgunj (ICD) to Parwanipur will be executed under the ADB assisted Sub Regional Transport Connectivity Project. Similarly, upgrading works for the section Galchhi-Trishuli-Syaprubes will be executed under the Road Connectivity Project. Along side, the construction of road between Syaprubes to Rasuwagadhi (upto the Chinese border) is targeted for completion within the TYIP period under the assistance from the Chinese government. This corridor has a high potential to be developed as the major trade and transit route between China and India.
6. ***Sunauli-Mirmi-Phalebas-Jomsom-Korala (467 km)***
The construction of the road section between Banglung-Myagdi-Jomsom has already been mentioned under the pretext of roads connecting the district HQs. The ongoing feasibility study for this corridor will be continued.

7. **Nepalgunj-Surkhet-Jumla-Simikot-Hilsa (436km)**
The track between Simikot to Hilsa is being opened by the local body. Moreover, the Surkhet-Jumla road will be extended up to Gamgadhi (Mugu). Appropriate measures will be initiated to develop this corridor along side the Karnali River from the confluence of Tila and Karnali rivers all the way up to Simikot.
8. **Brahmdeomandi-Jogbudha-Satbanjh-Darchula Tinkerpas (415 km)**
After the completion of the Mahendranagar-Tanakpur link road within the TYIP period, the East West Highway will be connected to the network of the Asian Highway. The construction of the Jogbudha-Satbanjhha (Darchula) section has been proposed for completion as part of this corridor. Besides, the upgrading of the Baitadi-Satbanjhha-Gokuleshwor road section will be implemented under RSDP.

Kathmandu Valley Road Extension

In order to streamline the transport management problem at locations characterized by heavy traffic pressure in the Kathmandu valley, strengthening of the road network has become a necessity. In this regard, the widened portion of the Soltimode to Kalanki road section will be blacktopped and the Kalanki-Nagdhunga road section will be widened. With the purpose of reducing traffic pressure at the Kalanki Chowk, Kalanki Bypass will be constructed. Similarly, to reduce traffic pressure at Chahawil Chowk, a bypass linking ring road (near Golf course) to Bagmati River will be constructed. Under the Kathmandu Valley Urban Road Programs, the ongoing construction works in the Tilganga-Manohara-Balkhu section of the Bagmati Corridor and Ohm Hospital - Bijuli Bazaar section of the Dhabikhola corridor will be continued. The widening of the Kathmandu-Bhaktapur road section to four lanes will be completed.

Upgradation of the Terai and other Roads of Strategic Importance

Within this program, basically unsealed portion of the total 7220 kms of the existing roads of strategic importance will gradually continue to be upgraded with the assistance of World Bank, Asian Development Bank and the Government of India, as well as from the own source fund of the GoN. Similarly, around 850 km length of the Hulaki (Postal) Road will be upgraded under GoI assistance. Besides, north-south links and other roads of strategic importance will be upgraded and strengthened.

Mid Hills Road

The Mid-Hills Road Corridor Development Program seeks to gradually link the missing portion of 1774 km Mid-Hills Highway extending from Chyangthapu in the Panchthar district (Indian border point) in the east to Jhulalghat (Baitadi district) in the west. Presently, 688 km remains to be linked, out of which budget has been provisioned in the TYIP for 53 km earthen and 60 km graveled road from the own source funding.

Other Road Construction Improvement and Bridge Construction

With the purpose of improving road access, Dharan-Chatara-Gaighat-Katari- Sindhulibazar-Hetauda link, Gaighat-Diktel, Kanti Rajpath, Karnali Corridor, Sahid Marga (Ghorahi-Thwang Musikot) and other road links will be constructed and improved. Besides, a total of 104 bridges along the major highways and feeder roads of the country will be constructed.

Maintenance of Roads and Bridges

Under the Road Asset Management Program, regular and periodic road maintenance activities for different highways, feeder/secondary roads and bridges will be implemented. Similarly, the on going activities for making the highways and feeder/secondary roads safe and reliable will be continued.

Studies, Research and Development

Feasibility studies, detailed investigation, engineering design and geo-environmental studies for different roads and bridges, including that for the Kathmandu Terai Fast Track and Outer Ring Road, will be undertaken along with institutional strengthening exercises for the Department of Road. Besides, feasibility studies for the development of alternative transport e.g. railway, waterway, ropeway etc. will be carried out.

Miscellaneous

Under this program, road safety, encroachment control and border security, distribution of compensation, traffic and road safety measures, procurement of mechanical equipment and repair maintenance activities have been included.

10. Expected Outcomes

- Twelve district HQs are connected to the road network.
- Connectivity to China and India is enhanced and the operational efficiency of ICDs is improved.
- Transport service to the Kathmandu valley and other parts of the country is expanded and improved.
- Accessibility to the Terai and dense settlements in the hills as well as administrative, commercial and industrial centers is improved and facilitated.
- Accessibility to the transport service for the people of remote areas is improved and east-west transport facility is extended in the mid-hills.
- Through preservation of the road assets, there is an increase in safe and reliable transport facilities.
- Viability of alternative transport (railways, waterways, ropeways etc.) is ascertained.
- Private sector investment friendly atmosphere is created.
- Result based program implementation, monitoring and evaluation are institutionalized.

11. Assumptions and Risks

- Disbursement of estimated budget is ensured.
- Foreign assistance is continued.

12. Estimated Budget and Resources

During the TYIP period, a total expenditure of Rs. 33,084 million has been estimated at the constant prices of FY 2006/07 (2063/64 BS) for the Road Transport (SRN) Sector. Budget by programs is given below:

| S.No. | Program | (Rs. in million) |
|-------|---|------------------|
| | A Roads Connecting District Headquarters | Amount |
| 1 | New Links to District DHQs | 1750.0 |
| 2 | Upgrading of roads connecting the DHQs | 3000.0 |
| | B North South Trade and Transit Roads | 2300.0 |
| | C Kathmandu Valley Urban Roads | 1950.0 |
| | D Mid Hills Road | 280.0 |
| | E Other Upgrading | |
| 1 | Terai Road Improvement Project (under GOI funding) | 4800.0 |
| 2 | Projects under Road Network Development Project – Fourth Road Improvement | 1950.0 |
| 3 | Road Upgradation (under GOI funding) | 2650.0 |
| 4 | Projects under Road Sector Development Project | 2900.0 |
| 5 | Projects under Road Connectivity Project | 3000.0 |
| 6 | Repair, Maintenance and Improvement of Arnic Highway | 74.0 |
| 7 | Other Projects | 350.0 |
| | F New Roads Construction and Extension | 4000.0 |
| | G Repair and Maintenance | 3500.0 |
| | H Studies and Investigation | |
| 1 | Kathmandu Terai Fast Track Project | 60.0 |
| 2 | Detailed Feasibility Studies of roads and bridges | 60.0 |
| 3 | Planning, Program, M&E, Geo-environmental studies and other programs | 100.0 |
| 4 | Institutional Strengthening | 40.0 |
| 5 | Detailed Engineering Design of Outer Ring Road Project | 40.0 |
| 6 | Feasibility Study of Alternative Transport (Railways, Waterways, Ropeways etc.) | 30.0 |
| | I Miscellaneous | 250.0 |
| | TOTAL | 3,3084.0 |

13. Implementation, Monitoring and Evaluation Arrangement

Improvement in Implementation System

- The required human and other resources will be mobilized for the management and execution of programs.
- Appropriate measures will be undertaken to avoid re-occurrence of problems that were encountered during the implementation of programs in the past.
- With the purpose of improving the implementation aspects, requisite training, seminar and workshops will continue to be organized for

- enhancing the capacity of the existing human resources. Besides, required manuals will continue to develop.
- Highway Management Information System (HMIS) will continue to strengthen at all levels.
 - Implementation Plans will be prepared for timely completion of projects and the resources will be mobilized accordingly.
 - The management infrastructure will continue to improve with result focus.
 - Contractual arrangements will continue to be made for the necessary period in such a way that prioritized projects are completed within the assigned period and the annually disbursed budgets. The contracts shall be awarded within the first quarter.
 - In order to institutionalize the quality control system of construction works, the testing and regular monitoring system will continue to be developed as per the approved Quality Assurance Plan.
 - The internal elements that help create negative influence towards project implementation will be identified and mitigated. Appropriate measures will be undertaken to mitigate the negative impacts of external elements as well.
 - Technical Auditing will continue to develop as an integral component of the project execution/implementation.

Monitoring and Evaluation Arrangement

- The project will be regularly monitored at different levels and the feedback so received will be used for improving the projects.
- Required resources will be mobilized for developing the Regional Road Directorate as the permanent monitoring entity.
- Technical Auditing will be undertaken for some of the projects so as to monitor the implementation status at each stage of project execution.
- The economic and physical indicators related to impact and progress of the projects as well as their source of information will be defined to facilitate effective monitoring and evaluation.
- In addition to monitoring of the physical progress, arrangements will be made to gradually adopt the implementation process monitoring as well.
- On site monitoring on a quarterly basis will be done for large projects of national importance.
- Arrangements will be made for monitoring the district level projects through the local bodies.
- The system of fund disbursement will be adopted in such a way that fund for the proceeding quarter is released based on performance in the preceding quarter.
- Arrangements will be made for regular Independent and Public Auditing of the projects.

- Collection of base line data before the commencement of projects will be highly emphasized and Post Evaluation/Impact Assessment will be done after the completion of projects. The lessons learnt will be used for the formulation of future projects.

Chapter: 31 **Electricity and Energy**

1. Background

The importance and contribution of electricity in the development of agriculture, tourism, and industries, and other social and economic sectors, is well established. Nepal is known for its hydropower potential. The studies undertaken to date have shown that the feasible potential is 83,000 MW. Of this development of 42,000 MW has been considered as technically and economically viable. The actual generation capacity of hydropower is only 556.4 MW. This is 0.67 percent of feasible generation potential. Of this, public sector contribution is 408.1 MW and 148.3 MW comes from the private sector.

Private sector investment in the development of electricity was significant in the Ninth Plan period. In the Tenth Plan period, however, the investment of the private sector was not encouraging. The government sector also failed to make investment in this sector during the plan period. The capacity of electricity power generation is not sufficient to meet even the domestic demand in the absence of effective investment plan, at present. In this context, the possibilities of hydropower export and its contribution to overall economic development of the country, continues to remain as the major challenge. The Three Year Interim Plan intends to develop the hydropower potential of the country as an export commodity, expanding hydropower to the rural areas and providing quality services with low investment, within the framework and perspectives of the Hydropower Development Policy, 2001 and the National Water Plan, 2005.

2. Review of the Current Situation

A. Situation/Accomplishments

Of the total population, 48.5 percent was expected to have access to electricity services by the end of the Tenth Plan. Prior to the Tenth Plan, electricity was available to 58 municipalities and 1600 VDCs in the country. A total of 2,100 VDCs were expected to have access to electricity services, at least partially, by the end of the Tenth Plan. Electricity supply has been expanded to cover 59 Districts in the country. In the Community Rural Electrification Program, initiated during the Tenth Plan period, people's participation in the expansion of electricity supply has been encouraging. The per capita electricity consumption has currently increased to 76 KWH. The peak electricity demand of 426 MW towards the end of Ninth Plan increased to 648 MW towards the end of Tenth Plan period. As a result of this, load shading at present has become inevitable. Water Resources Strategy, and in order to undertake effective implementation of this strategy, the National Water Plan, were formulated during the Tenth Plan period. The installed generation capacity of the hydro and thermal power plants towards the end of Tenth Plan, as shown in Table-1, does not reflect satisfactory progress in comparison to the targets that were set. In hydropower sector only 40

MW were added during this period and that all of this has been done under the initiative of the private sector.

Table 1: Targets and Achievements in the Tenth Plan Period and Existing Status

| Sector | Unit | Target | State of Progress | State as of F.Y. 2063/64 |
|---|---------|--------|-------------------|--------------------------|
| Installed Capacity-Hydropower | MW | 315 | 40 | 556 |
| Transmission Line (132 and 66 KV) | Km. | 430 | 47 | 2669 |
| High Capacity Sub-Stations (132 and 66 KV Capacity) | M.V.A. | 426 | 332 | 1,089 |
| Transmission Line (33 KV) | Km | 865 | 123 | 2,485 |
| 33/11 KV Capacity Sub-Station | M.V.A. | 101 | 112 | 245 |
| Distribution Line (11 KV and 400/230 Volts) | Km. | 14,917 | 8,672 | 49,930 |
| VDCs with Access to Electricity | Number | 2,600 | 2,100 | 2,100 |
| Number of Consumers | 000 | 706 | 417 | 1,280 |
| Beneficiary Population | Percent | 10 | 8.5 | 48.5 |

3. Problems, Challenges and Opportunities

Problems

The rate of implementation of hydropower projects under the initiative of the private sector, has not taken place at the pace of finalization of the purchase agreement of electricity with the Nepal Electricity Authority. The tendency of acquiring license for hydropower development and not undertaking the production and distribution, which needs to be discouraged, is being continued. Single door system has not performed as expected. This is believed to inhibit the accelerated development of power industry in the private sector. Consistent lowering of investments from the public sector has also been a cause for inadequate development of hydropower. As a result of this, load shedding is continuing in a country known for its enormous hydropower potential. Similarly, the other constraints now appearing are: lack of public and private sector investments in the development of the transmission and distribution system, and lack of supportive policies and environment thereof. In the absence of amendment in the existing Electricity Act, 1992, implementation of the Hydropower Development Policy, 2001, has not been taken up effectively. This is constraining the development of hydropower. The rate of collection of electricity bills has been consistently lowering due to the fluid political situation and deteriorating law and order situation in the country. The backlog bills payable by the government agencies and organizations and municipalities have constantly been increasing.

Challenges

The electricity and power sector has been facing the following challenges.

- To ensure supply to meet the ever increasing demand for electricity.
- To make coordinated efforts for the development of hydropower and alternate energy sources in order to provide electricity in the rural areas.
- To control the leakage of electricity.
- To rationalize the electricity tariff on time.

Strengths and Opportunities

- Encouraging people's participation in the Community Rural Electrification Program.
- Enhanced support of the people, based on the opinion that utilization of water resources of the country is the only means for Nepal's development. This has also created impetus for increased people's participation in the development of water resources.
- Increasing investment of private investors and the domestic capital market in the hydropower sector.
- Manual for the hydropower development prepared to ensure unified approach and quality control in undertaking feasibility studies and construction works.
- Electricity Development Fund instituted under the support received from the World Bank, under the policy to encourage private sector investment in hydropower development.

4. Long Term Vision

The vision of the hydropower sector is to develop hydropower based on optimal utilization of water resources to meet the domestic power demand and export the surplus while expanding the development and services in order to contribute to the livelihood improvement of Nepalese people.

Based on the perspective of the National Water Plan, 2005, the targets set for this sector in the long-term (up to 2027) are:

- Generation of 4,000 MW of electricity to meet the domestic demand.
- Expansion of services of electricity in such a way as to ensure coverage of 75 percent of the population through national grid, 20 percent of the population through non-grid (small and micro-hydropower) system and 5 percent of the population through alternative energy sources.
- Per capita electricity consumption to be increased to 400 KWH.
- Significant export of electricity to contribute to national remittance earnings.

5. Objective

To create an environment conducive to domestic and foreign investment in the development of hydropower and to ensure reliable, quality and easily accessible electricity services for majority of the people of the rural areas of the country, considering hydropower as an important base for the comprehensive economic development of the country.

6. Quantitative Targets

- Completion of the construction of ongoing hydropower projects adding 105 MW, and initiating the construction of new hydropower projects shall be taken up for additional 2,115 MW.
- Additional 10 percent of the population shall be covered in the electricity services through the national grid. To attain this electricity

services shall be expanded to cover additional 500 VDCs in the national grid.

- Per capita electricity consumption will be expanded to 100 KWH.

7. **Strategies**

- To arrange for effective regulation of generation, transmission and distribution of electricity and the businesses thereto.
- To make the single door system effective in order to encourage domestic and foreign investments in the survey, studies and other promotional activities for the hydropower development.
- To coordinate and make consistent efforts in the expansion of electricity generation potential and in doing so, taking into account the domestic consumption as well.
- To develop the electricity transmission capacity, contributing to the overall economic development and in doing so, to take the possibilities of inland electricity export into account.
- To strengthen and expand the electricity distribution system for social and geographic inclusion and to support the rural economy.

8. **Policy and Working Policies**

- The existing legislative provisions and laws shall be updated and modified.
- Nepal Electricity Regulation Commission shall be set up to undertake electricity generation, transmission and distribution and the businesses thereof in ways that are easy, regular, well managed and transparent.
- Attempts shall be made towards restructuring the public institutions in order to ensure a competitive environment in the power sector.
- The mechanism of deciding upon the electricity tariff rate will be made relevant and transparent in order to supply electricity at a reasonable price.
- In undertaking hydropower development, transmission and distribution works, greater attention will be given towards environment conservation. Arrangements shall be made for approval to Environmental Impact Assessment coming from the same agency which approves and grants permission to undertake hydropower development, transmission and distribution by making the single door system effective.
- Simple, clearer and effective processes, conducive to increasing participation of the community and local institutions and attracting domestic and foreign investments, shall be followed.
- Emphasis shall be given towards mobilization of the domestic capital market for investment in the electricity sector and domestic investors shall be encouraged to make investments in the development of hydropower plants of designated capacities.

- Priority shall be given to the utilization of labor, skill, resources and facilities available in Nepal in the implementation of hydropower projects.
- Promotion activities, promoting foreign investment in the electricity sector, shall be undertaken
- In the context of linking Nepal's transmission line with the SAARC countries and the development of a regional power grid, bilateral arrangements shall be made with the countries concerned with the development of large hydropower projects of regional scale and efforts shall be made towards formulating the needed legislations and laws for this purpose.
- Considering the enormous generation potential of the country in hydropower development, export of electricity shall be encouraged.
- The provisions of the Water Resources Strategy and the National Water Plan, 2005, shall be implemented progressively, and the river basin approach shall be considered the basis for the development and management of water resources.
- The public and private sectors shall promote the development of electricity, solely or jointly, in the context of increasing priority to be laid on electricity development.
- The utilization of existing hydropower generation capacity shall be maximized to meet the domestic electricity demand. In order to achieve this, run-of-the-river and reservoir backed projects shall be developed.
- Efforts shall be made to undertake large reservoir based and multipurpose projects. The downstream benefits resulting from large reservoir based multipurpose projects shall be utilized to maximize benefits to the country.
- Hydropower development shall be undertaken as an alternative to thermal power projects in contributing to environment conservation.
- Private sector shall be encouraged to undertake the implementation of hydropower development on the BOOT (Build, Own, Operate and Transfer) principle through competitive bidding for the same.
- The tendency of acquiring license for the development of small hydropower plants and distribution system, but not undertaking actual development and distribution, will be discouraged.
- Existing transmission system shall be strengthened as per the need, and efforts shall be made to link the micro and small hydropower plants with the national grid.
- Development of new transmission lines and sub-stations shall be undertaken in order to ensure effective transmission of electricity generated in the power projects through the national transmission system and to ensure effective distribution from the national grid for the agriculture, industry and tourism sectors and for distribution to the rural areas and cities.

- Electricity export and import between India and Nepal will be undertaken under bilateral needs by strengthening the existing cross-country transmission line and developing new transmission lines.
- Rural electrification shall be a priority under the existing policy of achieving social justice through the expansion of electricity services to the rural areas.
- Electrification in the remote rural areas, to expand the population coverage by electricity, shall be promoted through the development of small and micro-hydropower projects at the local level. Besides promoting people's participation, a Rural Electrification Board will be instituted and arrangement for a separate fund shall be made to help support this initiative.
- Policy for supplying electricity at cheaper rates in the agricultural and production sector shall be adopted.
- Leakage of electricity shall be controlled. Besides utilizing needed technical measures, additional legal provisions shall be developed based on the needs. Emphasis shall be given to mobilize people's support to help achieve control on electricity leakage.
- Consumer's benefits shall be protected by ensuring quality, dependable and easily accessible electricity services.
- Consumers shall be motivated for demand management to help promote energy conservation, and electricity tariff structure shall be adjusted based on the supply, contributing to the maximization of consumption.

9. Programs

The programs in electricity sector included in the Three Year Interim Plan have been classified in following four categories depending upon the progress expected:

- Electricity Generation and Supply
- Strengthening of Electricity Transmission System
- Electricity Distribution, Expansion and Electrification
- Survey, Studies, Institutional Capacity Development and Promotional Activities

The activities proposed to be undertaken under each of the program areas during the Three Years Interim Plan, are described in the following sections.

Electricity Generation and Supply

Hydropower projects with a total capacity of 105 MW shall be developed under the public and private sectors within the Three Year Interim Plan to meet the domestic electricity demand. For this, the public sector will contribute 85 MW and that the contribution of the private sector will be 20 MW. In the Plan period, Middle Marshyangdi Hydropower Plant of 70 MW capacity and Kulekhani-III Hydropower Plant of 20 MW capacity will make important contributions to the

public sector share in hydropower development while the private sector contribution of 20 MW will primarily come from small and micro hydropower schemes.

In line with the commitment made by the Finance Minister to develop the generation capacity of 5,000 MW over 10 years, within the Three Years Interim Plan period construction of hydropower plants of a total of 2,085 MW capacity shall be initiated. Important projects with a share in contribution to this capacity will be 30 MW from Chamelia Hydropower Project, 402 MW from Arun-III, 300 MW from Upper Karnali, 309 MW from Upper Tamakoshi (Rolwaling), 60 MW from Upper Trishuli-III (A), 40 MW from Upper Trishuli-III (B) and 27 MW from Rahughat Hydropower Project. Of these projects construction of some will be undertaken under public sector investment while others will be under joint investment of the public and private sectors. Some of the projects will be undertaken exclusively under private sector funding with foreign investment as well. Among the reservoir based hydropower projects under study, construction of Upper Seti (122 MW), which is considered suitable to the existing power system, will be initiated under the public sector. Similarly, under private sector funding, construction of schemes with a total capacity of 45 MW will be initiated. The features of the hydropower plants proposed to be initiated as stated, is shown in Table-2.

Table 2: Hydropower Projects Proposed to be initiated during Interim Plan Period

| S.No. | Name of the Project | Installed Capacity (kw) | Completion Year |
|--------------|-------------------------------|-------------------------|----------------------|
| 1. | Chamelia | 30,000 | 2010/11 |
| 2. | Upper Tamakoshi | 309,000 | 2013/14 |
| 3. | Upper Seti (Reservoir Backed) | 122,000 | 2013/14 |
| 4. | Upper Trishuli (A) | 60,000 | 2013/14 |
| 5. | Upper Trishuli (B) | 40,000 | 2013/14 |
| 6. | Rahughat | 27,000 | 2013/14 |
| 7. | Kaweli- A | 30,000 | 2013/14 |
| 8. | Mailung | 5,000 | Under Private Sector |
| 9. | Lower Indrawati | 4,500 | Under Private Sector |
| 10. | Upper Modi | 14,000 | Under Private Sector |
| 11. | Daramkhola | 5,000 | Under Private Sector |
| 12. | Lower Nyadi | 4,500 | Under Private Sector |
| 13. | Madi-1 | 10,000 | Under Private Sector |
| 14. | Fawakhola | 2,079 | Under Private Sector |
| 15. | Arun-III | 402,000 | Under Private Sector |
| 16. | Upper Karnali | 300,000 | Under Private Sector |
| 17. | West Seti | 750,000 | Under Private Sector |
| Total | | 2,115,079 | |

Strengthening of Electricity Transmission System

In order to strengthen the electricity transmission system to transmit electricity from the power plants, which would be completed within the Three Years Interim Plan, and to export large quantity of electricity, construction of a total of 174.5 km long transmission line of varied kilowatt capacities shall be completed. For export and import of electricity between India and Nepal, of the three proposed important cross-border transmissions of 400 KV, construction of Dhalkebar-Bhittamod (30 km) transmission line will be completed within the

Interim Plan period while the construction of other two transmission lines, Butwal-Sunauli (25 km) and Duhabi-Jogbani (15 km), shall be initiated. Construction of Hetauda-Bardghat transmission line of a capacity of 220 KV will be initiated. While undertaking the construction of transmission lines, construction of new sub-stations and expanding the capacity of existing sub-stations of different capacities will also be taken up. Within the Interim Plan period, expansion of a total of 377 M.V.A. in the capacity of transmission sub-stations will be achieved. The projects on transmission capacity enhancement, proposed during the Three Years Interim Plan, are shown in Table-3.

Table 3: Electricity Transmission Projects under Public Sector Proposed in the Three Years Interim Plan

| Projects Expected to be Completed | | | Projects Where Construction is Proposed to be Initiated | | |
|-----------------------------------|---|--------------|---|------------------------------|-------------|
| S.No. | Name of the Project | Length (km) | S.No. | Name of the Project | Length (km) |
| 1 | Kulekhani(III)-Hetauda (132 KV) | 0.5 | 1. | Kabeli Corridor (132 KV) | 129 |
| 2. | Thankot-Chapagaun-Bhaktapur (132 KV) | 27.0 | 2. | Hetauda-Bardghat (220KV) | 143 |
| 3. | Dhalkebar-Bhittamod (400 KV) | 30.0 | 3. | Marshyangdi-Damauli (132 KV) | 43 |
| 4. | Khimti-Dhalkebar (220 KV) | 75 | 4. | Butwal-Kohalpur (132 KV) | 208 |
| 5. | Middle Marshyangdi-Marshyangdi (132 KV) | 42 | 5. | Butwal-Sunauli (400 KV) | 25 |
| Total | | 174.5 | 6. | Duhabi-Jogbani (400 KV) | 15 |
| | | | 7. | Upper Modi-Modi (132 KV) | 10 |
| | | | 8. | Madi-I-Lekhnath (132 KV) | 7 |
| | | | 9. | Mailung-Grang (66KV) | 3 |
| Total | | | Total | | 583 |

Electricity Distribution, Expansion and Electrification

Considering that electricity services have expanded to cover most urban areas but still deficient in the rural areas, efforts shall be made in the Three Year Interim Plan period to expand electricity connections, to cover larger parts of the rural areas. In order to achieve this, construction of transmission and distribution lines of 651 km of 33 KV capacity, 3,163 km of 11 KV capacity, 5,978 km of 400/230 Volts and construction of 33/11 KV distribution sub-stations of a total of 113 M.V.A. capacity shall be completed during the Plan period. This will help expand electricity services to an additional 500 VDCs providing electricity to a total of 450,000 households. The national electricity transmission grid will be expanded to an additional 10 Districts during the Plan period. Under the Community Rural Electrification Program, transmission and distribution lines of 130 km of 33 KV, 1,154 km of 11 KV and 2,345 km of 400/220 volts shall be completed. This will help expand electricity services to an additional 135,000 households. Since the rural electrification program contributes to poverty alleviation, emphasis shall be given to expanding this program to the areas of the *Dalits*, *Adibasi Janjatis*, marginal and disadvantaged communities. Alongside of this, participation of *Dalits*, *Adibasi Janjatis*, persons with disability, *Madhesis*, Muslims, freed *Kamaiyas*, senior citizens, women, disadvantaged and marginal communities, shall be encouraged in the Rural Electrification Program.

Survey, Studies, Institutional Capacity Development and Promotional Activities

Surveys and studies shall be taken up on the hydropower projects to be completed and/or initiated during the Three Year Interim Plan period. Similarly, surveys and studies for the selection of appropriate projects to meet the future demand, and also for export of electricity, shall be taken up. Emphasis will be given to complete the studies of reservoir based projects. In order to promote private sector participation in power development, the Electricity Development Fund will be brought into operation besides establishing the Energy Development Bank. Alongside this, structural reforms in the electricity sector shall be taken up. Programs on strengthening of institutions engaged in electricity development shall also be taken up. Formulation of the Energy Sector Strategy and Twenty Five Years Perspective Energy Plan will be taken up through the Water and Energy Commission Secretariat.

Special Initiative to Address Deficiency in Electricity Supply (Load Shading)

In order to address the continuing deficiency in electricity supply (load shading) completely in the Interim Plan period, initiatives shall be made through following programs:

- In the first year of the Plan, i.e. F.Y. 2007/08, 40 to 50 MW of electricity will be imported from India through the existing transmission system in order to reduce the duration of load shading in comparison to the duration in the past. In order to increase the amount of electricity import from India, of the three cross-border transmission lines selected for electricity trading, construction of the Dhalkebar-Bhittamod transmission line shall be initiated in the F.Y. 2007/08 and completed in 2008/09. In the second year of the Plan, i.e. F.Y. 2008/09, 70 MW will be added to the national grid with the completion of Middle Marshyangdi Hydropower Project, which will help in further reducing the duration of load shading. In later years efforts shall be made in reducing the duration of load shading progressively with the electricity imported from India.
- After the completion of the Interim Plan period, the hydropower projects initiated during the period of the Interim Plan shall start reaching completion beginning from F.Y. 2010/11 and in the F.Y. 2013/14 approximately 600 MW of electricity will be added to the national grid. After 2013/14, it is expected that load shading in Nepal will not exist, with the domestic production of electricity. Besides these initiatives, control on leakage of electricity and electricity demand management programs shall be undertaken on a regular basis.

10. Expected Outcomes

The Three Years Interim Plan projects to increasing the per capita electricity consumption from the current 76 KWH to 100 KWH, providing electricity services to 58.5 percent of the population from the national grid,

expanding electricity services to a total of 2,600 VDCs and expansion of the use of electricity in industries, agriculture, irrigation, education and health sectors, contributing to sustainable social and economic development.

Assumptions

- Private sector participation will be as expected.
- Help and coordination of related Ministries will be as expected.
- Market for export of electricity will be available.
- Needed capital will be available.
- Consumer's capacity for electricity consumption will increase.
- Electricity bills due shall be collected.

Risks

- Fluctuations in the electricity market.
- Long time spent on the approval of Environmental Impact Assessment.

11. Estimated Budget

In the Three Year Interim Plan, for the programs to be undertaken through Nepal Electricity Authority, Department of Electricity Development and Water and Energy Commission Secretariat, expenditure of Rs. 32,400 million has been estimated at the constant prices of F.Y. 2006/07. The description by the budget head is provided in the table below:

| S.No. | Program | Rs. in million |
|--------------|--|-----------------------|
| 1. | Electricity Generation | 10,300 |
| 2. | Electricity Transmission | 11,220 |
| 3. | Electricity Distribution and Rural Electrification | 8,950 |
| 4. | Survey, Studies and Miscellaneous | 1,930 |
| Total | | 32,400 |

12. Implementation, Monitoring and Evaluation

Implementation Arrangement

At present, the implementation of programs in the electricity sector is taken up through the agencies under the Ministry of Water Resources, including, Water and Energy Commission, Department of Electricity Development (DED) and Nepal Electricity Authority (NEA). The programs of undertaking surveys and studies are also conducted through these agencies. The NEA is implementing the programs of electricity generation, transmission and distribution. However in some of these programs the private sector is also involved. The promotion of the private sector in electricity development is carried out through the DED. Important elements of the implementation arrangement for the programs in the sector during the Three Years Interim Plan are as stated hereunder:

- A High-level Electricity Sector Regulatory Commission, with special powers, will be formed. Electricity Tariff Setting Commission,

currently in operation, shall be placed under the Electricity Sector Regulatory Commission (ESRC). DED will function as the secretariat of the commission.

- ESRC will be empowered to undertake monitoring and supervision of security arrangements for the electricity system, supply regularity of supply and the quality of distribution. Further, it will make periodic reviews of the norms of fixing rates for the purchase and sale of electricity.
- As per the existing provisions, the DED and Water and Energy Commissions shall take up survey, studies and promotion activities. The NEA will be responsible for undertaking electricity generation, transmission and distribution.
- In order to undertake effective monitoring of larger hydropower projects and establish policy level and execution level coordination with the national and international stakeholders, a separate division shall be established for these tasks in the Ministry of Water Resources.
- Standards for the management of power projects and electricity distribution shall be prepared and implemented. Efforts shall be made in developing a Master Plan to undertake effective management and implementation of rural electrification program.
- In order to ensure timely completion of the projects, time bound implementation plan, and action plan to this effect, shall be developed and implemented.
- In order to enhance the capacity of manpower engaged, training programs, seminars and conferences shall be organized on a regular basis. In such capacity development programs, participation of human resources engaged in project planning and monitoring shall be given priority.
- The initiative of rewarding the responsible officials, based on the evaluation of capabilities, commitment and output, will be continued and made more effective.
- In order to train capable human resources and develop their capacity, training institutions in the country will be strengthened.
- The implementation of the programs will be undertaken in coordination with the local institutions, political entities and groups and individuals. This will help to ensure that the implementation of programs are unaffected by the situations at the local level.

Arrangements for Monitoring and Evaluation

- Effective arrangements shall be made for the regular monitoring and evaluation of the programs from the central as well as regional levels.
- Training of human resources engaged in monitoring and evaluation will be used as a means to motivate them, to undertake monitoring and evaluation effectively.

- In order to undertake monitoring and evaluation tasks effectively, information sources shall be modified and improved based on the impact of the project, and progress made and physical and economic indicators. For the effective monitoring and evaluation of progress, quarterly review of progress and on-site supervision, shall be undertaken at different levels on a regular basis.
- Arrangements shall be made to undertake the monitoring of implementation process along with the monitoring of physical progress.
- After the completion of the project ex-post evaluation, an impact assessment will be carried out and the lessons learnt shall be incorporated in the formulation of future projects. Emphasis will be made on base line data collection to accomplish this.

Chapter: 32

Irrigation

1. Background

In Nepal, of the total geographical area of 14,718,100 ha., the land suitable for arable agriculture is estimated to be about 2,641,000 ha. Of this land, the potential irrigable area under surface and groundwater sources is about 1,766,000 ha. owing to the rugged topography and landform. With limited irrigable area and need for enhancing agricultural production to meet the food demand of the growing population, the government has been making conscious efforts in the development of irrigation infrastructure, which is a prerequisite to agricultural productivity enhancement.

Infrastructure development, for year round irrigation, through optimal utilization of the country's surface and groundwater resources and promotion of participatory and inclusive management is the need of the time for poverty alleviation and sustainable development.

2. Review of the Current Situation

Historically irrigation development in Nepal began with the initiative and investment of farmers in numerous farmer managed irrigation schemes and that the governments' investment began only after the era of planned development. Several small, medium and large irrigation schemes were developed in different parts of the country utilizing the surface and groundwater resources under internal and external funding sources upon the inception of the Five Year Development Plans. The development of these irrigation schemes have contributed significantly in supporting food production. In the hills, priority on the development irrigation infrastructure has been on small and medium irrigation schemes. The government has also supported rehabilitation and improvement of Farmer Managed Irrigation Systems (FMIS) developed by the farmers with their own initiative and local resources.

In the irrigation schemes in operation, initiatives are towards the formation of Water Users Organization and their capacity building and promotion of joint management and management transfer programs to achieve sustainable operation and maintenance through inclusive and participatory management.

The target set for the development of irrigation infrastructure during the Tenth Plan period was 193,600 ha, through development of new irrigation schemes in 129,600 ha and rehabilitation and improvement of FMISs in 64,000 ha, that included 52,600 ha under surface and 77,000 ha under groundwater schemes. At the end of the Plan period, the achievement in the development of irrigation infrastructure was in 87,485 ha, including development of new schemes in 73,187 ha and rehabilitation and improvement of FMISs in 14,298 ha that include surface (25,504 ha) and groundwater (47,683 ha) schemes. Similarly, in the irrigation schemes in operation, programs towards promotion of sustainable operation and management through capacity building of water users' organization and rehabilitation and improvement of essential irrigation

infrastructure continued throughout the Plan period. As a result of systematic rehabilitation and improvement of irrigation infrastructure in the Narayani Irrigation Scheme, it was possible to accomplish the transfer of operation and management responsibility to water users' organizations in about 25,000 ha. The irrigation development accomplished towards the end of Tenth Plan has been in a total of 1,194,628 ha, as stated hereunder:

| S.No. | Program/Projects | Total Irrigated Area by the end of Tenth Plan (ha) |
|-------|---|--|
| 1 | With the Initiative of Government Agencies: | |
| | a. Surface Irrigation Development | 654,749 |
| | b. Groundwater Irrigation Development | 253,242 |
| 2. | Farmer Managed Irrigation Systems | 286,637 |
| | Total | 1,194,628 |

3. Problems, Challenges and Opportunities

Problems

The problems faced by the irrigation sector have been:

- Lack of dependable irrigation services to targeted areas in the absence of the development and expansion of area under irrigation command, and inadequate repair, maintenance and upkeep in several irrigation schemes, due to the lack of financial resources from internal as well as external sources.
- Lack of initiative in undertaking development of large and reservoir backed irrigation schemes with irrigation coverage as envisaged by the Water Resources Strategy and the National Water Plan.
- Lack of active participation of user farmers in the operation, repair and maintenance of public sector irrigation schemes.

Challenges

The challenges faced by the irrigation sector have been:

- Provision of year round and dependable irrigation services in the irrigated areas,
- Collection of Irrigation Service Fee (ISF) to cover the operation, repair and maintenance cost of irrigation schemes,
- Management transfer of public sector irrigation schemes to organized groups of water users for operation and management on a sustained basis,
- Timely rehabilitation and upkeep of essential irrigation infrastructures damaged during monsoon for irrigation delivery in target areas.

Strengths/Opportunities

The strengths of the irrigation sector, and thereby the opportunities can be stated as hereunder:

- Possibilities of year round and dependable irrigation in larger parts of potentially irrigable area with existing surface and groundwater potential.
- Adequate human resources within the country for the development of irrigation infrastructure.
- Continued progress in the participation of user farmers and their capacity building in the development and management of irrigation.
- Increased access of small and marginal farmers to non-conventional irrigation technologies, such as, drip and sprinkler irrigation and shallow tube wells.

4. Long Term Vision

The long term vision of the irrigation sector is development of irrigation infrastructure for irrigation coverage in as much as 97 percent of potentially irrigable area, of which year round irrigation in as much as 67 percent of the area, by 2027, as envisaged by the Water Resources Strategy and National Water Plan, approved and enacted by the Government of Nepal.

5. Objective

To enhance the agricultural production through year round, dependable and sustainable irrigation services promoting opportunities of employment generation, social inclusion and geographically balanced development.

6. Quantitative Targets

| S.No. | Program/Projects | Physical Targets (ha) |
|-------|--|--|
| 1. | Infrastructure Development for Expansion of Irrigation in New Areas: (A) Surface Irrigation Schemes (B) Groundwater Irrigation Schemes (C) Non-Conventional Irrigation Program | 56,900 37,400 1,600 95,900 |
| 2. | Total Rehabilitation and Expansion of FMIS | 23,700 |
| 3. | (A) Sustainable Management of Existing Irrigation Schemes (3,29,720 ha) (B) Irrigation Management Transfer of Irrigation Schemes in Operation (24,000 ha) (C) Rehabilitation and Improvement of Large Irrigation Schemes (27,000 ha) (D) Rehabilitation of Flood/Landslide Damaged Irrigation Infrastructures (50,000 ha) | |
| | Grand Total | 119,600 |

7. Strategies

- Formulate projects based on the concepts of Integrated Water Resources Management resorting to regionally balanced and inclusive development and creating opportunities of additional employment.

- Implement large and medium scale irrigation schemes, besides groundwater schemes, in the Terai and small and medium scale irrigation schemes in the Hills.
- Promote year round and sustainable irrigation facilities in the public sector and FMISs through needed rehabilitation and improvement.
- Continue with promotion of non-conventional irrigation technologies (drip, sprinkler, ponds) catering to the needs of small and marginal farmers in the areas infeasible for conventional irrigation development.
- Undertake research/studies, innovations and exploratory works on appropriate water management practices, including the feasibility of reservoir backed irrigation schemes and trans-basin water transfer projects, for the development and expansion of irrigation facilities.
- Continue with support for management transfer of the public sector irrigation schemes to organized groups of users through essential structural improvement and capacity building of water users.
- Develop human resources in the irrigation sector through result oriented program implementation and improvement of the monitoring and evaluation system.

8. Policy and Working Policies

- Development of water resources shall be based on the principle of Integrated Water Resources Management, encompassing watershed based approach, users' participation, social inclusion, gender and representation of stakeholders in decision making at all stages.
- Regional balance and opportunities of employment generation shall be included in the criteria of project selection.
- Multiple water use, consistent with the principle of Integrated Water Resources Management, shall be given priority in project formulation.
- Development of shallow and deep tube wells in the Terai shall be promoted as envisioned in the Agricultural Perspective Plan.
- Implementation of medium and large-scale irrigation schemes shall be continued.
- Conjunctive use of surface and groundwater shall be promoted in order to provide sustainable and dependable irrigation services.
- Integrated Crop and Water Management Program will be continued and new irrigation schemes shall be selected in coordination with the Department of Agriculture and related organizations.
- Development of dependable irrigation infrastructure will be made through renovation, rehabilitation and repair and maintenance of the public sector and FMISs.
- Priority shall be given to the rehabilitation of irrigation infrastructures in the conflict affected areas and those damaged by flood/landslides.

- Implementation of non-conventional irrigation technologies, such as, drip, sprinkler and runoff harvesting ponds, catering to the needs of small and marginal farmers, shall be continued in the areas where development of conventional surface and groundwater irrigation are infeasible.
- Studies on river basin approach of water utilization for sustainable and multipurpose irrigation schemes shall be taken-up in collaboration with the Water Energy Commission Secretariat and the Department of Electricity Development.
- Management transfer of public sector irrigation schemes to organized groups of water users shall be continued through needed rehabilitation and improvement of schemes and the capacity building of water users.
- Appropriate representation of the women, persons with disability, senior citizens and the disadvantaged groups shall be ensured in the formation of the water users association.
- Training and appropriate programs of higher studies shall be organized in order to upgrade knowledge and skills, and capacity enhancement of human resources engaged in the irrigation sector.
- The monitoring and evaluation system shall be made effective and result oriented by strengthening the unit for Management Information system under the Department of Irrigation.

9. Programs

In proposing irrigation development programs, the bases have been the perspective outlook in the Water Resources Strategy and National Water Plan and the government decisions in the existing political context. Programs on community managed irrigated agricultural system, non-conventional irrigation technology and capacity development of disadvantaged water users' associations have been proposed, which are based on the principle of social inclusion, regional balance and equitable development seeking participation of women, *Dalits* and the disadvantaged communities. A synthesis of some of the programs/projects proposed during the Interim Plan period is provided hereunder:

Irrigation and Water Resources Management Project (IWRMP)

The targeted achievements of the project within the Interim Plan period include:

- Construction of 51 surface and 7 groundwater irrigation schemes in a total of 40 Districts in the western, mid-western and far-western development regions.
- Management transfer in a total of 24,000 ha in the irrigated command under Kankari, Sunsari-Morang (Sitagunj Branch) and Narayani Irrigation Project, Parsa (Block 2 & 8).

- Studies on institutional development/strengthening and promotion of integrated crop and water management programs in the irrigated areas.
- Implementation of other feasible sub-projects progressively during the Plan period.

Community Managed Irrigated Agriculture Sector Project (CMIASP)

In the Interim Plan period the project intends to enhance agricultural production and productivity under irrigated agriculture through the rehabilitation and improvement of FMISs in the eastern and central development regions.

Shallow Tube well Groundwater Irrigation Project

This project, based on the principle of Agricultural Perspective Plan, seeking expansion of irrigation services in the Terai through shallow tube wells, intends to develop 12,240 shallow tube wells to bring 30,600 ha under irrigation within the Three Year Interim Plan period.

Deep Tube well Groundwater Irrigation Project

The project intends to develop 150 deep tube wells to bring a total of 6,000 ha under irrigation during the Interim Plan period.

Surkhet Valley Irrigation Project

This project started with the internal resources of the Government of Nepal beginning from the F.Y. 2007/08, intends to provide well-managed irrigation facilities in a total of 2,000 ha in the Surkhet valley.

Repair and Maintenance Programs

This program intends to support regular and annual repair, maintenance and upkeep of the public sector and FMISs, currently in operation, funded under the internal resources of the Government of Nepal.

Rehabilitation of Large Public Sector Irrigation Schemes

This program intends on progressively undertaking the rehabilitation and improvement of large irrigation schemes, such as, Narayani Irrigation System, Narayani Lift Irrigation Scheme, Kamala Irrigation Scheme and Koshi Pump Irrigation Scheme and through this, enhancing agricultural production in the irrigated areas.

Bagmati Irrigation Project

Command area development in a total of 12,000 ha in Rautahat and Sarlahi Districts has been envisaged in this project.

Babai Irrigation Project

Within the Interim Plan period, development of dependable irrigation facility in a total of 5,000 ha, through the construction of branch and tertiary canals and pertinent irrigation structures, has been envisaged. In addition, construction of a siphon in the Babai river, to bring the area to the west of the river under irrigation has also been proposed.

Mahakali Irrigation Project (III Phase)

Construction works under this project, with the internal resources of the Government of Nepal, have been envisaged to develop irrigation infrastructure in a total of 36,000 ha in Kailali and Kanchanpur Districts, to utilize water available from the Tanakpur Barrage in India.

Sikta Irrigation Project

Completion of headwork partial construction of the main canal in this project, based on internal resources of the Government of Nepal, has been envisaged during the Interim Plan period, in order to provide irrigation facility in additional 36,000 ha of area in the Banke District.

Non-Conventional Irrigation Technology Project

In this project the development of drip, sprinkler and runoff harvesting ponds, catering to the needs and demands of small and marginal farmers have been proposed.

Medium Scale Irrigation Projects

Under this project, besides providing continued support to medium scale irrigation schemes in operation, development of new medium scale irrigation schemes to bring an additional 30,000 ha of area under irrigation in the Interim Plan period has been targeted.

Rani-Jamara-Kularia Irrigation Project

Works towards completion of Environmental Impact Assessment (EIA) and updating of design and cost estimate of this project, with the objective of providing dependable irrigation in a total of 20,000 ha of land in Kailali District, have been proposed for completion. The project also targets to complete the construction of headwork and development/rehabilitation of the main canal and related structures within a period of three years.

10. Expected Outcomes

The outcomes expected during the Interim Plan period are as under:

- Development of irrigation infrastructure in an additional 95,900 ha of arable land, management improvement and management transfer in irrigation schemes covering a total of 24,000 ha, have been expected to be completed during the Interim Plan period. In addition, rehabilitation and improvement and expansion of FMISs covering 23,700 ha are also expected.
- Improvement in the state inclusive irrigation governance through capacity development of water users and users' organization, expected.
- Improvement in food security, employment opportunity and income generation contributing to poverty alleviation.

11. Assumptions and Risks

- Coordinated and effective implementation of agricultural development programs.
- Effective participation of user farmers and local level of institutions.
- Timely availability of resources from internal sources and foreign assistance.
- Compliance to policies and programs.
- Continued cooperation between local level institutions and the people.
- Commitment towards collection of irrigation service fees.

12. Implementation, Monitoring and Evaluation

Implementation

The implementation of programs has been intended through the existing institutional arrangements with continued efforts on minimizing the constraints in the past and identifying new strengths and opportunities. Collection of irrigation service fee covering the cost of operation and maintenance of the irrigation schemes has been emphasized in order to make the users' participation effective. Provisions for effective collection of irrigation service fee shall be made in the existing laws.

Monitoring and Evaluation

- Organized monitoring and evaluation will be institutionalized.
- Implementation of decision-making will be institutionalized through coordination among agencies responsible for undertaking monitoring and evaluation.
- Changes in the Human Development Index and opportunities for employment promotion shall be included in the monitoring framework.
- Efforts shall be made in maintaining objectivity and factual analysis in undertaking monitoring and evaluation consistent with the outputs/outcomes projected by the Interim Plan.

13. Estimated Budget

Estimated expenditure in irrigation development in the Three Year Interim Plan has been expected to be Rs. 13,250 million at the constant prices of the F.Y. 2006/07. The expenditure foreseen in different programs is presented in the table below:

| S.No. | Programs | Expected Expenditure (Rs. in millions) |
|--------------|--|---|
| 1. | Expansion of Irrigated Area Program | 8,777.4 |
| 2. | Operation, Repair and Maintenance and Rehabilitation | 3,833.7 |
| 3. | Institutional Development | 151.8 |
| 4. | Research and Studies | 387.1 |
| Total | | 13,250.0 |

Water Induced Disaster Prevention

1. Background

Nepal is a country of seasonal rain system. More than 80 percent of the annual rain fall is concentrated within the three months period. Besides, owing to rugged terrain, active geological conditions and unscientific land use, the problems related to water induced disasters have become more complicated. The disaster related problems like soil erosion, flood, land slides, erosion of river banks and submersion are being widely encountered. Basically, such disasters in the rainy season have traumatized the entire nation. By inducing fear and anxiety among the common mass every year, heavy losses are inflicted on human lives, property, settlements, arable land and development infrastructure. It has become necessary to minimize the effects of such disasters by mobilizing the available limited resources.

2. Review of the Current Situation.

With the start of rainy season, heavy losses on human lives and property are being inflicted by the disasters like floods and land slides. In order to minimize the losses, different programs are being undertaken. Some important achievements have been realized as a result of implementation of these programs during the Tenth Plan period. It is necessary to carry forward the past efforts on disaster management in a more effective manner by implementing the master plan in the coming years.

3. Problems, Challenges and Opportunities

Problems and Challenges

It has become necessary to coordinate agencies involved in the management of water induced disaster prevention, with the delineation of their work jurisdiction. As the annual programs are formulated before the rainy season, adequate resources for impending disaster problems could not be made available. Besides, the large gap between the required and available resources has a bearing on the smooth implementation of the program.

Opportunities

With the sole objective of minimizing the damages caused by water induced disasters, the programs on water induced disaster preventions have been continued. The results delivered by the implementation of these programs have contributed towards research and development (R&D) and the extension of disaster prevention technologies.

4. Long Term Vision

The vision is to reduce social and economic damages caused by water induced disasters to the level of that in developed countries.

5. Objective

The major objective is to minimize the annual damage inflicted on settlements, agriculture lands and development infrastructure as well as the annual loss of lives and property caused by water induced disasters such as, floods, landslides, flow of debris, soil erosion and inundation.

6. Strategies

The strategic focus of the TYIP is on raising public awareness, development of appropriate technology, mobilization of people's participation for its program implementation and strengthening institutional capabilities.

- To implement different programs for research and development (R&D) and the expansion of appropriate technology as well as for raising public awareness.
- To provide continuity to coordination and cooperation amongst other disaster prevention related agencies.
- To formulate and implement short term, mid term and long term programs.
- To arrange necessary materials and logistics for emergency disaster prevention and relief.
- To mobilize peoples' participation for site-specific water induced disaster prevention works.

7. Policy and Working Policies

- Public awareness on aspects related to water induced disaster prevention will be raised.
- The disaster prone areas will be delineated and mapped.
- Research and development (R&D) and expansion of appropriate technology will be carried out.
- Continuity will be provided to coordination and cooperation amongst other disaster prevention related entities.
- Peoples' participation will be mobilized for disaster prevention activities.
- The emergency disaster management will be undertaken through the participation of victims' groups by making the necessary logistics available.
- Site-specific projects will be formulated and implemented as and when required and on lump sum basis.
- Master plans will be formulated and gradually implemented for preventing disasters on the long-term basis.
- The protection works for development infrastructure will be carried out in coordination with the concerned agencies.
- Existing institutional capacity will be enhanced.
- The Joint Border Inundation Management Committees (the joint committees for the management of inundation problems along the border areas) will be activated.

8. Major Programs

Following major programs are being undertaken by the Department of Water Induced Disaster Prevention.

Disaster Minimization Support Program (DMSP)

Under this program, activities like raising public awareness, delineation of disaster prone areas and mapping as well as development and extension of appropriate technology will be executed. Besides, policy, acts, regulations and guidelines will also be formulated.

Disaster Prevention Program

Site-specific disaster prevention activities, works based on master plan, institutional development activities, emergency prevention activities along with studies and investigation will be executed under this program.

River Training Program

The river training projects like *Lalbakaiya*, *Bagmati*, *Kamala* and *Khando* will be implemented in the Terai region with grant from Government of India. During the TYIP period, the construction of *Bagmati* and *Lalbakaiya* river training projects will be completed, whereas *Kamala* and *Khando* will be commenced.

Infrastructure Protection Program

Under the infrastructure protection program, projects will be implemented to reduce water-induced obstructions in the Mugling-Narayanghat and Sindhuli-Bardibas road sectors that occur every year. These projects will be completed during the TYIP period.

9. Expected Outcomes

- Through site-specific disaster prevention activities loss of lives and property would be minimized at designated places.
- Through river training projects and implementation of master plans, river specific erosion and inundation problems would be minimized on a long-term basis.
- Through infrastructure protection programs, the problems of road blocking caused by flow of debris would be reduced.

10. Assumptions and Risks

- Protection and repair maintenance of completed works.
- Continuation of peoples' participation and awareness.
- Re-occurrence of water induced disasters.
- Continuation of foreign/external assistance.

11. Estimated Budget

In the TYIP, it has been estimated that a total of Rs. 3,256 million will be spent for executing the programs under water induced disaster prevention at the

constant prices of FY 2006/07. The program wise description is presented in the following table:

| S.No. | Projects/Programs | Rs. in millions |
|-------|--|-----------------|
| 1 | Disaster Minimization Support Program (DMSP) | 115.4 |
| 2 | Disaster Prevention Program | 1,871.7 |
| 3 | River Training Program | 956.2 |
| 4 | Infrastructure Protection Program | 312.7 |
| | TOTAL | 3,256.0 |

12. Implementation, Monitoring and Evaluation

Implementation

Different programs for disaster prevention are being implemented through the existing organizational structure of the DWIDP. If the existing human resources were not adequate, programs used to be run by establishing separate project offices. The implementation has been carried out by coordinating with disaster prevention activities related stakeholder entities, groups etc.

Monitoring and Evaluation

Through regular ministerial and departmental level field supervision, monitoring and evaluation functions will be made more effective, and subordinate agencies will be made more responsible for project execution.

Chapter: 33

Information and Communication

1. Background

Development in the 21st century cannot be envisaged without the development and expansion of telecommunication technology; therefore, development, expansion and proper mobilization of this sector are vital for the overall development of the country. It is necessary to develop and expand this sector as a foundation for the enhancement of public awareness despite the country's difficult and remote terrains, weak economic status and structural system, for increased accessibility to new technology and inventions, to save time, development of knowledge and skill, proper dissemination of information to general public on the development of science and technology, for ensuring information rights, as well as for getting merged into the mainstream of globalization.

In the present situation when the private sector is also being attracted due to the liberal, inclusive and competitive environment adopted by the country under the democratic political system, there is a need to provide support to the development of all the sectors in the country, including political and socio-economic sectors, by providing services and facilities even in rural areas in a reliable, qualitative, competitive and easily accessible way through the widespread use of modern technologies and by introducing variations in the services and facilities provided by this sector.

2. Review of the Current Situation

Target and Achievement Status of the Tenth Plan:

| Target of the Tenth Plan | Achievement Status Till the Tenth Plan |
|---|--|
| 1. To extend basic telephone to 40 lines per thousand population. | Fixed telephone lines had reached 513,352. Teledensity had reached 88 lines per thousand population (including mobile) |
| 2. To extend mobile telephone to 170,000 lines. | Mobile lines had reached 1,822,032 (including pre-paid & post paid GSM, CDMA Sky phone and UTL's limited mobility connections) |
| 3. To extend telephone service to all VDCs. | Telephone service had reached 2908 VDCs; CDMA service has reached 1936 VDCs of 70 districts. |
| 4. To extend television service nationwide. | NTV transmission had covered 66% of population. |
| 5. To extend radio transmission service nationwide. | Radio Nepal transmission had covered 80% of population. |
| 6. To commence security printing task in the country. | In the first phase, building construction had been completed. |
| 7. To extend international money order service to additional 10 countries. | During the Plan period, international money order service had been extended to 5 countries. |
| 8. To extend domestic express service to minimum additional 10 places, and Express Mail Service (EMS) to additional 20 countries. | During the Plan period, express mail service had been extended to 15 places in domestic sector, and to 12 countries in foreign sector. |
| 9. To extend internet/email service to 31 district headquarters. | Internet/email service had reached 59 districts. |
| 10. To increase production of cinema. | Cinema production had increased quantitatively; investment had been increasing in the production of qualitative cinema. |
| 11. To archive newspapers and magazines using CD-ROM technology | 1,831,000 pages of different publications had been archived in CD. |

3. Problems, Challenges and Opportunities

Upon analysis of the problems, challenges and opportunities in this sector, it has been observed that the major problems have been the status of conflict in the country, lack of human and financial resources, damage of physical infrastructures, inability to extend services due to the poor law and order situation, etc., because of which outcomes as per the targets could not be achieved. On the other hand, an open, competitive and democratic environment exists as a positive aspect.

Major problems, challenges and opportunities are as follows:

Problems

- Remote and inaccessible geographic terrain of the country.
- Non-uniformity in the construction of infrastructure over all the regions of the country.
- Lack of skilled human resources capable of using and applying newer technology.
- Lack of timely supply of required human resources, and lack of motivation in the available human resources.
- Disturbances in development works due to the conflict.

Challenges

- To reconstruct and re-establish damaged infrastructures, and to resume service.
- To manage skilled human resource capable of adopting new technology and opportunity.
- To attract private investment in the communication sector, and to build private sector-friendly environment.
- To build an environment of human resource management and motivation as necessary.
- To establish Nepal in the global news network map through overseas extension of the country's news network.
- To establish the telecommunication sector in the global information network.
- To make telecommunication services available in all the VDCs of the country.
- To establish Nepal in the global news network extending Nepalese news network to international area.

Opportunities

- In the pretext of the general public's trust in the postal service with a nationwide network, there exists an opportunity to provide service easily as per consumers' needs by introducing variation in the postal service.

- Because of open, liberal and competitive environment, the private sector and international community have been seen to be attracted to invest in this sector.
- Involvement of the private sector in the overall development of the country has been increasing.
- People have begun to get an opportunity to choose the desired service.
- Democratic political system, inclusive democracy and an open environment have been obtained for the balanced development of the communication sector.
- Network of postal service has become nationwide.

4. Long Term Vision

The vision of this sector is as follows:

- To develop clean, independent, responsible, dignified, self-dependent, professional and decent journalism
- To make transmission of radio and television, and publication of Gorkhapatra nationwide and regionally proportionate.
- To make qualitative security printing service available within the country.
- To make prompt, efficient and effective postal services available.
- To extend modern technology-based, effective and competitive telecommunication service to villages in a widely accessible way.
- To achieve the goal of "Mobile set in every hand and Internet in every house".
- To establish Nepal in the global news network and in the global information society.
- To bring development and achievement in the education, knowledge and science sectors within the reach of public through communication media in an economical, easy and effortless way in order to build a knowledge-based society.
- To encourage production of original Nepali movies by making cinema production profession dignified and professional.

5. Objectives

To develop and expand information and communication services by making different information and communication sectors effective, modern technology-based, quality-based and competitive so that every citizen gets related services effortlessly.

6. Quantitative Targets

Following targets related to the Ministry of Information and Communication have been set in the Interim Plan.

Telephone

| S.No. | Particulars | Status up to FY 2063/64 | Target of Three- Year Interim Plan | Status up to the end of the Plan |
|-------|-------------|----------------------------|---------------------------------------|-------------------------------------|
| 1 | Fixed lines | 513,352 | 586,648 | 1,100,000 |
| 2 | Wireless | 251,011 | 1,248,989 | 1,500,000 |
| 3 | Mobile | 1,571,021 | 3,928,979 | 5,500,000 |

- To extend teledensity to 25 lines per hundred persons.
- To extend telephone services to 1,007 VDCs of the country, yet to be served.
- To extend television transmission to cover 1/3rd population of the country, yet to be served.
- To extend radio transmission, through Radio Nepal, to cover 20 percent of the population, yet to be served.
- To extend counter automation in all District Post Offices out of which only 9 offices have counter automation till now.
- To establish telecenters at District Post Offices and major Area Post Offices.
- To publish Gorkhapatra at the regional level also.
- To reconstruct all infrastructures damaged during the conflict.
- To develop Nepal as an attractive cinematic place, and make cinema-related service and facilities available, and establish infrastructure within the country.
- To commence security printing within the country.

7.

Strategies

- By making the postal sector professional and self-dependent, and through wide use of information and communication technology, the postal sector will be developed as an autonomous institution under the notion of public private partnership (PPP).
- In order to make information dissemination regular, organized and effective, communication networking will be established in the Department of Information. By making the journalism sector independent, responsible, self-dependent and institutional, an environment will be created whereby the public would be well informed. The Information Bank will be established in the Department of Information to provide a sense of transparency and good governance.
- Besides available services on security printing, emphasis will be given to the development of technology, equipment and human resources in order to provide additional services.
- Damaged infrastructures will be reconstructed and reestablished in coordination with other development agencies to resume related services.
- Information Super-Highway will be developed, and telecommunication service will be established, developed and

- expanded on the basis of technology suitable for the country's diversified geographic features including remote and rural regions.
- Government communication media will be developed as the national transmission/publication media, and will be made more dignified, neutral, balanced, inclusive and pro-public and accordingly, suitable programs will be launched. Society will be made well informed and civilized by the means of factual, investigative and entertaining information dissemination through private medias.
- Private sector will be encouraged in cinema production, and Nepal will be developed as an international shooting spot.

8. Policy and Working Policies

- In order to develop postal office as an autonomous institution, necessary legal steps will be taken.
- Services such as money order, postal saving bank, express mail service, e-post, e-money, money transfer and philately will be operated and promoted within the postal service.
- Along with the increase in the use of modern information and communication technology in postal service, telecenters will continue to be established in all District Post Offices and major *Ilaka* Post Offices, and counter automation will continue to be established in District Post Offices.
- Postal service will be provided through partnership with private sector.
- Physical infrastructure development and automation will be carried out in postal offices.
- Programs on human resource development will be launched.
- Broadband networking will be established between the Department of Information and five communication centers, all ministries, commissions, and secretariats.
- Information Bank will be established in the Department of Information.
- Records of all newspapers and magazines published nationwide in Nepal and details of journalists will be computerized.
- Effective implementation of the journalism code of conduct will be carried out to make the journalism sector responsible, dignified and self-dependent.
- System of categorizing newspapers will be made scientific and objective.
- Necessary policy will be formulated to bring online journalism to the mainstream.
- Distribution of social service advertisements will be made transparent, and system of providing such advertisements even to the electronic media will be initiated.
- Capable, professional and autonomous security printing offices will be established.

- Necessary laws on security printing will be formulated.
- Programs on necessary human development related to security printing will be launched.
- Necessary coordination will be made with the Ministry of Peace and Reconstruction and the Ministry of Local Development for the reconstruction and rehabilitation of damaged radio and television infrastructure, and the resumption of services.
- By completing reconstruction and rehabilitation of telecommunication infrastructure, accessibility to telecommunication services will be made affordable and easy. Laying optical fiber cables along the East-West Highway (Lamahi- Mahendranagar), Arniko Highway (Kathmandu-Tatopani) and Lamahi-Tulsipur Highway will be completed.
- By encouraging participation of the private sector, the telecommunication sector will be made more liberal and competitive.
- Telecommunication service of suitable technology will be provided in all VDCs of the country.
- Telephone distribution will be made easy, accessible and scientific. Initiative will be taken towards reducing telephone tariff or maintaining uniform tariff on local calls throughout the country.
- Investment-friendly environment will be created to attract additional service providers through a competitive environment.
- In order to meet the targets of teledensity, new license will be provided to encourage existing service providers to operate communication services.
- In order to make the available information and communication technology suitable for rural consumers, new licenses will be provided, as required, for new technology (e.g., WiMax, 3G, UMB, VOIP, IMT-Advanced).
- Initiative will be taken to construct Information Super Highway in SASEC region with Nepal as a transit.
- By establishing telecenters all over the country, a system will be developed to provide different ICT-related telecommunication services.
- In order to extend the transmission of Radio Nepal and Nepal Television all over the country, relay centers/ FM stations will be established as necessary.
- Initiative will be taken towards proportional transmission in all national languages and dialects of Nepal.
- Through the expansion and strengthening of regional transmission of radio and television, programs promoting local language and culture will be transmitted.
- System of publishing *Gorkhapatra* at the regional level will be built.

- Publication and transmission of publicly owned publication and transmission centers will be made standard, inclusive and democratic.
- Licensing process provided to private radio and television transmitters will be made easy and accessible.
- Nepal, rich in natural scenery and heritage, will continue to develop as an important place for international cinematic shooting.
- Besides developing the cinema sector as a dignified profession, encouragement will be given to the production of original Nepali movies.
- Use of latest technology in cinema will be emphasized.
- Necessary laws will be formulated to make the cinema sector organized and regular.
- Movie censoring system will be made easy, transparent, scientific and uncomplicated.

9. Programs

Strengthening of ministry:

- To make the Ministry paperless.
- To establish e-governance module in the Ministry.
- To purchase, install and operate necessary equipments.
- To restructure organization of the Ministry.
- To build intra- and internetworking.
- To launch programs on human resource development.
- To strengthen monitoring and evaluation system.

Strengthening of postal service:

- To resume services by reconstructing and reestablishing damaged infrastructure.
- To establish telecenters in postal offices.
- To launch e-post program.
- To implement counter automation in District Post Offices.
- To formulate and modify necessary laws related to the postal sector in the changed context.

Strengthening of press information:

- To establish Information Bank in Department of Information.
- To establish broadband networking, to facilitate information exchange between the department of Information and other agencies.
- To build and expand physical infrastructure for the Communication Center.
- To organize distribution of social service advertisements.
- To develop required human resources.
- To launch a program on strengthening of *Gorkhapatra Sansthan*.

Security printing:

- To build necessary infrastructure for security printing.
- To purchase and install security printing machines and equipments.
- To formulate laws to establish an autonomous security printing agency.
- To develop required human resources.

Television transmission development and expansion:

- To transmit programs that support democratic norms, beliefs and system.
- To reconstruct damaged infrastructures and resume service.
- To establish and expand transmission centers.
- To expand television transmission for nationwide coverage.
- To prepare programs in various languages and transmit the programs in inclusive and proportionate way.

Radio transmission development and expansion:

- To establish and expand sub-station of Radio Nepal in Karnali Region.
- To operate programs to inform public about government policies and programs as per democratic norms.
- To prepare programs in various languages and transmit the programs in an inclusive and proportionate way.
- To expand radio transmission for nationwide coverage by establishing FM transmitter to serve the regions unable to be covered by Radio Nepal transmission.

Telecommunication sector improvement:

- To purchase measuring equipment and establish monitoring station.
- To obtain land to build monitoring station.
- To manage necessary furniture and other items.

Telecommunication service establishment, development and expansion:

- To build necessary infrastructure.
- To purchase and install necessary equipment.
- To supply telecommunication services to remote areas not served by other service providers.

Cinema development:

- To produce original movies in different languages.
- To use new technology in cinema production.
- To establish film studio.
- To identify shooting spots.
- To reestablish and reconstruct damaged infrastructure.

Reconstruction and re-establishment of damaged infrastructure:

- Special emphasis will be given to reconstruct and re-establish and damaged infrastructure during the conflict.

10. Expected Outcomes

- Telecommunication service (including telephone) will be available in all VDCs. Teledensity will be 25 lines per hundred persons.
- Damaged infrastructure during the conflict will be reconstructed and services will be resumed. In the telephone sector, the number of consumers will reach 1.1 million in PSTN, 1.5 million in wireless and 5.5 million in mobile phones.
- Telecenters will be established in all District Post Offices and major Area Post Offices.
- Counter automation will be implemented in all District Post Offices.
- Coverage of television and radio transmission will be nationwide.
- *Gorkhapatra* will be published at the regional level.
- Nepal will have been developed as an attractive cinematic place and cinema-related services and facilities will have been made available, and infrastructure will have been established within the country.
- Security printing will be started within the country.

Expected Effects

- Accessibility of the whole population in the information and communication sector will grow.
- In every aspect of day-to-day life, there will be a positive change.
- Important dimension will be added to the economic and intellectual development of the country.
- Rights of information will be ready to be used.
- Due to the ability of security printing within the country, self-dependency in this sector will grow.

11. Assumptions and Risks**Assumptions**

- Peace, and good law and order situation will prevail in the country.
- Policy on the development of information and communication in the context of national development will continue.
- Effective coordination with Ministry of Local Development and Ministry of Peace and Reconstruction will be maintained.
- Cooperation with International Telecommunication Organization will continue.
- Cooperation with International Postal Organization will continue.
- Participation of the private sector will remain.
- Budget will be timely allocated.

Risks

- If the law and order situation deteriorates again, participation of the private sector in the development of information and communication will reduce, and expected achievement will not be obtained in the growth of telecommunication service.
- If adequate budget cannot be allocated, security printing cannot move ahead.

12. Estimated Budget

During the Three Year Interim Plan, Rs. 20.1 billion, at the constant prices of FY 2006/07, is estimated to be spent on programs related to the information and communication sector, the details of which are given in the following table.

| S.No. | Programs | Rs. in million | Remarks |
|-------|--|-----------------|--|
| 1 | Ministry of Information and Communication | 18.4 | |
| 2 | Postal service (Department of Postal Service) | 253.5 | 5 million UPU grant, first year |
| 3 | Strengthening of press information (Department of Information) | 18.5 | |
| 4 | Security printing (Department of Printing) | 407.0 | |
| 5 | Strengthening of press information (Press Council Nepal) | 16.2 | |
| 6 | Strengthening of press information (Rastriya Samachar Samiti) | 114.0 | |
| 7 | Transmission system improvement/expansion (Nepal Television) | 300.0 | |
| 8 | Transmission system improvement/expansion (Radio Nepal) | 743.5 | 5.1 billion Japanese grant |
| 9 | Telecommunication sector (Nepal Telecom) | 16,104.4 | Nepal Telecom's own source |
| 10 | Telecommunication Sector improvement Project | 727.0 | 102,320 from Government of Nepal, 625,460 loan |
| 11 | Rural Telecommunication Project | 480.0 | |
| 12 | Gorkhpatria Sansthan | 780.0 | |
| 13 | Cinema Development Board | 103.3 | Board's own source |
| | Total | 20,065.8 | |

13. Implementation, Monitoring and Evaluation

Implementation

- For the proper operation and implementation of all the programs proposed in the Plan, necessary human resource and other resources will be provided to the Ministry and the Department.
- In order to avoid re-emergence of the same problems, experienced while implementing programs in past years, the Ministry and the Department will perform necessary tasks.
- Departing from the tradition of performing all tasks by the center, programs will be launched with public participation in an inclusive way, following the principle of decentralization, with the objective of

poverty alleviation, thereby providing a sense of good governance to the people.

- Agency-related programs will be implemented by the concerned agencies. In the course of implementation, coordination, consulting service, seminars, interactions, and meetings will be managed as per the requirements.
- By coordinating with the Department of Postal Service, District Postal Offices, and local agencies, telecenters will be established and operated in District Postal Offices and major Area Post Offices.
- Duplication of problems in implementation experienced in the past will be minimized and managed.

Monitoring and Evaluation

- For the overall monitoring and evaluation, the departments of the Ministry, related to policy, planning, monitoring and evaluation, will be mobilized effectively.
- Review meetings, onsite inspection, supervision, consultation, and meetings of the problem solving committee will be held as necessary.
- Reporting system will be developed based on the checklist prepared by the Ministry in the course of monitoring, and a mechanism will be established to report and solve problems faced during implementation.
- System of agency-wise monitoring and evaluation will be established at central, regional, zonal and district level by the concerned agencies.
- During monitoring, reporting on the status of unaccounted payment in all agencies will be made mandatory.
- Monitoring and evaluation will be carried out to check whether there is synchronization between the tasks of the concerned agencies and the human resource allocated for the tasks, and if needed, the ministry will make necessary arrangement for necessary improvement.

Chapter: 34 **Housing and Urban Development**

1. Background

According to the National Census 2001, about 14 percent of the total population of Nepal, live in urban areas, and this figure is expected to reach 24 percent in next ten years. Besides 58 municipalities, there are 132 towns in Nepal among which, many towns are likely to be transformed into municipalities. Due to various services, facilities and opportunities in cities, the rate of migration from rural to urban areas in Nepal has sharply increased because of which the existing, limited social and physical infrastructures in cities are under added pressure.

It is important to maintain regional balance in urban development by considering the latter as a promoter of rural development, and market centers, as a means to expand rural-urban linkage. It is essential to expand Kathmandu Valley-centric services, facilities and economic opportunities to other cities, and a maintain balance in the natural and cultural environment by restraining population pressure within the carrying capacity of urban areas.

Reconstruction and renovation of government buildings in different parts of the country, which were damaged during the conflict period, to their previous state, and in the present context, construction of camps to accommodate Maoist militia will also be important tasks of the Three Year Interim Plan.

2. Review of the Current Situation

Programs are underway to control haphazard urbanization taking place in Nepal, and to manage emerging towns and market centers. Likewise tasks such as producing developed housing plots to fulfill the increasing housing demand, preparation of digital maps, and providing housing loans to low-income families, have been undertaken. The following table shows progress achieved, in association with various agencies, during the Tenth Plan period.

Progress of Tenth Plan Period

| S.No. | Indicator | Unit | Target of Tenth Plan | Progress |
|--------------------------|---|------|---|--|
| Urban Development | | | | |
| 1. | Preparation of digital maps of Municipalities | No. | All municipalities | 27 |
| 2. | Healthy City Program in Municipalities | No. | 10 | 9 |
| 3. | Urban and Environmental Improvement Program in Municipalities | No. | 9 | 8 |
| 4. | Environment improvement in different areas | No. | 100 | 156 |
| Kathmandu Valley | | | | |
| 5. | Development of satellite town | No. | Develop Harisiddhi area as a satellite town | Submitted for approval after completion of concept |
| 6. | Providing dwellings | No. | 20,000 | 19,209 |
| 7. | Environment improvement in squatter settlements | No. | 5 | 3 |

| S.No. | Indicator | Unit | Target of Tenth Plan | Progress |
|-------|--|---------|----------------------|---|
| | Rural Settlement | | | |
| 8. | Development of organized market centers | No. | 20 | 53 |
| 9. | Preparation of physical plans of VDCs | No. | 25 | 32 |
| 10. | Preparation of Growth Corridor | No. | 5 | 1 (Greater Birgunj) 2647 |
| 11. | Skill-oriented training | Persons | 2000 | |
| | Housing | | | |
| 12. | Pilot program of high density settlement of 10-15 families | No. | 2 | 5 |
| 13. | Development of group housing and apartment housing | No. | 4 | 4 |
| 14. | Providing housing loan | Persons | 2000 | 1199 |
| | Building | | | |
| 15. | Publication of updated records of government buildings | No. | All | Updated records of government buildings in 5 Development Regions published 250 |
| 16. | Emergency building construction in experimental mode | No. | 100 | |
| | Development of Area of Special Importance | | | |
| 17. | Preparation of Master Plan | Area | 10 | 8 |

3. Problems, Challenges and Opportunities

Problems

- Lack of policy on urban development.
- Lack of coordination between physical development plan and program, as municipalities are attracted more towards revenue generating projects rather than towards construction of basic facilities.
- Lack of high-level authorized agency for the management and coordination of the development of Kathmandu Valley.
- Ineffective mobilization of Town Development Fund in the development of urban infrastructure.
- Lack of legal structure to attract private investment in land development and housing construction.
- State of competition between Town Development Committees, which are established on political grounds rather than on the basis of necessity, and municipalities as Town Development Committees do not limit their role to policymaking, but also seek role in implementation.
- Lack of development in urban infrastructure to cope with the pace of the growing population caused by migration.
- Inconsistency between the recommendation of physical plans and investment in infrastructure development and expansion, by the concerned agencies (drinking water, electricity, road, sewerage, communication).

Challenges

- To manage uncontrolled and disorganized urban habitat through integrated development of scattered rural settlements.
- To manage adequate supply of requisite human resources and infrastructures.
- To maintain coordination between the Ministry of Physical Planning and Works and the Ministry of Local Development, in the context of urban development.
- To provide freed *Kamaiyas*, *Dalits*, *Adibasi Janjatis*, and low-income families an access to housing.

Opportunities and Strengths

- Nationwide expansion of the network of housing, planned urban development and building construction.
- Increase in the availability of skilled human resources.

4. Long Term Vision

To manage haphazard urbanization through physical planning and strengthen the urban-rural inter-relationship, to provide affordable and safe housing in alliance with the private sector, and to mobilize requisite technology to make public and private buildings safe and economical.

5. Objectives

Urban Development

To invest in urban infrastructure and other services through inter-agency coordination, to legally empower and institutionally strengthen local bodies in order to build a clean, safe and prosperous urban environment, and to progressively guide rural settlements towards urbanization by expanding rural-urban inter-relationship under the overall notion that urban development promotes rural development.

Housing

To provide safe and economical housing facility by developing organized habitats under the notion of “shelter for all”.

Building

To construct and develop buildings which portray Nepalese architecture to the extent possible, and are safe, affordable and environmental friendly.

6. Quantitative Targets

| Indicators | Target of Interim Plan |
|--|--|
| Urban Sector Development Program | |
| Kathmandu Valley Outer Ring Road development program | Preparation of DPR for 40 km |
| Urban infrastructure development program | Implementation of Healthy City Program in 12 municipalities Preparation of digital base maps of 30 municipalities |
| Kathmandu Valley development program | Preparation of DPR of Harisiddhi Metropolis Project Preparation of detail digital land use map of urbanizing VDCs of Kathmandu Valley |
| Urban and Environmental Improvement Project | Infrastructure development and environmental improvement in 8 cities |
| Physical development planning | Preparation of Periodic Plan of 12 municipalities Preparation of Physical Development Plan of 30 municipalities |
| Small towns and market centers development program | Pilot infrastructure construction program in 1 VDC each of 25 districts Sewerage and road network planning in 28 urbanizing VDCs |
| Housing Sector | |
| Program for physical improvement of housing for low-income families and squatter settlements | Subsidized loan to 1000 poor families through finance companies |
| Rural housing development program | Improvement of physical environment in 25 squatter settlements Physical improvement in 500 rural houses Construction and distribution of 200 low-cost housing Housing facility to nearly 500 underprivileged families |
| Integrated high-density settlement program | Completion of feasibility study for integrated high-density settlement program in 6 districts, and development of selected settlements as model high-density settlements Repatriation of 600 displaced families Supply of 12000 dwellings through land pooling |
| Land and housing development program | |
| Building Sector | |
| Repair and renovation of government and community buildings | Repair of about 1000 buildings, and renovation of 15 historic palaces and monuments |
| Building retrofitting program | Retrofitting of 12 buildings following Building Code |

7. Strategies

- To develop large urban centers in the country as regional economic centers, and to link them with medium and small centers through roads and other infrastructures, and thereby strengthen the rural-urban inter-relationship.
- To guide urban development by establishing urban infrastructure through physical development planning with an aim to preserve and conserve the existing cultural, historical and tourist areas.

- To develop suburbs at the periphery of the city, and to prepare a base for planned development of urbanizing VDCs.
- To develop local bodies as the major agency to implement urban plans, and also strengthen institutional capability of concerned central agencies involved in urban planning and policy formulation, and monitoring.
- To develop urban housing with the participation and involvement of the government, cooperatives and the private sector.
- To expand housing facility for target groups, including underprivileged groups, *Adibasi Janajatis*, *Dalits*, *Madhesis*, women, residents of remote areas, vulnerable people, persons with disability, and very poor people and groups, and thereby provide subsidized housing loans to low-income groups.
- To develop market centers in the urbanizing settlements and develop requisite infrastructure in the scattered settlements in rural areas, while regulating development in urban and rural settlements to preserve historical and cultural heritage.
- To update and implement the Building Code and byelaws in the government and private sectors as well.
- To promote and develop the capability of national consultants and contractors.
- To develop appropriate building construction technology and materials.

8. Policy and Working Policies

Urban Development

- In order to manage uncontrolled urban development and expansion, the physical planning process will be strengthened, by preparing development plans of different geographic regions. Employment generating programs will be launched, by integrating physical and economic development planning.
- Participation of the government, local agencies, and the private sector will be increased to develop and expand basic urban services, facilities and infrastructure, to improve urban environment, and to preserve the cultural and natural heritage.
- Urban development will be promoted and guided by formulating an integrated urban development policy.
- Local bodies will be legally empowered and made institutionally capable. Coordination among concerned agencies involved in the sector of urban development will be made effective, and institutional strengthening of central agencies will be carried out.

Housing

- Supply of housing in urban and rural areas will be made effective on the basis of the underlying concept of National Housing Policy.

- Parliamentary building and housing complex for Members of the Parliament will be constructed. Appropriate mechanism will be established to launch housing and land development programs with the involvement of the local body and the government sector, and to carry out necessary improvements in the legal structure of the existing market system related to housing.
- Basic services and facilities will be provided in rural areas by developing towns and urbanizing villages as rural market centers, and thereby the living conditions of rural settlements will improve.
- Scattered settlements will be integrated into high-density settlements, and minimum infrastructure and facilities will be developed and expanded in such settlements.
- Special housing program at the government level will be launched for the low-income groups. Likewise, subsidized housing loans will be provided to underprivileged families including women, *Dalits*, freed *Kamaiyas*, and *Adibasi Janajatis*.

Building

- Measures to economize and safeguard against earthquake and other disasters will be taken in the construction of all types of buildings in the government and private sectors.
- Repair and renovation of government office buildings will be undertaken to improve their physical condition.
- Information dissemination on the use of available technology will be carried out and local architecture will be followed. Research will be carried out on environment-friendly materials, skills, and appropriate technological development.
- Records of government buildings will be updated.
- Capacity development and promotion of national consultants and contractors will be carried out.
- The National Building Code under the Building Law will be updated and implemented.

9. Major Programs

Urban Sector Development Program

- Preparation of a Detailed Project Report for 40 km of Outer Ring Road.
- Formulation of natural disaster management plan for municipalities.
- Preparation of a detailed plan on municipal transportation and waste management.
- Preservation, construction and improvement of the Ring Road greenbelt.
- Preparation of a detailed digital land use map of urbanizing VDCs of the Kathmandu Valley.

- Infrastructure development and environmental improvement in different cities.
- Implementation of Healthy City Program in municipalities and preparation of digital base maps.
- Infrastructure development of towns and urbanizing VDCs.
- Formulation of the sewerage and road network plan, for urbanizing VDCs.

Housing Sector Development Program

- Construction and distribution of cost effective housing.
- Rehabilitation of displaced families.
- Launching of land and housing development programs to fulfill housing demand.
- Physical improvement of urban and rural houses by using earthquake resistant technology.
- Model settlement development programs.
- Physical environmental improvement in squatter settlements.
- Subsidized loans to poor families through finance companies.

Building Sector Development Program

- Continuity of the reconstruction program of Singha Durbar Secretariat, according to the Master Plan.
- Construction of the Parliament building and housing complex for Members of Parliament.
- Renovation of residences of distinguished persons, and historical palaces and monuments.
- Preparation of updated records of government buildings.
- Building retrofitting programs.

10. Expected Outcomes

- Inter-relationships among large city centers, developed as regional economic centers, medium and small towns and villages, will have been strengthened.
- Urban infrastructures will have been established through physical development planning, and thereby directed urban development will have been achieved.
- Suburbs will have been developed at the periphery of the city and a base for planned development of urbanizing settlements will have been prepared.
- Capacity of concerned local bodies to implement urban plans will have been increased, and central agencies will have been institutionally strengthened for policy formulation and effective monitoring.
- Displaced families will have been rehabilitated and supply of cost effective housing will have been increased.

- In rural areas, requisite infrastructures will have been established, living conditions would have been improved and economic and business activities would have been grown.
- Housing facility would have been extended to the underprivileged, backward and marginalized people and groups.
- Market centers would have been developed in urbanizing settlements, and scattered settlements would have been integrated through resettlement, thereby forming high-density settlements.
- Appropriate mechanism for effective coordination among the private sector, local bodies, cooperative agencies, and government agencies would have been developed through necessary improvements in the legal structure, and improvement would have been achieved in housing supply.
- Necessary building facilities would have been available for the International Conference Center, government offices, and the Parliament building.
- Condition of government offices, residences of distinguished persons, and damaged government offices would have been improved through repair and renovation works.
- Building construction code and bylaws would have been updated and implemented in the government and private sectors as well.
- Capacity development and promotion of national consultants and contractors involved in building construction would have been achieved.
- Appropriate building construction technology and materials would have been developed and utilized.

11. Assumptions and Risks

Assumptions

- There will be interrelationship and cooperation among different agencies.
- Investment in this sector will receive continuity.
- Organizational and structural strengthening will take place according to the workload.

Risks

- Less than expected public participation in land development programs.
- Unavailability of skilled craftsperson, as per the requirement.
- Lack of good interrelationship and coordination among agencies in the urban development sector, as there are many such agencies involved in this sector.
- Status quo in the existing human resource, despite the necessity of growth in human resource as workload increases.

12. Estimated Budget and Resources

The Three Year Interim Plan estimates an expenditure of Rs. 6 billion for housing and urban development programs, at the constant prices of FY 2006/07. The program-wise details are shown in the following table.

| S.No. | Program | Rs. in million |
|-------|-------------------------------------|----------------|
| 1 | Urban sector development program | 4,980.0 |
| 2 | Housing sector development program | 245.5 |
| 3 | Building sector development program | 774.5 |
| | Total | 6,000.0 |

13. Implementation, Monitoring and Evaluation

Improvement in the Implementation Process

- While implementing programs, necessary initiatives will be taken to avoid reemergence of problems experienced in the past years.
- In order to improve the implementation aspect of projects by making the existing human resources capable, necessary trainings, seminars and workshops will be organized and necessary guidelines and manuals will be prepared and improved.
- Managerial and institutional improvement will be carried out by strengthening the Management Information System related to this sector, at all levels.
- Resource mobilization and formulation of programs will be carried out according to the procurement Master Plan.
- A system of awarding tender within the first quarterly period will be implemented, whereas no tender will be announced in the third quarterly period.
- In order to maintain quality in construction work, the Quality Assurance Plan will be institutionalized.
- A system of regular monitoring will be developed.

Monitoring and Evaluation System

- The existing process and the system of monitoring will be made efficient for effective implementation of programs.
- For all programs proposed for the Plan period, a system of regular monitoring from different levels will be developed on the basis of evaluation indicators and the Quality Assurance Plan.
- In order to check whether projects are being implemented effectively or not at every stage, technical inspection of some projects will be continued.
- Independent and public auditing of projects will be carried out on a regular basis.
- After the completion of projects, impact assessment will be carried out and the experience achieved will be used in formulating future projects.

Chapter: 35
Environment, Science and Technology

Environmental Management

1. Background

Policy-related effort towards environmental protection in Nepal has been carried out since the Sixth Plan. By ratifying various international treaties and conventions on environment, different projects have been formulated and launched in order to implement the concept of sustainable development in the context of Nepal. Environment Protection Act, 1997 and Regulation, 1997, have been implemented. It is essential to pass the concept of environmental management in development programs at all levels, from central to local level, through decentralized programs. High emphasis has been given to the environmental aspect in Millennium Development Goals and Sustainable Development Agenda for Nepal. Since environment is a multi-sector and multi-dimensional subject, it is vital to promote the participation of the government, NGOs, local agencies and the private sector in the environment sector. Therefore, by including all stakeholders in environmental management, development efforts should focus towards the proper management of natural resources and achievement of sustainability in its use. Likewise, it is also essential to give priority to the development of human resources and utilization of available human resources in environmental management.

2. Review of the Current Situation

With the objective of integrating environmental management with development, 68 projects have been evaluated according to the policy of getting Environmental Impact Assessment (EIA) done. Cleanliness and public awareness programs have been launched for the environmental improvement at local level. Inclusion of environmental aspects in the formulation of plans by District Development Committees has been institutionalized. Environment education has been incorporated in the curriculum from the primary level to the University level thereby; producing high-level human resources at the national level.

For the control of vehicular pollution and industrial disposal, 14 different byelaws have been formulated and implemented. The task of safely storing persistent organic pollutants remaining with Nepal has been completed, whereas for safe disposal, a national implementation plan has been prepared.

In the course of implementing international conventions on environment, national notices according to the Convention on Climate Change and national reports on the implementation status of the Convention on Desertification have been prepared. Whereas in the context of implementing the Convention on the Protection of Ozone Layer, Ozone Depleting Substances Consumption (Control) Rules, 2001 has been implemented to prohibit import of ozone layer depleting substances.

In order to implement the Convention on Biological Diversity, strategy implementation plan on ecological diversity has been prepared. Sustainable Development Agenda for Nepal (SDAN) program is in operation. There has been wide expansion in the role of local agency, NGOs, community organizations and the private sector in the sector of environmental protection.

3. Problems, Challenges and Opportunities

Problems

The major problems are:

- Inadequate priority by the concerned authorities to environmental management policies while implementing their programs.
- Lack of clear balance between different sectoral policies/programs and environmental policies/programs.
- Lack of inter-agency coordination.
- Insufficient level of awareness on environment protection in targeted communities.
- Lack of coordination in tasks conducted by the NGOs and donor agencies.

Challenges

Effective implementation of formulated policy on environmental management as well as EIA report along with approved bye laws, and ensuring an individual's right to live in a healthy environment exist as major challenges.

Opportunities

- Increase in public awareness.
- Increase in bilateral and multilateral assistance.
- Production of human resource within the country.
- Increase in the commitment towards international treaties and agreements.

4. Long Term Vision

The longterm vision of environmental management is to create a clean and healthy environment through effective environmental management and to achieve sustainable development through the wise use of natural resources.

5. Objectives

1. To emphasize protection, restoration and sensible use of natural environment.
2. To promote sustainable development through people's participation in the campaigns to mitigate urban pollution, to make rural area clean and beautiful and to ensure an individual's right to live in a clean environment.
3. To implement national and international commitment on environmental management effectively.

6. Strategies

- Launch development programs by internalizing environmental management.
- Mobilize non-government private sector, local agencies and the public in increasing public awareness on environment.
- Determine and implement additional byelaws on air, water, soil and sound pollution.
- By making action plans prioritize and implement treaties and conventions on environment, to which Nepal has endorsed.

7. Policy and Working Policies

- Contributions will be made towards achieving the goal of sustainable development. Through protection, conservation and management of natural resources and through pollution prevention and control.
- By integrating environmental aspects in social and economic development programs through EIA system, improvements will be made in the quality of environment by means of environment-friendly development.
- Environmental monitoring and auditing will be institutionalized. Through an effective implementation of the approved EIA report.
- Public awareness on protection and conservation of environment will be increased.
- Through proper development and utilization of knowledge, skill and capacity in the environment sector, national capacity will be enhanced.
- Participation of local agencies, community and NGOs in the environment sector will be promoted.
- Treaties and conventions, to which Nepal has endorsed, will be implemented.
- Carbon trade will be promoted to achieve benefit from Clean Development Mechanism under the Kyoto Protocol.
- Existing bylaws on water and air quality will be implemented effectively. Additional bylaws will be formulated and implemented to measure expected standard of water, air, soil and noise.
- In order to mitigate effects on environment, necessary mechanism will be developed and implemented under the principles of "Polluters Pay" and "Pollution Prevention Pays".

8. Major Programs

Public Awareness Program

To produce, distribute and publicize audio visual materials on environmental management and impact mitigation.

National Heritage Preservation Program

To renovate and preserve nationally important temples and monasteries, rivers, lakes, ponds, wetlands, etc.

Implementation of International Commitments

- To publicize and implement conventions on environment to which Nepal has endorsed.
- To formulate a national policy on climate change.
- To promote carbon trading to achieve benefit from Clean Development Mechanism under the Kyoto Protocol.

Promotive Program

To encourage and felicitate individuals and organizations, contributing to environment conservation and preservation.

River Cleaning Program in Kathmandu Valley and Urban Areas

To control pollution, in the rivers of the Kathmandu Valley and in urban areas.

Program on Safe Disposal of Persistent Pollutants

To safely dispose POPs remaining in Nepal.

Formulation, Implementation and Monitoring of by-laws

- To implement by-laws on water and air quality effectively and to formulate additional by-laws to measure expected standard of water, air, soil and noise.
- To measure pollution in sensitive areas of the Kathmandu Valley through micro-level study of CO₂, CO, NO_x, SO₂, O₃, and dust particles in order to reduce air pollution in the Valley.
- To measure noise levels in sensitive areas in the Kathmandu Valley with significant level of noise pollution, and to review the study data;
- To monitor the implementation of air quality byelaw; to control indoor pollution.
- To control vehicular pollution.
- To organize and assist in organizing programs to implement by-laws.

Program on Environmental Impact Assessment

To monitor and audit Environmental Impact Assessment of development projects.

Program on the Construction of United Nations Park

To carry out the environmental promotion task and other construction works in the United Nations Park under construction.

Institutional, Policy and Legal Provision

- To reassess and amend laws on environment periodically.

- To build necessary policies, laws and guidelines.
- To carry out institutional strengthening of the Ministry.
- To establish the Department of Environment; to give continuity to ICIMOD grant and Environment Preservation Fund grant.
- To build integrated national policy and master plan on environment.

Environmental Protection Program

To implement environmental protection programs following model of CEAMP, and to conduct environmental protection programs with direct participation of local agencies, NGOs, community organizations and private sectors.

9. Expected Outcomes

Following outcomes are expected from the implementation of the Interim Plan:

- Public awareness on environmental sector will be increased.
- Large projects will be operated only after implementing Environmental Impact Assessment and environmental monitoring and auditing will be internalized.
- River pollution in urban areas will be minimized.
- Institutional management will be strengthened.
- Persistent pollutants will be disposed off safely.
- Heritages of national importance will be preserved.
- Noise, air and water pollution in urban areas will be decreased.
- Conventions on environment will be implemented.

10. Estimated Budget

In the Three-Year Plan, Rs. 130 million is estimated, at the constant prices of FY 2006/07, to be spent on environmental management. Details are shown in the following table.

| S.No. | Programs | Rs. in million |
|--------------|---|----------------|
| 1 | Public awareness program | 4.5 |
| 2 | National heritage preservation program (through local agencies) | 7.0 |
| 3 | Implementation of international commitments | 1.5 |
| 4 | Promotional programs | 11.0 |
| 5 | River cleaning program in Kathmandu Valley and urban areas | 11.0 |
| 6 | Program on safe disposal of persistent pollutants | 9.0 |
| 7 | Formulation, implementation and monitoring of bye-laws | 1.5 |
| 8 | Program on Environmental Impact Assessment | 2.5 |
| 9 | Program on the construction of United Nations Park | 30.0 |
| 10 | Institutional, policy-related and legal provision | 10.0 |
| 11 | Environmental protection program | 12.0 |
| 12 | Renovation of ponds in Terai | 30.0 |
| Total | | 130.0 |

11. Implementation, Monitoring and Evaluation

Implementation

Works related with environmental protection and conservation are multi-dimensional and multi-sectoral. Programs will therefore be launched in partnership with and cooperation of all the sectors. Other promotive tasks will be performed at the implementation level along with the enhancement of public awareness and institutional capacity.

Monitoring and Evaluation

An implementing agency related to environment will be arranged for making monitoring and inspection works sound. Through the development and expansion of MIS on environment in an effective way, monitoring will be carried out continuously to check whether environment-friendly activities are done or not in the construction of social and economic infrastructure. Necessary feedback will be provided through on-site inspection and review on the basis of performance indicators.

Science and Technology (S & T)

1. Background

Development and utilization of S & T is vital for the overall development of the country. The use of S & T in Nepal should be directed towards the fulfillment of basic needs of the people, poverty alleviation, income generating activities, employment generation, sustainable use of natural resources, and protection of environment. It is essential to pay attention to the following:

- Mobilize existing physical and human resources.
- Attract the private sector as well in research giving priority to practical research.
- Emphasize on the development, expansion and use of information technology.
- Develop high-level and capable human resources to develop and use modern technologies including bio-technology and information technology.
- Promote indigenous technology.
- For the necessary development of S&T sector so as to uplift socio-economic condition of the people and to increase production and productivity of the country, MoEST will play the role of promoter, facilitator and regulator in improving the capacity of different organizations involved in research and development, and mobilizing resources effectively.

2. Review of the Current Situation

During the Tenth Plan period, in the policy sector, S&T Policy, 2004 was brought into practice by modifying S & T Policy, 1990. In addition, Bio-technology Policy, 2006 and Rural Energy Policy, 2006 have been formulated

and implemented. Similarly, Electronic Transaction Act, 2006 and related Electronic Transaction Rules, Information Technology Tribunal (working procedure related) Regulation have been implemented. Nepal S & T Act, 1991 has been modified. For the safe and peaceful use of nuclear energy, National Nuclear Policy has been drafted. Modification of Information Technology Policy 2000 is in the final stage. Process of acquiring membership of International Atomic Energy Agency (IAEA) by Nepal is under progress.

For the preservation and conservation of traditional and indigenous technologies, exhibition and preparation of inventory of such technologies is being carried out. By purchasing equipments such as DNA Analyzer, PCR Thermocycler, and GCMS, DNA test has been carried out on fresh blood for the first time in Nepal. Likewise, continuity has been given to institutional strengthening of National Forensic Laboratory.

In the course of increasing bilateral and multilateral cooperation and understanding in the S & T sector, agreement has been made with Government of India, and thereby, Programme of Cooperation is under operation. Likewise, in order to enhance bilateral cooperation in the sector of bio-technology, information technology and alternate energy, understanding has been made with Asian Institute of Technology (AIT), and is under implementation. Regular internet and e-mail facilities have been provided to the central agencies of Government of Nepal.

For the preservation and development of invaluable herbs found in different geographical regions of the country, such as *yarsagumba* (*Cordyceps sinensis*), *lothsalla* (*Taxus baccata*), *panchaule* (*Dactylorhiza hatagirea*), etc., and other fruits and agro-products, regular study and research has been carried out by Nepal S & T. Likewise, scientists and technicians involved in the S & T sector have been awarded and felicitated.

Data on hydrology and meteorology have been collected and published and information on climate has been made available to aviation sector, tourism sector and general public. Likewise, during this period, studies of various lakes and rivers have been carried out. Through B P Koirala Memorial Planetarium and Observatory, and Science Museum, building for astronomical center has been constructed in Nagarkot, Bhaktapur and the required telescope and dome have been purchased.

3. Problems, Challenges and Opportunities

Problems

The following major problems exist.

- Lack of development, research and utilization of suitable technology for the country's needs.
- lack of effective coordination among different agencies involved in the S & T sector.
- inability to commercialize researches on S & T.
- limited resources.
- Lack of encouragement to talents.

Challenges

Preservation of indigenous technology, and their study and research. Development of competitive capability, reduction of the digital divide and prevention of brain drain pose as major challenges.

Opportunities

- Policy-related provisions on S & T.
- Education on S & T, and increased awareness level.
- Growth in international cooperation and relations.
- Development and growth in the S & T sector.
- Existing institutional structure.

4. Long Term Vision

- To uplift the living standard of the people of Nepal through research and development, and improvement, expansion and utilization of proper S & T in a sustainable way,
- To utilize S & T sector, through regular update as a powerful means of achieving growth in production and productivity of the country, and thereby; contribute towards the national goal of poverty alleviation by mobilizing physical, humane and academic foundation of S & T through creative and institutional development

5. Objectives

- To contribute towards the national goal of poverty alleviation by uplifting the living standard of the people of Nepal through the development and utilization of S & T.
- To increase national capacity through institutional strengthening of S & T sector, and human resource development and utilization.
- To increase competitive capacity of production and service sectors through research and development of S & T, and utilization of suitable technology.

6. Strategies

- To institutionalize the participation of stakeholders in the development of the S & T sector with the mobilization of the academic and private sector.
- To mobilize available resources in the S & T sector to the maximum extent, and establish additional new structures and organizations as per the need.
- To encourage Universities, science institutes and individuals involved in research works and produce high-level scientists by giving high priority to S & T subjects in the academic curriculum upto the highest level.
- To enhance quality of hydrology and meteorology through the use of modern technology.

- To integrate research and development works with competitive capacity development in the S & T sector.

7. **Policy and Working Policies**

- For the peaceful use of nuclear energy, the draft of National Nuclear Policy will be finalized and implemented. Moreover, national capacity in nuclear energy will be enhanced by becoming a member of IAEA.
- Forensic services which are very important for crime investigation and judiciary decisions will be made capable, affordable and of quality.
- By establishing and operating planetarium, observatory and science museum, scientific research will be developed along with the creation of interest on Solar System, universe and astronomy among the people.
- Scientific laboratory and scientific conference building of national standard, will be constructed.
- Public understanding on S & T will be enhanced.
- Regional and international cooperation and understanding will be developed and expanded in the S & T sector.
- policy of public-private partnership will be adopted for the development, expansion and utilization of S & T.
- Academic capacity will be developed and utilized in the S & T sector.
- Indigenous technology based on local materials and resources will be developed and promoted. Likewise, technology developed by persons with physical disability and marginalized groups will be encouraged.
- Organizations involved in research will be strengthened and their capacity will be increased,
- Technology developed from research will be used in the production and development works.
- Quality human resource in the S & T sector will be developed through coordination with the concerned sectors.
- Initiative towards the prevention of brain drain will be taken by encouraging scientists and technicians.
- By developing and expanding hydrology and meteorology, the services will be made superior, reliable and affordable.
- All groups, regions, communities, and ethnic groups will be included on the basis of gender equality and inclusion while formulating and implementing policies and programs.

8. **Major Programs**

Following programs will be launched for achieving objectives of the Plan:

Policy Formulation and Institutional Strengthening

- **Exhibition, development and promotion of traditional and suitable indigenous technology:** Exhibition, interaction and other necessary promotional works will be carried out for the development and conservation of indigenous technology, with the participation of stakeholders.
- **Enhancement of public understanding on S & T:** This will be done through exhibition on S & T, publicity using audiovisual media and awareness programs.
- **Institutional strengthening:** Besides strengthening of existing institutions, Bio-technology Center will be established. Infrastructure for Institute of Technology will be constructed in Far Western Region with the assistance of Government of India. Traditional Knowledge Digital Library (TKDL) will be established under SAARC Documentation Center. Likewise, Appropriate Technology Center, and National Isotopes Laboratory will be established. For the implementation of laws on E-Commerce, institutional infrastructure construction and work commencement will be carried out. Formulation and implementation of policies and rules on S & T will be carried out.
- **Encouragement to scientists and technicians:** Research scholarships will be provided to the talents in S & T, information technology and environment sectors. For the promotion of S & T, support programs will be launched. Under the Programmes of Cooperation (POC) with the Government of India, joint research and study visit will be carried out. Scientists and technicians contributing to the field of S & T will be awarded and felicitated.

Study and Research on S & T

- Programs on mitigation of adverse effects of climate change will be launched.
- Study and research on radioactivity will be carried out.
- Study and research on radiation fallout in high mountainous regions will be carried out.
- Study and research on radioactivity in rocks in Nepal's *Shivalik* region will be carried out.
- Preliminary study and research on temperature sensitivity in biogas-producing bacteria will be carried out.
- Necessary study and research will be carried out to use bio-ethanol as fuel.
- Studies, research and promotion of various modern and traditional technologies will be carried out.

Enhancement of International Relation and Cooperation

International relation and cooperation in the field of S & T will be expanded. Nepal's participation in international seminars and competitions will be increased.

Hydrology and Meteorology

Continuity will be given to data collection, processing, and publication from different centers related to water and meteorology and to the task of making meteorological notices available. Current meteorological information will be made public through electronic display board in all the five development regions. Danger point will be marked in main rivers. Seasonal weather forecast will be initiated. Himalayan Climate Research Center will be established. Studies on rivers and lakes will be carried out and hoarding board with Bathymatic map including water characteristics will be erected.

Development of Planetarium and Observatory, and Science Museum

Study and research will be carried out, by establishing the astronomical center. Planetarium and Science Museum will be established on phase wise basis. Study and research will be carried out on astronomy, Sky Map, and galaxy.

Forensic Science

In the course of strengthening forensic laboratory, technology will be developed to facilitate DNA test on Mitochondrial/Forensic Sample, test on alcoholic content, and test on ink in controversial written documents. Laboratory building will be constructed.

Nepal S & T Academy

Scientific laboratory and conference building of national standard will be constructed. Study and research works will be continued.

9. Expected Outcomes

Following outcomes are expected from the implementation of the Plan:

- For the development of S & T sector, additional policy-related and institutional structure will be built, and thereby R & D works will gain momentum.
- Expansion of forensic service will assist in judicial decision.
- Indigenous technologies will be promoted.
- Services related to Hydrology and Meteorology will be reliable and affordable.
- Through the establishment of a Science Museum, scientific understanding will be developed among the public, and research will be facilitated.
- National-level scientific laboratory will be established and operated.

10. Estimated Budget

In the Three Year Interim Plan, Rs. 497 million, at the constant prices of FY 2006/07 is estimated to be spent on environmental management programs, the details of which is given in the following table:

| S.No. | Programs | Rs. in million |
|--------------|--|----------------|
| 1 | Policy formulation and institutional strengthening | 43.0 |
| 2 | Nepal Academy of S & T (including laboratory and building construction) | 140.0 |
| 3 | Establishment and operation of planetarium, observatory and science museum | 127.6 |
| 4 | Strengthening of forensic laboratory | 30.0 |
| 5 | Hydrology and Meteorology: | |
| | (a) Hydrology | 70.0 |
| | (b) Climatology | 21.4 |
| | (c) Glaciology | 19.0 |
| | (d) Flood forecast | 15.0 |
| | (e) Weather forecast | 23.0 |
| 6 | Study and research on S & T | 8.0 |
| Total | | 497.0 |

11. Implementation, Monitoring and Evaluation

Implementation

For an effective development and expansion of S & T, necessary modifications will be made in the existing implementation system. Besides institutional strengthening, maximum utilization of available human resources will be done for the development and use of S & T. Scientists and technologists will be encouraged to keep their morale high. In addition, proper training will be provided to enhance the capacity of human resources.

Monitoring and Evaluation

By preparing work performance indicators and on the basis of such indicators, the achievement made in the S & T sector will be evaluated through periodic review as well as through on site inspection. For the storage and dissemination of notices and data on S & T, Management Information System will be expanded and strengthened, and will be used as a powerful means of monitoring and evaluation.

Alternative Energy

1. Background

Rural sector occupies important place in Nepal's economy. However, expected growth in the rural sector could not be achieved to expectations with the implementation of the development programs in the past. Therefore, development initiatives are currently focused to the rural sector. Assessment of the total national energy consumption over past five years shows that the share

of traditional energy to this consumption has been 86 percent while the share of commercial energy sources have been only 14 percent. Of the total energy needs in the country, 77 percent of the need is contributed by fuel wood, agricultural residues and dung cake contribute 9 percent of the needs and remaining 14 percent of the needs are met from imported petroleum, coal and electricity. The per capita energy consumption in Nepal has been 343 kg of oil equivalent. Though rural sector accounts 86 percent of the energy demand of the country, this is met largely from bio-energy sources. To date, only 5.1 percent of the population in the rural areas have been served with alternative energy sources. Renewable energy from biological sources and imported kerosene continue to dominate in the energy used in the rural areas.

In Nepal, linking the rural areas to the national electricity grid for increasing access to electrical energy would demand huge time and budgetary investments. However, environment friendly alternative energy sources can be developed at costs affordable by majority of the population and that this can contribute tremendously to rural economy and rural development. Also, development and promotion of alternative energy sources in the rural areas would help in effectively managing the energy sector of the country and enhancing the quality of rural life through environmental balance, reducing the time spent in fuel wood collection, creating additional employment opportunities, health improvement and increasing the access of children to education. In accounting the alternative energy development potential of the country, micro-hydropower can be developed to generate 50 Megawatts, 1132.7 Megawatts can be generated from solar energy (considering 5% of the area potentially suitable @ 4-5 kw/sq.m/day) and 1.9 million biogas plants can be developed. The potential for wind energy development is yet to be established as collection of relevant data is still in progress. Promotion of improved cook stoves can reduce the fuel wood consumption by 10-30 percent, thus creating possibilities for additional energy with the current fuel wood supply.

2. Review of the Current Situation

In the Tenth Plan period, alternative (rural) energy subsidy policy and subsidy implementation work plan were developed and brought to implementation within the framework of objectives and policies set for alternative energy sector. For the development of alternative energy together with rural electrification supported from large hydropower projects, Rural Energy Policy had also been approved. Of the stated target to serve 5 percent of the population with the electricity and supplying electricity to 1000 VDCs during the Plan period, additional 3 percent of the population could be covered and that the supply of electricity could be expanded to 1770 VDCs. Within the Tenth Plan period, 6 percent of the rural population had access to electricity with the development of alternative energy sources.

Of the target set to producing energy equivalent of 44 Megawatts by developing 200,000 Gobargas plants in 65 districts in Tenth Plan period, development of 81,138 plants (40.6%) could be completed in 63 districts in the first four years of the Plan, capable of producing 17.85 Megawatts of energy.

Similarly, of the target set for the distribution of 52,000 units of solar electrical system in 52 districts, installation of 62,835 units (120%), capable of generating 1.88 Megawatts, could be completed in 72 districts. In micro-hydropower development, while the target has been generating of 10 Megawatts in 47 districts, 4 Megawatts (3956.79 kw) of additional (40%) electrical power generation capacity can be developed with the coverage in 52 Districts. Of the target of installation of 2,700 units of solar dryer/cooker in 20 Districts, the actual achievement has been installation of 1,258 units of solar dryer/cooker in 46 Districts. Similarly, of the target of developing 100 units of solar water supply and micro irrigation schemes in 15 districts during the plan period, 13 solar water supply and micro irrigation schemes are in operation in seven districts. Of the target set to installing 4000 improved water mills, total of 2,837 improved water mills could be installed in 29 districts. On wind energy side the target was to generate 20 kw of energy and completion of wind energy mapping in 20 districts of which generation of 2.9 kw of electrical energy and wind energy mapping in 5 districts were completed. During the Plan period, the target was to complete construction of 250,000 units of improved cook stove in the rural areas of which construction of 212,852 units (85.14%) of cook stoves could be completed.

The promotion of alternative energy sources contributes directly to reducing the emission levels of carbon, methane and other gases in the atmosphere that reduces the green house gas emission levels. This has created the possibilities for Nepal to start carbon trading in global market under Clean Development Mechanism (CDM).

3. Problems, Challenges and Opportunities

Problems

Though alternative energy sector has witnessed significant progress, the problems currently facing this sector are: lower rate of dissemination and expansion of alternative energy technologies in the remote areas due to lower economy, awareness level and conflicts. Due to lower level of technology dissemination in these areas, this has not been able to minimize environmental degradation resulting from continued deforestation. Similarly, adequate technical manpower in this sector has been lacking and the persistent conflict in the past continued to affect the transportation of equipments and accessories for the promotion of alternative energy technology.

Challenges

The challenges facing the alternative energy sector include: i) the grants available from the donor agencies covering only a fraction of the cost of installation of alternative energy technologies and lack of arrangements for easily accessible credit for majority of population, ii) developing the possibilities for the connection of small and micro-hydropower plants to the national grid in future in case of expansion of the national grids, iii) increased utilization of micro-hydropower for productive uses besides its use in meeting the household consumption, and iv) integration of alternative energy in the development plan of

local institutions and capacity building of local institutions to undertake selection, promotion, coordination and monitoring and evaluation of alternative energy promotion programs.

Opportunities

- Government of Nepal and donor countries have considered alternative energy as priority sector for development and promotion
- Alternative energy has implicit potential to contribute in strengthening rural economy through promotion of trade and industry and employment promotion at local level.
- Alternative energy can be promoted to help low income, marginal and disadvantaged and contribute to rehabilitation of the households displaced by conflict by providing them electricity and cooking fuel.
- Alternative energy is environment friendly energy source and the possibilities of reducing green house gas emission levels with the promotion of alternative energy, and the savings in the carbon emission levels; thereof has created possibilities of carbon trading in the global market.
- Increasing private sector participation in the alternative energy promotion and the increasing competition in the service provision has helped enhancing the accessibility of technology to the consumers, reducing the cost, improving the quality of technology and accelerating the services.

4. Long Term Vision

- Alternative energy promotion contributing to rural development, enhancing rural economy and quality of rural life, increasing the employment opportunities and contributing to the sustainability of environment.
- Reducing the dependence on the external sources of energy with the development and promotion of alternative energy technologies, their commercialization potential and promotion as means of mainstream energy supply.
- Reducing the dependence on the conventional energy sources due to far reaching environmental consequences and progressively replacing them with the modern energy alternatives that are affordable.
- Promotion of alternative energy as integral program of Clean Development Mechanism (CDM) due to its established potential in reducing greenhouse gas emission in the atmosphere and therefore its promotion as mean for generating financial resources in long terms through carbon trading.
- Contributing to the broader national goal of achieving social inclusion and gender mainstreaming through increased participation of population of all class, caste and gender in the development, promotion and utilization of alternative energy sources.

5. Objective

The objective of alternative energy development and promotion is to develop environment friendly energy technology used on local resources and integrating it to the social and economic activities to contribute to poverty alleviation and improving the livelihood through enhanced productivity and increasing employment opportunities. In doing so this intends to reducing the dependence on the ported energy and minimizing the environmental consequences through capacity development and commercialization of alternative energy.

6. Quantitative Targets

- Increasing access of additional 5 percent of the population in 1500 VDCs to electricity during the Plan period.
- Promotion of small and micro-hydropower schemes in 54 Districts, capable of generating 11,500 kilowatts (11.5 Megawatt)
- Installation of 90,000 unit of solar electrical systems in 73 Districts to provide electricity at the household level.
- Distribution of 140,000 units of solar lantern in 75 Districts.
- Development and commissioning of 50 solar drinking water supply and micro irrigation schemes in 30 Districts.
- Installation of 810 institutional solar electrical systems in 30 Districts.
- Installation of 1,500 units of solar dryer/cooker in 40 Districts.
- Development of 100,000 units of biogas plants in 70 Districts.
- Improvement and installation of 4,000 units of water mills in 40 Districts.
- Mapping of wind energy in the Districts considered feasible for wind energy generation and actual generation of 50 kw of wind energy.
- Development of 300,000 units of improved cook stove and installation of other bio-energy technologies in the mid and high hilly regions.
- Establishment of Energy and Environment Cell/Unit under Local Agencies/DDCs in all the 75 Districts to undertake such activities as, planning, coordination and monitoring and evaluation for alternative energy promotion.

7. Strategies

- Priority shall be given to small and micro-hydropower development and development and promotion of solar energy, bio-energy and wind energy technologies considering the needs and resources available in the rural areas.
- In developing and promoting alternative energy technologies contributing to rural livelihood improvement the programs seeking integrated approach and contributing to social, economic and environmental sustainability shall be given priority.
- Environment for increased attraction of non-governmental and private sectors in the development and dissemination of alternative

energy technologies to the District and village level shall be created. Energy development program shall be decentralized by creating an Energy and Environment Branch/Unit within Local Institutions/DDC to undertake such activities as planning, promotion and monitoring and evaluation pertinent to energy development.

- Programs on increasing access of rural areas to information technology based on electrical energy available from alternative energy sources shall be taken-up on priority.
- The Rural Energy Fund developed at present shall be expanded as Central Rural Energy Fund in order to undertake effective and sustainable development of rural energy. Programs shall be developed and implemented to increase the access of communities and individuals to credit by developing environment supportive to banks and financial institutions to increase funding in this sector.
- Research and development and technology transfer programs, on cost reduction and capacity enhancement, shall be undertaken to increase the access of rural population to alternative energy technologies.

8. Policy and Working Policies

(a) Promotion and Expansion of Small and Micro-Hydropower, Solar Energy and Wind Energy in Rural Areas

- In order to make the development program of small and micro-hydropower effective, and to support in effective operation, repair and maintenance of completed hydropower project, Regional Service Centers shall be established besides expanding the Rural Energy Development Branch. Strategies shall be developed and implemented to promote end use diversification in order to make the installation of micro-hydropower projects economically and financially viable.
- Capacity development programs for utilization of available bio-energy resources in the rural areas, such as, fuel wood and agricultural wastes, shall be undertaken. This would help minimizing the negative environmental consequences resulting from the use of bio-energy sources.
- Promotion of solar energy helps meeting the energy demand effectively. Therefore, in the rural areas not likely to be connected by national electricity grid in near future and in those areas where micro-hydropower development is infeasible, solar energy systems shall be promoted.
- Promotion of solar pumping system shall be undertaken for micro irrigation development in the hilly and mountainous areas, where feasible, for small scale vegetable production. This program would complement Agricultural Perspective Plan.

- (b) **Development and Expansion of Alternative Energy for Livelihood Improvement of Rural Population**
- The dependence on imported energy sources shall be progressively reduced with the development of alternative energy sources.
 - Efforts shall be made towards promotion of bio-energy technologies, such as, gasifiers, briquettes, bio-fuel, etc., and awareness building programs for the utilization of these technologies shall be undertaken.
- (c) **Promotion of Attraction of Community and Private Sector in the Development and Expansion of Alternative Energy Sources**
- Alternative energy development, distribution and utilization shall be made sustainable by promoting formation of user groups through social mobilization and their active participation in policy making, construction and operation of alternative energy schemes.
 - Arrangements shall be made for the purchase agreement of electricity from those small and micro-hydropower schemes providing electricity prior to the expansion of national grid.
 - Economic activities and trade and industrial activities, based on alternative energy sources, shall be promoted.
 - Participation of local level institutions in the development of alternative energy sources shall be promoted under existing decentralization framework and energy policy.
- (d) **Increasing Accessibility to Information Technology Based on Electricity from Alternative Energy Sources**
- In the remote areas, not connected to national electricity grid, electricity available from alternative energy sources will be used in promoting information technology to increase the accessibilities of these areas to information, communication and for the development of educational opportunities. Similarly, educational institutions shall be mobilized to train manpower needed for the energy promotion.
- (e) **Expanding the Rural Energy Fund Under Alternative Energy Promotion Center to Central Rural Energy Fund to be Used for Effective and Sustainable Development of Rural Energy**
- Needed modifications in the subsidy policy and subsidy implantation work plan in order to increase access of rural population to alternative energy technologies and to maximize the benefits thereof
 - Financial support shall be provided through Central Rural Energy Fund to ensure sustainability in alternative energy development. This fund will be used in providing support for collective collateral, revolving fund and easy loan, in order to increase the accessibility of poor, marginal, disadvantaged and ethnic groups to alternative energy technologies. This fund will also be used in ensuring credit

guarantee on credit advanced that would encourage financial institutions to advance credit in alternative energy sector.

- Needed legislation will be developed for the institutionalization and continuity of Alternative Energy Promotion Center for effective contributions alternative energy technology development and rural development. Institutional and human resources development of the center shall be undertaken for effective planning and programming and successful program implementation, monitoring and evaluation, regular reviews and public hearing.

(f) Continued Emphasis on Research and Development and Technology Transfer for the Promotion of Alternative Energy Technology

- In order to ensure sustainable energy supply, which is basic need of the rural population, and to contribute to the development of rural economy, priority will be given to research, development, technology transfer and technology dissemination programs in the energy sector.
- Participation of educational institutions, private sector and non-governmental organizations will be promoted to undertake research and development and promotion of alternative energy technologies, including ways and means to reducing the cost of development.
- For quality assurance of alternative energy technologies, the capacity of Alternative Energy Testing Center will be enhanced to undertake quality testing and quality control of alternative energy technologies.
- Financial support shall be made available for research and technology development in the areas of alternative energy technologies.

9. Programs

Bio-Energy Program

Considering increasing popularity of the biogas plants due to its benefits to the rural households in terms of availability of clean cooking fuel and digested slurry, which has established beneficial effects in enhancing agricultural productivity and in environmental conservation, biogas development program will be expanded. During the plan period total of 100,000 biogas plants have been proposed to be developed, including 99,950 family size biogas plants and 50 community/institutional plants. Additional financial support will be provided in order to increase the accessibility of poor and disadvantaged households to biogas technology and development of small size plants shall be given priority besides undertaking research for the development of appropriate plants for upper mountainous regions and ways and means of reducing the cost of plant development.

Similarly, total of 300,000 improved cook stove and other bio-energy systems are proposed to be developed during the plant period in order to improve energy efficiency of conventional fuel, such as fuel wood, improvement in the health and sanitation of the households and reduction of work drudgery on women and children. Research and studies shall be undertaken on bio-fuel production during the plan period. Similarly, feasibility study and promotional activities on such energy production technologies, as, gasifier, briquettes and bio-fuel, shall be undertaken.

Solar Energy Program

Considering the usefulness of solar energy technologies in the areas not connected to national electricity grid and also where feasibility of micro-hydropower development is low, total of 90,000 household size solar electricity system have been proposed to be installed during the plan period for electricity supply in the rural areas. Similarly, total of 50 solar pumping units have been proposed to be installed during the plan period considering the usefulness of solar pumping units in providing clean drinking water supply in the rural areas. For lighting in the poor households, installation of 140,000 units of solar lantern has been proposed. Considering the usefulness of solar dryers/cookers and water heaters and considering the possibility of meeting the increasing energy demands in the rural areas with the promotion of solar energy technologies, installation of 1500 units of solar dryers/cookers has been targeted.

Installation of 810 solar electricity systems shall be undertaken in the remote rural areas to provide electricity for lighting and operation of computers in government/community schools, for lighting and operation of refrigerator in health centers and for community services with the operation of photocopy machines and facsimile local level. Research and studies shall be undertaken focused to the ways and means of reducing the cost of solar electrical systems and training programs shall be organized to train skilled manpower to undertake repair and maintenance.

Small and Micro-Hydropower Program

Total of 11,500 kilowatts of electrical power has been proposed to be developed through small and micro-hydropower plants from smaller streams in the rural areas during the Plan period. Besides providing electricity for households uses, promotion of electricity use in the productive activities, such as, development of small scale trade and industry, contributing directly to employment promotion and supporting rural economy have been proposed. Similarly, installation of 4,000 improved water mills has been proposed during the Plan period.

Wind Energy Program

For wind energy development, besides developing generation capacity for 50 kilowatt of electricity in different parts of the country, activities pertaining to wind mapping and collection of relevant data on wind energy harnessing have been targeted during the plan period. Similarly, in the Districts where wind

mapping and collection of wind data have been completed, micro wind turbines have been proposed to be installed for electricity generation.

Institutional Strengthening and Support Program

National Strategy on Alternative Energy and long term national policies and programs shall be formulated and implemented. In order to undertake effective implementation of alternative energy policies and programs, and considering important role of Alternative Energy Promotion Center and other private sector and non-governmental organizations and local level agencies to this end, necessary legislations and working guidelines shall be developed towards institutional reforms of Alternative Energy Promotion Center during the plan period. Emphasis will be given for the construction and shifting of own building of the center and human resource development. Arrangements shall be made in providing needed support to the institutions and organizations involved in energy development and promotion.

Miscellaneous Programs

In the plan period the activities pertinent to alternative energy promotion that are proposed to be undertaken include survey, feasibility studies, research and development, technology promotion, technology demonstration, awareness building programs, development of national quality standard of equipments and technologies, monitoring and evaluation, policy formulation and organization of training programs and workshops. The capacity of Alternative Energy Testing Center has been proposed to be developed to undertake testing of alternative energy equipments and technology as per national quality standard for quality assurance. Policies and programs shall be developed to undertake alternative energy development over short term, medium term and long terms.

10. Estimated Budget

The expenditure towards program implementation for alternative energy promotion in the Three Years Development Plan has been estimated to be Rs. 4957.0 million at constant prices of F.Y. 2006/07. The expenditure by program head is presented in the table below:

| S.No. | Programs | Rs. in million |
|-------|---|-----------------|
| 1. | Alternative Energy Promotion Center (Including Research, Studies, Promotion, Training, Solar Dryer/Cooker, Improved Cook Stove) | 447.3 |
| 2. | Biogas Production Program | 903.2 |
| 3. | Micro-Hydropower and Alternative Energy Projects | 1,622.70 |
| 4. | Community Scale Micro-Hydropower Programs | 386.70 |
| 5. | Rural Energy Development Program | 96.40 |
| 6. | Renewable Energy Development Program (Including Household and Institutional Solar Electricity Systems, Improved Water Mill and Solar Lantern) | 1,251.00 |
| 7. | Khimti Neighborhood Development Project | 249.90 |
| | Total | 4,957.00 |

11. Implementation, Monitoring and Evaluation Arrangements

Implementation Arrangement

A) *Budgetary Provisions*

Of the budget towards implementation, monitoring and evaluation of alternative energy programs as stated above, the share of Government of Nepal has been proposed to be 13 percent and 87 percent of the expenditure has been estimated to be met from foreign grants. No deficiency in the budget has been foreseen due to established commitment from donor agencies for the foreign grants. In case of some donor agencies failing to fulfill the commitment, the Government of Nepal would be expected to share 20 percent, i.e., Rs. 1,100 million in the total estimated budget.

B) *Situation of Human Resources*

Considering the demand in the alternative energy programs in undertaking program implementation, monitoring and evaluation and current deficiency of human resources in the Alternative Energy Promotion Center, addition of 10-15 personnel depending upon demand seems essential. Similarly, capacity building of human resources in the private sector would be essential to enhance the effectiveness of services relating to production and installation of alternative energy technologies and after sale services. Alongside of this engagement of additional manpower would be essential.

C) *Information Dissemination System*

For information dissemination on alternative energy technologies, the existing resource center under Alternative Energy Development Center will be strengthened and expanded to function as central level resource center and pertinent information shall be disseminated through this center. Similarly, management information system (MIS) shall be developed and strengthened for information and database management. At the District level, Energy and Environment Development Cell/Unit shall be established in coordination with the local level institutions and support shall be provided to expand these units to local level resource center. Information and knowledge dissemination on alternative energy shall also be undertaken through Renewable Energy Service Centers established at different locations and through local level non-governmental organizations and private sector.

D) *Improvement in Organizational Structure and Implementation Frameworks*

Improvement and changes in the existing implementation framework shall be carried out for effective development and expansion of alternative energy development. To achieve this, the Alternative Energy Development Center at the central level will be undertaking such tasks as formulation of policies on alternative/rural energy, research and studies, subsidy implementation, technical supporting, selection of companies/institutions

engaged in undertaking installation of energy technologies, coordination with the donor institutions and monitoring and evaluation. Similarly, private sector will be undertaking tasks related to production and installation after sale services and technology transfer needed for the promotion of alternative energy technologies. Non-governmental organizations shall be engaged in social mobilization, awareness building and information dissemination. The local level institutions shall be undertaking policy formulation, monitoring and evaluation, coordination and resource mobilization at the local level.

For development and expansion of alternative energy and for the mobilization and facilitation of credit and subsidy for this purpose, Central Rural Energy Fund at the central level and District Energy Fund at the District level shall be established. Alongside this regional level service centers will be established in different parts of the country depending upon the needs and in coordination with the local institutions in order to make the development of small and micro-hydropower projects economically viable and operationally sustainable.

Monitoring and Evaluation

The monitoring and evaluation of alternative energy development programs shall be undertaken by the Alternative Energy Promotion Center at the central level and by the local institutions at the local level. On site monitoring and evaluation will be strengthened by institutionalizing geographic and management information system at all levels. The monitoring and evaluation will be undertaken based on result based indicators. The number and capacity of energy technologies, improvement in the economical status, improvement in the status of health and education, employment promotion, operation of energy technology and access to electricity shall be used as indicators in the course of monitoring and evaluation.

Information Technology

1. Background

It has become necessary to take advantage of the latest achievements of rapid development in the sector of information technology (IT). It is the need of the time to create an environment where consumers could get maximum output from public agencies at the minimum expense of labor, time and resources. In comparative terms, achievements have not been as expected in the development of IT. Even then, information network, National Information Super-Highway, expansion of accessibility to IT, and e-government, have become a matter of national necessities.

Since there is a huge gap in the economic status of developed and backward countries, it is not proper that the digital divide should continue. IT can be developed as a powerful infrastructure to overcome difficulties posed by the country's geographical diversity. IT Policy, 2000, had, for the first time, provided specific legal and institutional framework for the development of IT in the country. In this pretext, golden opportunities have emerged for the development of various

sectors including education, health, agriculture, tourism and trade, through the development of IT. Legal and institutional systems are gradually being established for the development and use of IT in Nepal. Electronic Transaction Act and Regulation have been implemented. High-Level Commission on IT under the chair of Prime Minister has been formed and is in operation.

2. Review of the Current Situation

It is the need of the day to increase effectiveness in service delivery and to enhance transparency and liability in the formulation of government policy and decision-making processes through the proper utilization of IT by developing and expanding it.

In addition, homework is being carried out to establish National Information Bank. E-Government Master Plan has been drafted in the context of implementing e-government. Task of designing and updating government portals and other website has been continuing. Physical construction of the IT Park in Banepa has been completed. Efforts are underway to hand over the management of the park to the private sector.

Against the target of establishing 1,500 tele-centers during the Tenth Plan period, a total of seventy tele-centers have been established by different entities. Establishment of Government Integrated Data and Training Center (GIDTC) is under process. Government of Nepal's account system has been computerized and is currently being tested for its widespread application. Also, change in the account system in the revenue sector as per government decision needs to be taken into consideration. Likewise, Document Management System Software has been developed for proper documentation and record keeping of government documents is on trial. The use of computer is increasing in various sectors. Tele-centers have been operating in villages. Computer education is expanding. IT is slowly making entry into government and non-government agencies. There is an increasing professionalism in the private sector. Organizations are becoming more active.

3. Problems, Challenges and Opportunities

Problems

- Failure to establish information center at the national level.
- Duplication of tasks on IT development due to a lack of integrated approach to perform such tasks from a single agency.
- Inadequate resources, and insufficient legal and institutional management for the implementation of IT and e-government.
- Lack of strengthened coordination among different agencies.

Challenges

Major challenges include the following:

- Growth in the extension of people's accessibility to IT in the rural and remote areas.
- Enhancement in professionalism and commercial use of IT.

- Building capacity and effectiveness in service delivery using e-government.
- Reduction in digital divide.

Opportunities

- Capacity in the telecommunication sector has gradually been increasing.
- Public interest has increased towards rural information centers.
- Non-government organizations have seen to be active in the development of IT.
- Back office infrastructure has been developing.
- Human resource required for the development of IT has seen to be available within the country.
- Employment in the IT sector has increased.
- Project Property Technical Assistant (PPTA) has commenced.
- Construction of IT Park has been completed.
- International relationship in IT has been expanding.

4. Long Term Vision

The long term vision is to expand IT and make it within the reach of remote areas, *Dalits*, *Adibasi Janajatis*, persons with disability, women and senior citizens in an equitable and inclusive way; thereby maintaining regional balance. In addition to this through the development and use of IT, the Plan envisages social and economic development, employment generation and poverty alleviation and formation of information society and strengthening of e-government which would provide easy access of the people to public services and facilities.

5. Objectives

- To increase public access and employment and to contribute towards poverty alleviation by reducing unnecessary levels between producers and final consumers through increasing use of IT in agriculture, industry, trade and service sectors.
- To enhance the capacity and ability to govern and to make service delivery effective through the expansion and use of IT in government works.
- To contribute towards social and economic development by strengthening electronic transaction.

6. Strategies

- Access of even the rural people will be enhanced through the development and expansion of IT.
- Different projects will be implemented and public awareness will be enhanced for the implementation of e-government.

- In the pretext of rapid development in the global IT sector, institutional capability of the IT sector will be enhanced and strengthened.

7. Policy and Working Policies

Enhancement of People's Access to IT

- To economize time, labor and resource by increasing access to IT and identify new development possibilities.
- To establish rural information centers.
- To mobilize rural information centers to the maximum extent so as to attract physically remote population in the use and application of IT.
- To inform the rural population through rural information centers about the effects of the use of IT on education, health, agriculture and tourism sector and to extend the access of IT to remote places and inform the general public about the management of the market for the local produces and ways to increase production with the aim of reducing the digital divide.
- To bring effectiveness in the work performance of government, non-government and commercial institutions through the use and application of IT and through the implementation of e-government.

Implementation of E-government

- To implement programs recommended by e-government Master Plan Consulting Report, and to launch suitable programs as recommended by ICT4D's work plan for development.
- To keep on working with the private sector under the principle of public private partnership (PPP) by launching programs recommended by e-government Master Plan Consulting Report.

Institutional Capability Strengthening

- To remove duplication in the implementation of IT.
- To continue institutional strengthening by formulating policies, rules and acts.
- To continue development of skilled human resources.
- To continue launching of programs under the principle of Business Processing Re-engineering.
- To establish and operate necessary institutions for the institutional development of electronic transactions.
- To enhance participation of government, non-government agency and private sector for the implementation of e-government and for the development and expansion of IT.

8. Quantitative Targets

- Construction of a building for the Government Integrated Data and Training Center (GIDTC).

- Installation of firewall, V-Sat and one server set.
- Capacity enhancement of operating 27 rural information centers.
- Basic computer training and motivation program to 2,550 government staffs for the implementation of e-government.
- Establishment of 300 rural information centers in different parts of Nepal.
- Pilot-examination of citizenship records in 20 districts and Central Computer Unit of the Ministry.
- Computerization of government accounting system and implementation in 300 government offices.
- Establishment of Information System Lab (IS Lab) at national level to examine quality of hardware and software.
- Construction of 5 websites.

9. Major Programs

The following major programs will be launched in order to fulfill the above objectives:

IT Park operation

Management of operation of IT Park will be handed over to the private sector. Equipments, fiber optics and V-Sat technology will be installed for the operation of IT Park. By inviting at least 3 companies the IT Park area will be expanded and the land obtained will be distributed through land-pooling.

Construction of Government Integrated Data Center

Government Integrated Data Center will be constructed.

Telecenter Establishment and Management

In rural regions, 300 telecenters will be established.

Policy Formulation

- To prepare an act on payment gateway.
- To review periodically and update IT Act and Regulation.
- To modify IT Policy.
- To formulate and implement acts on the operation of VOIP and Wireless.

E-government Implementation

- To prepare national level E-government Master Plan and implement primary level plans.
- To establish government intranet and contact point through fiber optic and wireless technology in all central agencies and department of the Government of Nepal.
- To update government e-portal and make it more reliable.
- To develop and expand the capacity of Information Bank.

- To manage entry permission to Singha Durbar through online system.
- To implement electronic attendance system in government offices in a gradual way.

Research and Development

- To carry out IT research and development works in association with various universities and academic institutions.
- To carry out feasibility study and development of Free Open Service System (FOSS) and to conduct study and research on hardware and software.
- To conduct study and research on intellectual property rights related to IT industry.

Human Resource Development

- To provide basic computer training to government staffs working at different sectors for the implementation of e-government.
- To provide basic computer training to 1,000 government staffs of different ranks and to provide necessary training to all focal-point chiefs.
- To conduct feasibility study of Smart Card, and implement through piloting
- To launch motivation program on e-government for government staffs in and outside Kathmandu Valley.

Enhancement in Public Awareness

- To transmit radio and television programs on IT.
- To prepare, distribute and publicize materials and booklets.
- To produce attractive documentary on IT sector of Nepal, IT Park and university; and to publish data book on IT.
- To participate in national and international conference, seminar and exhibition.
- To run workshops on Information Bank, e-government, e-service, and e-learning in all 5 development regions.

Institutional Strengthening

- To establish a certifying agency under Electronic Transaction Act.
- To establish Payment Gateway and promote e-commerce along with the private sector.
- To organize Information and Communication Technology Service Center.
- To develop software for passport and to establish Central Computer Unit at the Ministry.
- To establish national level Information System Lab (IS Lab).

IT Development and Strengthening

- To bring Nepalink operating system and Nepali Unicode into widespread application and to categorize computing system in Nepali language into 5 more standards and to promote it through various programs.
- To establish fiber optic network in all the central agencies and departments of Government of Nepal.
- To build and update government websites in order to manage e-mails, and to establish intranet.
- To encourage concerned agencies to launch programs like CAN InfoTech.

10. Expected Outcomes

- A total of 300 rural information centers will be established and operated.
- E-government will be established which would increase public trust towards the government.
- Government Integrated Data and Training Center (GIDTC) will be established and operated.
- Consumers will come into online contact.
- Direct IT expansion will happen in villages connected with Information Super-Highway and Information Network.
- Employment will be generated in IT industries.
- Upon legal approval of e-government, the international access of IT sector will grow, contributing significantly to the growth of national income and poverty alleviation.

11. Estimated Budget

During the Three-Year Plan, Rs. 400 million, at the constant prices of FY 2006/07, is estimated to be spent on programs related to IT, details of which are given in the following table.

| S.No. | Programs | Rs. in million |
|--------------|--|----------------|
| 1 | E-government Master Plan implementation | 32.2 |
| 2 | Trainings and motivation programs for government staffs | 12.0 |
| 3 | Development of IT-related software for different sectors (application only) | 23.5 |
| 4 | Institutional strengthening | 7.3 |
| 5 | IT Park strengthening | 9.9 |
| 6 | IT in national language, and construction of government website | 6.4 |
| 7 | Construction of GIDTC building | 164.4 |
| 8 | Operation of ISP and V-Sat | 22.5 |
| 9 | Establishment of National Information Bank | 8.0 |
| 10 | Establishment and strengthening of Rural Information Center | 87.2 |
| 11 | Research and development (including computer laboratory and wireless technology promotion) | 15.9 |
| 12 | E-service | 8.2 |
| 13 | Intellectual property protection | 2.5 |
| Total | | 400.0 |

12. Implementation, Monitoring and Evaluation

Implementation

High-Level Committee on IT will be institutionally strengthened and empowered, and will be made more active in policy formulation. In the implementation aspect, institutional capability and technical capacity of National IT Center will be enhanced. Taking into consideration the widening scope of IT, initiative will be taken to work in an integrated way by forming a separate IT group in the government sector. High-Level Committee on IT will provide technical assistance and responsibility to the concerned agencies. Moreover, in order to institutionalize electronic transactions, legally defined institutions will be established.

Monitoring and Evaluation

For the supervision, monitoring and evaluation of achievements in the IT sector, necessary information will be provided through the IT Management Information System. By determining work performance and quality indicators, a strong evaluation committee will be formed to oversee work progress of projects and to solve problems with periodic review.

Chapter: 36

Good Governance

1. Background

The concept of good governance covers the whole spectrum of services rendered by the public administration, communities, non-government social organizations, the private sector and all other sectors. Among these sectors, because of a wide coverage and very important organ of the Government, if the public administration could be operated according to the concept of good governance, other sectors would have natural impact of this. It has become urgent and necessary to restructure the State and reform the policy and structure with inclusiveness in the civil service including all the public administration mechanisms, for accountability, participation, ensuring services and establishment of rule of law to promote good governance.

2. Review of the Current Situation

There has been some improvements in the capacity development of the public administration, in the overall efficiency and governance vision/structure of the civil service due to the Governance Reform Program that was launched with a view to make civil service result-oriented, pro-people and gender sensitive in the Tenth Plan.

The Commission on Investigation of Abuse of Authorities has made public the five-year strategy. The working procedures for 49 departments, has been implemented after preparation. The Corruption Control/Prevention Act 2002 has been promulgated with addition rights, based on the recommendations of Administration Reform Commission 1992 and Corruption Control Advisory Committee 1999. Moreover, a Special Court has been established to speed up hearings and making decisions on the cases related to the institutional corruption according to this Act. Furthermore, to make vigilance over the preventive measures of corruption, National Vigilance Centre was established. Similarly, acts were drafted to control the money laundering works. The drafting of the Governance Act is in the final stage of completion. To bring uniformity in the distribution of the public services and by making it transparent for effective service delivery, the Directives for Making Public Service Facilities Effective 2004 was promulgated. With this, the activities like service distribution system, office management, grievance management, public hearings, etc. are in operation and the Public Procurement Act has been implemented.

The Civil Service Act, 1993 has been amended second time in order to ensure good governance by institutionalizing the changes in the character and working styles of the civil servants after making it inclusive and incorporating trade union rights. In the plan period, the *Nijamati Kitab Khana* has developed e-information system by developing both the physical and electronic record system to make the service delivery transparent and access to information easier for the clients and also to use the available information for the analysis of the managerial decision making. Moreover, the work has been initiated to expand

networks with various agencies by developing virtual private network using the e-information system.

Separate directives, guidelines and working procedures have been prepared related to grievances of the civil servants, organization structure and creation of posts in the government agencies, performance of the bureaucrats, financial management of the organization and the provision of performance encouragement fund, succession plan, performance contract, additional economic support, promotion management and performance appraisal.

The second amendment of the Civil service Act has made the provision for reservation of 45 percent seats to be fulfilled through the open competition for women, *Dalits*, *Madhesis*, *Janajatis* and persons with disability for 20 years. In the health sector, performance based management system has been implemented on an experimental basis according to the Governance Reform Road Map. The performance level of the district level offices has begun to be public by appraising performance according to their service delivery indicators. The management audit of the District Development Committees and the Municipalities has been initiated. On-line service has been operated in the Office of the Cottage and Small Scale Industry of Kathmandu. Priority has been given to the women, *Dalits*, persons with disability and conflict affected people in the skill development training related to cottage and small- scale industries.

Preparation classes have been operated for women to make women in the civil services. To deliver services to persons with disability, a provision of separate entrance gate in the office buildings has been constructed for them. Moreover, Child Justice (working procedures) Regulations, 2006 have been implemented for the child rights. Similarly, works are on the progress to update acts related to the rights and the upliftment of the senior citizens, women and disabled. The gender budgeting concept has been implemented with a view to providing adequate attention while allocating the public resources. In the Public Service Commission, Answer Paper Checking Directives 2006, Interview Technology Directives, 2006 and Question Paper Preparation and Refinement Directives 2006 have been prepared.

3. Problems, Challenges and Opportunities

Problems

Although, the local bodies are becoming effective due to the implementation of Local Self Governance Act and enhancement in the accountability of the local representative institutions, a negative effect has been observed in the local level service delivery due to the vacancy of the elected people's representatives at the local bodies. For the long period, devolution of the political, administrative and financial responsibilities to the local level has been halted. Moreover, the handover of the staff from the civil service to the local level, by forming the Local Service Act has also been halted. The major problems seen are as follows:

- Unable to make adequate/proper coherence among the policy and programs formulating agencies and implementing agencies in the process of formulation and implementation of policy and programs.
- Lack of detailed working procedures and processes of the programs to be launched.
- Lack of appropriate standard and indicators to measure whether the targets and objectives are achieved or not.

In addition, other problems are:

- Lack of effective selection and prioritization of programs and inadequate homework done for the implementation management.
- Services and goods that are delivered to the people easily at the local level, not available.
- Lack of an effective monitoring and evaluation system for program implementation.
- Frequent transfer of the chief of development program and projects.

Challenges

Although, the legislative, judiciary and other constitutional bodies are working actively according to the provision made in the Interim Constitution, there still exists the situation where we need to press further, to incorporate the main elements of good governance in the process of operation of governance in Nepal. In the context of rising public voices and grievances for maintaining good governance, the challenges are:

- To make the government activities accountable to the general public and participatory.
- To address the elements of good governance with full commitment, in order to materialize the commitments of the Interim Constitution and the Interim Government.

Opportunities

The need for a people oriented and inclusive administration, by bringing about changes in the vision of the civil service, the basic pillar of the governance system, has been realized. There is an opportunity to make the entire civil and public administration accountable, inclusive and participatory by utilizing the opportunities provided by development in information technology for the relevant aspects of new public management, which is becoming globally accepted.

4. Long Term Vision

The long term vision is to make public, judicial and development administration more competitive, participatory, transparent, service-oriented, result-oriented, accountable, inclusive, disabled friendly and gender equity oriented.

5. Objectives

1. To support sustainable economic and social development works by ensuring good governance to the people while making the public, judicial and development administration sector accountable and sensitive towards peoples' needs/aspirations .
2. To promote access to economic and social service delivery through public participation, transparency, accountability and creation of a corruption free situation by strengthening the state mechanism according to the values and tradition of the rule of law.

6. Strategies

- To control corruption effectively by preventive and curative methods through the development of a corruption free, transparent, accountable, participatory, service-oriented, result-oriented and inclusive administrative mechanism, and promoting the capacity of the civil servants.
- To adopt the strategy of affirmative action in order to provide access to those who do not have access through the public services such as, women, *Adibasi Janajatis*, *Dalits*, *Madhesis*, Muslims, persons with disability and disadvantaged groups, and to encourage to include them in the public services.
- To ensure things like 'the fundamental rights of the client to receive effective and quality service by making service delivery that are provided by all the government agencies inclusive.'
- To provide expedient services according to public choices and needs by making the security and judicial administration capable and effective.
- To develop a culture, which helps to preserve, promote and respect human rights.

7. Policy and Working Policies

- The capacity of the institutions like Commission for Investigation of Abuse of Authorities and National Vigilance Centre will be developed for reducing corruption and promoting good governance.
- The policy of taking strict action and penalizing those who have amassed wealth through corruption, using the position of benefits, will be effectively implemented.
- Acts will be enacted to control the activities of money laundering of the black money (earned through corruption as well as anti law practices).
- By implementing the policy of decentralization and devolution to make public services effective and accessible, an initiative will be taken to transfer local services to the local bodies.
- Taking into the consideration, the provisions of inclusive democracy and a decentralized federal governance system, which is the vision

in the Interim Constitution of Nepal, 2007, the probable structure of civil services will be studied and developed/expanded.

- Appropriate mechanisms will be established to monitor and evaluate the effectiveness of good governance strengthening programs according to the policy of decentralization and devolution.
- While continuing the system of Citizens' Charter and public hearing it will be extended to other NGOs, the private sector and consumers' groups involved in public services and the monitoring role of civil society and communication world in the public service will be gradually promoted.
- Use of information technology in government works will be expanded and provisions will be made to give legal recognition to e-information dissemination.
- Provision will be made to keep a record of the activities and information of all the government offices involve in service delivery, in the computer.
- Machine-readable passports will be made.
- The judicial administration will be made quick, effective and accountable by institutional strengthening of the judicial related sectors.
- A mechanism will be built in to communicate information between service delivery agencies.
- Information of all types of services rendered by the State to the people will be made public.
- The institutions, which directly deliver services to the public, will be made well equipped with resources and authority.
- The system of recording the grievances of the people will be started, by making the provision for toll free telephone line for queries and hearing grievances of the people.
- A mechanism will be in place in all the government, non-government, private, community and consumer groups and organizations to disseminate information to the clients on a regular basis.
- Necessary laws will be formulated and updated to protect the rights and benefits of the clients.

8. Major Programs

- Formulation of job descriptions by clearly spelling out the works to be performed by all the persons under the working capacity promotion program of the civil servants, linking performance appraisal with the career development, self appraisal according job descriptions as well as appraisal by scientific indicators, and appraisal by the clients activities will be implemented.
- To make appraisal objective-oriented and service delivery effective, the target will be set in such a way as the works that should be performed by the civil servants could be measured. In this process,

encouraging the improvement of the civil servants working style will be adopted.

- Necessary policy and structural reform will be made to ensure good governance in the private sector and NGOs.
- To make civil service inclusive, the provision of reservation will be made to persons with disability, economically and socially disadvantaged groups, women, *Dalits*, *Adibasi Janajatis*, and *Madhesis*. Study will be carried out on the use the expertise of the retired civil servants.
- To make the front line offices effective in the delivery of the services and benefits under the core function that is performed by the Government, these will be made equipped with necessary authorities and accountabilities.
- Machine readable passports will be used.
- Study will be done about the possible structure of the civil service in line with inclusive democracy and decentralized federal governance system envisioned in the Interim Constitution 2007.
- Implementation and monitoring of the periodic strategy of sectors related with judiciary will be made effective.
- By promoting merit system in the administrative sector, human resources will be managed.
- The organizational and institutional capacity of the constitutional bodies will be effectively strengthened.
- Human Resource Management Unit will be established in all the ministries.

9. **Expected Outcomes**

- Reform in decentralized administrative system related to development and civil service, judicial and social services as well as development works.
- The rights based approach would be known to the public and stakeholders, who will be enabled to argue about their rights.
- The system of citizens' charter and public hearing will be institutionalized.
- Services, facilities and outcomes will be made available as expected by the good governance.
- Corruption, abuse of authority and revenue leakage will be reduced.
- Development works and service delivery works will be completed in leisure time and cost due to the development of the system of people's participation and monitoring in the development works and service and facility delivery.
- Reasonable participation of the backward classes, women, indigenous *Janajati*, *Dalits*, *Madhesi*, Muslims and other deprived communities will have enhanced.

- Local bodies' capacity will be developed and functions and rights will be devolved and environment for wider participation of the people in the development works created.
- The security of wealth and availability of speedy justice will be in place.
- People will experience the feeling of good governance situation.

10. Assumptions and Risks

- Political commitments towards initiatives on reforms should be continued.
- Peace and security situation should be strong enough.

11. Implementation, Monitoring and Evaluation

A necessary system will be adopted to institutionalize the monitoring of good governance related to policy and program implementation, by strengthening the Central Monitoring Mechanism of the Office of the Prime Minister and the Cabinet. The office will be made active and institution-wise monitoring mechanism will be strengthened through spontaneous inclusion of the regular monitoring process in all the institutions.

As regards to the monitoring from the outside, an environment will be created to provide feedbacks to all for informing the people and implementing the program through continued vigilance over policies and programs, implementing policy and achievements related to good governance.

Chapter: 37 **Decentralization and Devolution**

1. Background

Decentralization has been accepted as a main means of enhancing good governance; a process of administrative, political, social, economic and development works, and a strategy for promoting peoples' participation and people's empowerment. The Interim Constitution of Nepal, 2007 has made the provision of promoting more and more participation of the people in the country's governance system by adopting the federal system of governance. Moreover, provision has been made for the formation of interim local bodies based on decentralization and devolution to make services and facilities available to the people at the local level and for the institutional development of democracy from the local level. Similarly, it has been spelled out that to enhance the capacity of the local bodies for making balanced, justifiable and equitable resource allocation and mobilization and the distribution of the outcomes of development, the local bodies will be made responsible and accountable for identifying, formulating and implementing the local level projects and sharing of responsibilities and revenues between the central government and local bodies. While allocating and mobilizing revenues, special attention will be given to the overall upliftment of backward groups and communities in terms of social and economic aspects.

Based on the analysis of the last 5 years experiences about devolution, some positive changes have been felt in the local level by means of partial devolution in some subject-wise sectors and decentralization and local self-governance. However, no remarkable achievement could be made in the decentralization and self-governance sector in the Tenth Plan period due to prevalence of conflict and absence of elected representatives of the people in the country. In the coming days, the decentralization process will be pushed forward with the objective of maintaining good governance at the local level through institutional and process level reforms and transferring the rights to the local bodies according to the concept and principle of devolution.

2. Review of the Current Situation

During the Tenth Plan period, 52 districts had formulated the periodic district development plans and prioritized development programs in the process of decentralization and operation of local bodies. Similarly, a clear working direction had been set in 74 districts by formulating District Transportation Master Plans for roads and transport sector infrastructures. In this period, Local Infrastructure Development Policy and Local Level Partnership Promotion Policy and Strategy were formulated. Initiatives have been taken to reform the revenue management of the local bodies by constituting Revenue Advisory Committees at the local level and widening the tax net by making second amendment in the Local Self Governance Regulations, 2000. Similarly, a provision has been made to constitute a joint committee for carrying out the functions that could be done by mutual co-operation of more than one local body. Collection of taxes at the

national highways and sub-highways has been stopped. Instead, the system of collecting taxes from the tax collection centers (those taxes levied by the local bodies) has been established. The strategy to mobilize non-government organizations has been prepared and implemented to simplify the joint works between NGOs and DDCs. Social mobilization has been extended to additional VDCs.

During this period, the works like formulation of Fiscal Decentralization Road Map, Drafting of Local Service Act and Expenditure Management of the local bodies including Expenditure Assessment Study were completed. Similarly, the works like integrated wealth tax in the municipality areas, gender budgeting in all the local bodies, projections of revenue for the implementation of Local Self Governance Act have further helped to make the decentralization efforts effective. The formulation of minimum conditions and integration of grant system with performance measure with a view to support the grants that go to DDCs in accordance with the Local Self Governance Act and Regulations were piloted in 20 districts. In this context, strategy for capacity enhancement was also formulated with objective of institutional and human resource development for the DDCs. Efforts were made to move forward the decentralization and local self-governance process through the implementation of decentralized programs with the support of the bilateral and multilateral agencies. During this period, although the government adopts the policy of full devolution in 14 districts incorporating subject-wise sectors, due to various reasons it could not be materialized.

In order to push forward the Decentralization Implementation Action Plan, the functions of the three subject-wise sectors, agriculture extension and livestock services, primary education and basic health services, were devolved to the local bodies in the FY 2000/01. Although, there was a policy of devolving the postal services, it could not be materialized. Up to now, in the education sector, 2,449 various levels of school of management were directly transferred to the communities and in the health sector, 1,433 health institutions of 28 districts were devolved to the local bodies. Similarly, after 1 year, in the FY 2001/02 the functions under seven sectors (rural roads, bridges, small irrigation, community water supply and sanitation, etc.) were devolved to the local bodies with the approval of Local Infrastructure Development Policy to provide technical support for these functions. District Technical Office is operating under the DDCs. In this process, the District Council approves the programs of the devolved sectors, and the flow of budget to the programs is done through the District Development Fund. But, due to the existence of accountability on the bureaucrats of the related subject-wise offices, the duplication in the work operation still exist.

3. Problems, Challenges and Opportunities

Problems

The major problems are:

- Lack of clear strategy and framework of subject-wise devolution in the decentralized and devolution sector.

- Difference in the vision of the central level institutions towards devolution.
- Existence of dual responsibility situation of the bureaucracy towards the central and local bodies related to devolved functions.
- The co-ordination and facilitation done by DDCs for devolution have not been effective at the local level.
- Initiated devolution could not be pushed forward as desired due to the absence of political representatives in local bodies.
- Problems in the implementation of the devolved sector due to inability to make the resources available and working mechanism on the basis of work responsibility in a package.
- The lack of capacity enhancement in the devolved sectors and lack of clarity in the operating process after devolution
- Lack of skilled civil servants in the local bodies due to lack of Acts related to the local services.
- Devolved functions could be moved forward as expected due to various experiment made in the operation of local bodies with the start of the devolution.
- Different situation in plan formulation and implementation (need to play a dual role DDC and central level plan formulation and implementation by subject-wise offices).

Challenges

The challenges are managing and operating the local self governance bodies in line with inclusive, democratic and federal structure while the State is restructured according to the Interim Constitution of Nepal 2007 and to reorient the required resources, means and resource allocation balanced, proportional and for the overall upliftment of socially and economically backward groups and communities while fulfilling the responsibilities given to these bodies. Other challenges are:

- Move forward the full devolution concept so as to implement as per the Local Self Governance Act and Regulations.
- Transform the local bodies to local government.
- Manage the civil servants at the local level by promulgating Local Service Act.
- Transform into local bodies into a viable structure by restructuring them.
- Deliver the function performing service delivery by the Local Level with accountability and functions like the mobilization of local bodies for the overall poverty reduction.

Opportunities

There is a changed political context, with the commitment of the Government towards decentralization and local self governance, provisions made by the Interim Constitution for the devolution of rights, promotion of inclusive local democracy and policy of making the local self governance bodies the subsidiary government responsible and accountable for service delivery and local development works. Due to these, there is a good opportunity to make local development works more transparent, participatory and inclusive by restructuring the local bodies and devolving the rights and making them strong, responsible and accountable in the context of ending of long internal conflict situation. If the local bodies could be restructured in line with geographical regions, population, comfortable situation in service delivery, and justifiable distribution of the resources, it will support the management of the local services through political, fiscal and administrative decentralization and this will help to move forward the right-based devolution and decentralization process in the real sense. Other opportunities include the following:

In the Interim Constitution using sovereignty by the people from the local level, promoting more and more participation of the people in the country's governance system by making favorable environment, and making available services and facilities to the people at the local level and in the Constitution, for the first time, it has been spelled out that the local self governance system will be strengthened by institutionalizing the democracy from the local level. In the changed context by making the local bodies transparent and effective and through reform in policy, institution, and process, the opportunities has been created to orient the local self governance system strengthening direction in the Interim Plan period.

4. Long Term Vision

Local bodies restructured according to the concept of inclusion, democracy and federal government system will be capable as the local government to effectively deliver the services.

5. Objectives

1. To promote good governance at the local level by clearly delineating the political, planning, financial, legal and administrative rights of the central and local level according to the concept of the federal structure, and inclusive democracy and policy of full devolution through the establishment and operation of the local government.
2. To enhance effectiveness of the local government in local development works and service delivery by developing and adopting the Participatory Planning System based on peoples' aspirations and local demand through inclusion and mainstreaming at the local level.

6. Quantitative Targets

- Service delivery would have been effective during the Interim Plan period through the full devolution of all the sectoral sectors in all the

- districts and with the establishment and operation of the local government.
- All the local bodies would have included all the groups and communities in the local governance system.

7. **Strategies**

- Create an environment that makes the government, non-government and other development related institutions accountable to the local bodies working as the Local Government within the devolved structure by adopting decentralization and devolution as the main policy of development works and operation of the State and also as a main means of promoting and empowering the local government.
- Promote the access and ownership of the women, children, *Dalits*, *Adibasi*, *Janajatis*, *Madhesis*, Muslims, persons with disability and backward marginalized groups and regions (in terms of geographical, social, economic and cultural), in the local governance process and in development and service delivery according to inclusion policy.

8. **Policy and Working Policies**

- In the context of state restructuring, local bodies will be developed into a capable unit of the local government through their restructuring on the basis of geography, population, resources and means, and service delivery etc.
- In the context of full devolution, the central government will limit its functions to policy formulation, setting norms, quality control, human resource development, technical support, capacity enhancement, central level studies and research, monitoring and evaluation needed to be done by the central level and construction of big infrastructure development projects and the rest will be devolved to the local bodies.
- While devolving, all functions other than those specified for the central level and related subject-wise offices, functions will be allocated according to the level of the local bodies in all the districts and it will be done one time.
- All the positions and staff position number of the devolved function will be sent on deputation to the local level by creating a pool at the centre. A provision will be made about their administrative and functional responsibilities that will lie on the respective local bodies through respective subject-wise section. Local Service Act will be implemented and after its implementation, the management of the staff will be done according to the provisions of that Act.
- While releasing the budget of the devolved functions, a system will be made for releasing the budget needed for the operation of subject-wise sectors (administrative and capacity enhancement) and the capital budget directly through Ministry of Finance into the District

Development Fund and Municipality Fund and in the case of VDC, these amounts will be made available with the cooperation of respective DDC Offices.

- The Decentralization and Monitoring Working Committee will be made more active to effectively implement and monitor the devolution works and the devolution process will be made dynamic by forming other committees and task forces at the centre and district level as and when required.
- Human resource development plans on capacity enhancement will be prepared and implemented in the areas incorporated in the local development.
- Special attention will be accorded to the mobilization and sharing of revenues between local bodies so as to ensure equal development and to help the overall upliftment of socially and economically backward areas, groups, and communities. Provisions will be made for the mobilization and allocation of resources between local bodies according to their functional jurisdiction.
- The code of conduct of the authorities of the local bodies will be formulated and implemented.
- The donor agencies, international NGOs and various trusts, committees, academy including – local NGOs, involved directly and indirectly in decentralization and local self governance sector will be made accountable and responsible to the local government through implementation and integrated process using ‘one window system’.
- The collection, analysis and dissemination of the statistics in a disaggregated form.
- At the local level primary data will be institutionalized for inclusion. To this end, the information and record centre of the distinct will be strengthened and mobilized.
- The disaggregated data will be used as a basis for inclusive project formulation, implementation and monitoring of the local level and priority will be accorded to the women, *Dalits*, backward classes, *Janajatis* and persons with disability, etc.
- In the formulation and implementation of plan, policies, and programs right-based approach will be adopted along with human rights and fundamental liberty of common citizens (women, children, *Madhesis*, persons with disability, ethnic minorities and *Dalits*) will be preserved and enhanced inclusion of all sectors of the state.

9. Major Programs

Formation of Interim Local Bodies'

District, town and village level interim local bodies will be formed as per the agreement of the political parties made on September 2006, in order to make available the service to the people at local level and institutional development of democracy from the local level.

Implementation of full devolution will be initiated formulating devolution implementation action plan for the implementation of full devolution.

Local Service Management

To manage human resources at the local level, local service act will be promulgated, and recruitment and adjustment of civil servants will be done, by formulating local service commission.

Local Bodies Restructuring

While restructuring the local bodies, geographical areas, system of population representation, income source, and easiness in service delivery and implementation of local bodies will be taken into consideration, and to this end a high level commission will be formed. This commission will work for organization, political and administrative structure of the local bodies as well as restructuring of existing Ministry of Local Development.

Development of Local Government Borrowing Mechanism

A program will be initiated to fulfill the financial demand and need of local bodies through market mechanism.

Strengthening of Local Bodies Grant (transfer) Mechanism

A formula will be developed for the allocation of all types of grants to be made available to the local bodies on scientific basis.

Fiscal Decentralization Strengthening

Fiscal consolidation will be made through the expansion of the bases and rate of tax and non-tax and grants to be made available to the local bodies according to the fiscal decentralization policy.

Local Statistics Strengthening

The collection, processing and use of data required for the local bodies will be made scientific. The information and record centre of the district will be developed as local level information bank.

10. Expected Outcomes

- Local level performance would have started as per the clear division of responsibilities between the centre and local bodies.
- Full devolution to all the districts made with the formulation of devolution implementation action plan.
- Implementation of decentralization, monitoring and evaluation system institutionalized at the local level.
- Local service implemented at the local level by promulgation of local service act.
- Local bodies developed as capable unit after restructuring of local bodies.

- Block and subject wise grant sent to local bodies attached to scientific formula.
- The capital grants transferred to local bodies by central government and donor agencies integrated into common basket fund.
- Institutional development of disintegrated data collection, management and dissemination at the district.
- Backward groups and communities integrated by local governance process.

11. Assumptions and Risks

- Interim local bodies would have been formed and people representatives at local bodies restored.
- To implement federal system, State Restructuring Commission would have been formed according to the Interim Constitution of Nepal, 2007.
- Peace would have been restored in the country and development and service delivery at local level would have been in place.

12. Implementation, Monitoring and Evaluation

Available institutional mechanisms will be used for strategy, policy, working policy and implementation, monitoring and evaluation of the proposed programs. Decentralized monitoring/evaluation and local self-governance monitoring system will be institutionalized and strengthened. Decentralized poverty monitoring system will be adopted. Four monthly and annual review systems will be continued. District level Development Action Committee meetings will be made effective. Central level decentralization implementation and monitoring committee and working committee under it will be made operational in the monitoring and evaluation sector.

The focal point for decentralization and devolution will be mobilized more for subject-wise devolution function. Monitoring and evaluation of decentralization and devolution program will be implemented by developing measurable indicators of it. Monitoring and evaluation system will be in place to ensure the inclusion of backward groups and communities in the local governance process.

Chapter: 38
Planning and Statistical System Development

1. Background

A strengthened planning system is necessary in the formation for the construction of a society based on sustainable development as well as justice and equity with the reduction of poverty and institutionalization of peace and democracy. It will be necessary to develop an effective planning system and to make reforms on the institutional and procedural aspects of the planning organization timely with revisions, in order to support the state mechanism in intensifying the development activities by mainstreaming a balance between the growing ambition of the people and limited resources and means.

For economic transformation in line with the democratic values and beliefs, a competent statistical system needs to be developed for dynamic plan formulation, in accordance with the latest liberal economic philosophy and the geo-physical economic and social conditions.

2. Review of the Current Situation

The Tenth Plan had made commitments to coordinate long-term and periodic plans for the raising of living standards of the poor, backward groups and regions, policy formulation, input projection, selection of development programs, approval, implementation and monitoring and evaluation works; to supply all types of reliable and quality statistics; to make institutional strengthening of CBS, legal reforms and human resource development; to fully implement the overall national statistical plans; to strengthen national accounts; and to prepare an Action Plan in an integrated way in order to specify the status of the designated indication in the Tenth Plan. Against these commitments the achievements within the Tenth Plan period were: PMAS was established and the documentation on this was made public on a yearly basis and NPC was restructured. Similarly, MTEF system was initiated and institutionalized to make resource allocation and selection of projects logical in accordance with the national goal of poverty reduction. Assistance was provided in a special way for the implementation of programs of national importance under the Immediate Action Plan. Some exercises were done on the implementation of business plan in some ministries to bring about effectiveness in the work performance, monitoring indicators were developed for the implementation of the monitoring subsystem, tasks on impact and cost effectiveness study were carried out, MDG progress report was prepared, and need assessment was made to MDG in five districts. National accounts statistics was timely in accordance with the System of National Accounts (SNA) 1993. Determination of specified indicator of MDGs and the Tenth Plan were determined, Nepal Info was prepared, living standard measurement and poverty mapping was accomplished, digital mapping of all the VDCs was updated using GIS, and National Development Volunteers Program launched in 42 districts.

3. Problems, Challenges and Opportunities

Some of the problems are duplication in the statistics in Nepal, lack of proper level and standards as well as coordination and limited use of information technology in plan preparation and data processing. Due to these problems, the following have become challenging and serious:

- To clarify the role of NPC in the liberal economic system.
- To make planning and action based on demand, information and facts.
- To establish coordination on the above among the involved agencies.
- Professional achievement with capacity enhancement.
- Institutional and legal reforms.

With successful coordination of the above actions, the plan, policy and program being prepared will be effective, simplification of implementation, monitoring and evaluation will occur, it is challenging to give attention to making the different stages of planning development strong in the coming days. By utilizing the experience of planned development over the past fifty years, efforts now will be concentrated to formulate plans capable of bringing intensity in the overall development through the maximum mobilization of social and economic infrastructure.

4. Long Term Vision

To develop a strengthened planning system, capable of playing a timely role in the construction of a Prosperous, Modern and Just Nepal.

5. Objectives

To institutionalize an effective panning system, by developing a reliable statistical system.

6. Strategies

- To prepare the infrastructure for a strengthened and dynamic planning system.
- To carry out institutional strengthening and enhance the capacity of planning organizations, statistics and planning units.
- Institutional strengthening of the National Statistical System and the National Accounts System will be done.

7. Policy and Working Policies

- Planning system based on research and objective analysis and a favorable dynamic political, economic and social context will be developed.
- A framework will be prepared after making a study on the planning and statistical system to be adopted in accordance with a federal structure.
- NPC and CBS will be structured and strengthened with a view of making notable reforms in the working system and effectiveness.

- Planning and statistical system will gradually be made inclusive and engendered.

8. Programs

System Development

- Program to make the current planning practice gender accountable, pro-people, and effective by incorporating programs like study, research, survey, tours, seminars, conferences, public debate, and the enhancement of public awareness.
- In accordance with a federal structure, in order to prepare appropriate framework for planning and statistical system, programs like necessary studies, surveys, debate, seminar, discussion, meeting/conference, tour, awareness enhancement will be carried out.
- Institutional and procedural arrangement will be made in order to develop an effective training system in the field of planning, programming, monitoring and evaluation and statistics.
- National statistical system will be enforced.
- National Accounts System strengthening program will be launched.

Institutional Strengthening

- Institutional, legal and work procedural restructuring of NPC after a comprehensive study is done, and it will be made more timely, more effective and competent.
- By constructing a modern and well-equipped planning house, PMIS will be followed by using Information and Communication Technology. To modernize the plan formulation system, networks with other ministries and stakeholders will be established.
- Working environment will be improved, by making physical amenities available, and monitoring and evaluation reforms.
- Extension and reforms of MTEF and the adoption and extension works will be done on gender planning.
- A separate unit will be institutionalized after being formed for study, research and analysis. To strengthen planning divisions/sections and to make effective use of the concerned agencies by coordinating the actions of different ministries and agencies.
- To make institutional strengthening of GIS by making maximum utilization of information technology in the collection of statistics.
- To construct a new building for GIS and cartography, library, training centers and data processing.

Preparation of Long Term Vision Paper and Policy Research and Other Provisions

- A long-term vision paper will be prepared to design the destination of economic social development of the country and where it should be in 20 years, and this paper will be adopted.
- By developing a competent policy study analysis system, the commission can give the country advice on timely policy formulation and their role in a competent way.
- In order to develop the National Statistical System, problems related to the availability of data, duplication quality, integrated system, coordination and legitimacy, will be solved through legal, institutional, human resources, quality related aspects addressing the ongoing programs, reforms and institutional strengthening, development of institutional memory, survey, study, research works.
- As National Development Volunteers Service program has been found to help in the upliftment of the marginalized groups and regions, this will be developed as an autonomous agency after its institutional strengthening.
- By formulating model community development programs arrangements will be made for its implementation in the designated VDC and areas.
- Surveys and studies including Industrial Census, Nepal Labor Power Survey and Nepal Living Standards Survey will be carried out. Likewise, preparation works for Census 2011 and Agricultural Census 2011 will be made. In conducting these censuses and surveys, on the basis of feasibility as well as importance, the contribution of women in the national economy, tourism, health, informal sector will gradually be incorporated as in the preparation of satellite accounting, for their contribution even in non-economic activities.

Chapter: 39
Implementation, Monitoring and Evaluation

Implementation Arrangement

1. Background

It is essential to make the implementation, monitoring and evaluation system effective along with formulation of appropriate plans for making development plans successful. No matter how good a plan is formulated, if the implementation of that plan fails to be good, the plan cannot succeed. In the process of our planned development, Plans were made good but as they could not be implemented properly, there has been a big gap between what we say and what we do. Regarding development, the reason behind this is, the lack of an effective implementing mechanism for the development planning.

2. Review of the Current Situation

For the last half-century, periodic plans have been prepared and implemented. But owing to the lack of proper institutional arrangement, the bitter truth of not having achieved the goals and target fully adopted by this plans is clearly before us. The result is the benefits targeted by our plans have not reached the people. Although different policy, legal and institutional reforms in an overall and sectoral context has been mentioned in the plan for the successful implementation of the past Tenth Plan, such provisions have not been implemented fully.

3. Problems, Challenges and Opportunities

Problems

For the implementation process of the Plan, problems including the following have appeared:

- Lack of coordination among different agencies in the implementation of the plan.
- Organizational structure has not changed in accordance with specialty of the Plan.
- Project chiefs do not remain for the entire period of the project.
- Authorization and programs not reaching the action level on time.
- Lack of a system to implement with the preparation of a definite work schedule.
- Lack of uniformity in the procurement system,
- Unclear authority and responsibility and liability
- Work performance evaluation of the staff not linked with the performed work.
- Lack of proper utilization of resources and means.

Challenges

The major challenge is to complete development and construction work in time bound manner ensuring the following:

- By making development administration sound and effective to implement development plans in an appropriate manner in order to get the expected results.
- To enhance participation of the beneficiaries and stakeholders in the implementation of development projects.
- To bring compatibility between the target of the Plan and the achieved outcomes.
- To make people experience the feeling of change in the situation after the long conflict.

Opportunities

Because of the following reasons, Nepal has a good opportunity to construct a prosperous Nepal by reducing the rampant poverty among the Nepalese people:

- Feedback from the implementation of the past plans.
- Active participation of other partners of development.
- Awareness among the people for development.
- Goodwill of international donor organizations and donor countries.
- End of the conflict and the culture of increasing consensus among the political parties.
- Nepal's determination to build New Nepal.

4. Long Term Vision

The vision of implementation management is to create the condition of reaching the benefits of development programs to the targeted groups and communities in a sustainable manner by ensuring the implementation specified time, quality, quantity, cost and time of the periodic plan, development program and projects.

5. Objective

The goal of implementation arrangement is to create a condition whereby the target group and communities get the results and outcomes of the periodic plans, development programs and projects by ensuring the works to be done within the specified quantity, quality, cost and time.

6. Strategies

- In order to accomplish the implementation of development programs and projects within the specified time, quantity, cost and quality for the overall monitoring and evaluation and poverty monitoring, institutional structures related with it will be made effective and sound, along with the development of appropriate mechanisms.
- Different specialties if the sectoral and working level will be focused on and implementation system according to that will be adopted.

- Service takers will be made to participate in different stages from detailed project formulation to implementation levels of the plans/projects.

7. Policy and Working Policies

- The provisions to make quality at entry in the project selection process of development projects at the centre level will be arranged for.
- Policy to give continuity to the past successful programs of the past to extend and to encourage new and creative works will be adopted.
- Quality assurance plan to maintain the quality of construction works will be institutionalized.
- The selection of office bearers of project execution will be based on their commitment and past work performance, through open competition.
- Arrangements will be made, by finalizing the annual budget and programs within the preceding year, work will be started right from the beginning of the fiscal year.
- Additional legal provisions will be made to make it possible to have construction contracts of the projects in a multi-year form, the construction works to be done through multi-year contract, policy to ensure financial resources will be adopted.
- Policy to transfer the grant amount conditional or without condition and the amount allocated for districts for the reconstruction and rehabilitation works directly to DDCs.
- Compulsory provision will be made to implement programs and projects only after the preparation of implementation and action plans and development programs/projects.
- The provision to call tenders within the first quarter will be made compulsory.
- Implementation of development programs/projects and the task of providing government services and facilities will be made convenient and simple.
- Appropriate all party mechanism will be made for the implementation and facilitation of development and construction works at the district level.
- Uniformity will be brought about in public procurement by adopting regulations and guidelines in accordance with the Public Procurement Act.
- It is difficult to perform development and construction works in the districts of the mountain regions. Focusing on this reality, the provision of not freezing the annual budget allocated will be made effective.
- Implementation system matching with the geographical regions will be developed considering the geographical conditions of the country.

- Works of reconstruction of infrastructure destroyed during the conflict and new construction will be carried out. Those that can be done by local level users group, NGOs, and community based organization will be implemented directly through them, big and complex works that such agencies are not able to do will be done through a contract agreement.
- Partnership among government agencies, civil society and NGOs and the private sector will be enhanced in plan implementation.
- Work system to make the section and implementation cost of programs and projects run at the central, district and community level, be cost-effective, result oriented and with the sense of belonging among the service takers, will be adopted.
- Mechanism to make service takers participate in the implementation of programs/projects will be developed.

8. Major Programs

- A system to review and use information coming from every stage through MIS and other media from the project to NPC level will be developed.
- The task of making the budget amount, annual program and progress from the action site to the district level will be made public in a periodic way.
- An all-party mechanism will be formed at the district, town and village level and entrusted for the facilitation of implementation of the mechanism.
- Program to train the related staff and stakeholders for the adoption and implementation of the guidelines as per the Public Procurement Act and Regulations.
- Provisions will be made to carry out implementation only after making a work schedule for the implementation of approved annual programs of each and every development program/projects.
- Guidelines including the norms and social audit of the tasks to be done by users' groups, will be made and implemented.

9. Expected Outcomes

Specified goals and targets will be achieved, as the implementation of development programs will be well managed and effective.

Monitoring and Evaluation System

1. Background

Monitoring and evaluation has an important role to play as a management tool and process of achieving objectives and targets determined by plan through effective implementation of development plan. Performance has to be monitored in order to complete the development programs and projects in the stipulated quantity, quality, costs and time for the target of the periodic plan to be

accomplished. Monitoring of sustainability aspects and evaluation of different aspects has to be carried out to check whether beneficiaries could reap targeted outcomes from development policies, programs and projects in a sustainable way and thereby to check the impacts of those in their lifestyle. In the same way, it is necessary to monitor development results and poverty in order to adjust overall development process against its impacts on livelihoods of all regions, sex, social groups and backward group. By considering all of these facts, monitoring and evaluation system has to be made further effective so as to conduct review of past efforts and institutionalize monitoring and evaluation more effectively with necessary revisions and to especially monitor programs of reconstruction, rehabilitation and readjustment to be implemented during interim plan period and additional new programs.

2. Review of the Current Situation

Monitoring and evaluation division/section have been formed in all the development related ministries and monitoring section in some departments as well. In the Tenth Plan period, a separate system for poverty monitoring has been established in addition to the monitoring and evaluation system confined to fiscal and physical progress of projects and programs and system of regular monitoring and analysis of poverty based on monitoring indicators have been developed. Efforts and practices are underway to strengthen and institutionalize the poverty monitoring system from central to local level. In the past, the trend was to publish only the mid term progress of ongoing periodic plan, but since Tenth Plan annual progress has been published based on certain indicators of poverty reduction strategy. Similarly, institutionalization of district poverty monitoring and analysis system (DPMAS) has been started at the district level. All the DDCs are instructed to adapt this system and staffs of some DDCs are trained for the same. Nepal Living Standard Survey and Family Health Survey have been conducted during Tenth Plan period by improving lacking of household survey in order to document the changes occurred in economic and social status and condition of the general public.

In the process of evaluating impacts of development policy, program and projects, an evaluation study on policy effectiveness of competitive efficiency of Nepal's agriculture sector and study on cost effectiveness of some projects and programs have been carried out during Tenth Plan period. Similarly, Public Expenditure Tracking Survey (PETS) have been completed for education, health and roads sector with the reform objective by identifying time period for reaching allocated budget of projects and programs to implementing agency and service providing local level agencies.

During this period, pilot testing of people's feeling has been conducted through Citizen Report Card by preparing participatory poverty monitoring system in order to get people's feeling and their feedbacks on implementation and outputs of development projects and programs. Every year workshops at different levels have been organized and training programs have been conducted for human resources involved in monitoring and evaluation tasks. Similarly, Project Performance Information System (PPIS) has been updated with a view of

providing reliable information to policy making level on time by managing information on performance of development programs and projects and entry of annual program and progress report has been commenced.

Likewise, system has been adopted for conducting trimester and annual progress review of programs and projects based on output indicators and performance-oriented budget release by linking of budget release with project's performance. In the same way, uniformity has been made between formats of annual program and progress reports being used by National Planning Commission and Ministry of Finance.

3. Problems, Challenges and Opportunities

Problems

The following have emerged as major problems of monitoring and evaluation sector.

- Failure in holding the meetings of National Development Action Committee (NDAC) and Ministerial Development Action Committee (MDAC) on time.
- Non-utilization of results and feedbacks from monitoring and evaluation on formulation and implementation of development plans and projects.
- Lack of institutional strengthening, networking and coordination of monitoring and evaluation.
- No proper consideration on boosting the morale of involved human resources.
- Lack of continuation of working human resources.
- Non-utilization of Project Performance Information System as per its objectives.

Challenges

Institutionalization of monitoring and evaluation system by making contemporary revisions and enhancing effectiveness on implementation of development projects are major challenges. In the same way, commitment of the policy making level, continuation of trained and skilled human resources and abiding by the indicators and entire information delivery system are other challenges in the implementation of monitoring system. Adoption of harmonized monitoring and evaluation system, which deliver reliable, synchronized and disaggregated information and data as per the inclusive policy is another challenge.

Opportunities

Opportunity for objective monitoring at different levels has been provided by various initiations such as establishment of monitoring and evaluation divisions and sections in development related agencies, increase in capacity development efforts of the staffs, use of log frames in plan formulation and compulsory provision of log frame for approval of new projects and programs.

Importance placed to accountability, transparency and monitoring and evaluation system as important tool of implementation by stakeholders could also be considered as opportunities.

4. Long Term Vision

Contributing in accomplishing the set objectives by establishing monitoring and evaluation system as an effective and reliable managerial tool through institutional strengthening and developing the capacity to implement development plans, programs and projects in stipulated time, costs, quantity and quality is the long term vision of monitoring and evolution system.

5. Objective

To make monitoring and evaluation of development policies, projects/programs regular and reliable through institutional strengthening of monitoring and evaluation system and utilizing the feedbacks thereby in decision making process of policy making, formulation and implementation of development plan is the objective.

6. Strategies

- Strengthening of institutions and processes related with monitoring and evaluation already established at various levels and agencies.
- Institutionalization of poverty monitoring and analysis system, participatory poverty monitoring mechanism and district poverty monitoring and analysis system by making necessary revisions.
- Emphasize in linking performance evaluation of human resources working with projects with progress achieved by said program/projects and making monitoring and evaluation of development policies, projects and programs results-oriented and participatory.

7. Policy and Working Policies

- Holding the meetings of National Development Action Committee (NDAC) and Ministerial Development Action Committee (MDAC) will be regular and on time and their role will be made effective.
- Public policy on monitoring and evaluation of development programs/projects will be designed and implemented.
- Emphasis will be placed on human resource development for operation of monitoring and evaluation system and arrangements will be made to retain trained human resources for some time.
- Performance indicators of monitoring and evaluation system of program and projects and related formats will be revised from time to time.
- Divisions and sections of ministries and departments looking after planning and monitoring aspects will be made well equipped in terms of means, resources and knowledge and skills.
- Special monitoring will be carried out for reconstruction, rehabilitation and social inclusion programs.

- Network of Project Performance Information System will be developed at central level for smooth delivery of information related to monitoring and evaluation and enhancing the access to information.
- Network between the district and central level will be developed in order to make performance reports of programs/ projects operating in different districts and related information at the center available on time.
- Interim indicators included in Poverty Monitoring and Analysis System (PMAS) will be revised according to policies and programs of Interim Plan.
- District Poverty Monitoring and Analysis System (DPMAS) will be institutionalized with the support of the center for capacity development.
- A mechanism including civil society and political parties will be formed at the district, municipality and village levels and assigned with the responsibility of monitoring.
- Participatory monitoring mechanism will be institutionalized as a medium for participation of beneficiaries and target groups and to express their opinion.
- In addition to the performance monitoring of development projects, public hearing and social auditing will be carried out.
- Evaluation results of development policies, programs and projects will be utilized as the feedbacks for planning process.
- Performance evaluation of project chiefs will be linked to progress of program/ projects.
- Public Expenditure Tracking Survey will be further extended.
- Allocated budget, annual programs and progress of the projects from the field to district level will be made public periodically.
- Annual implementation schedule of development programs and projects will be prepared and field inspection and supervision of selected projects will be carried out.
- Monitoring and evaluation system will be made results-oriented.
- Arrangements will be made so that regular monitoring and coordination of development programs and projects would be carried out by Regional Administration Office and other regional offices.
- Women's participation in development programs will be evaluated by developing gender sensitive indicators.

8. Major Programs

- In addition to the existing systems, projects/programs get approval ensuring the participation of beneficiaries/targeted groups in monitoring and evaluation during the process of getting approval from National Planning Commission.

- Monitoring and evaluation based on disaggregated data and information in relation to outputs, effects and impacts of development programs in certain social groups, class, sex and geographic area will be carried out and national level household survey will also be provided with disaggregated data as far as possible.
- Responsibility of special monitoring of reconstruction, rehabilitation, reintegration and social inclusion programs will be assigned to concerned ministry and process and output monitoring of some programs will be carried out by committees to be formed in governorship of the concerned Member of the National Planning Commission which is composed of representatives from concerned government agency and civil society among others.
- Every year, one sector will be selected and survey will be carried out in the selected sector under the Public Expenditure Tracking Survey (PETS), which was started for identifying time period for reaching allocated budget of projects and programs to implementing agency and service received by the beneficiaries.
- Network of Project Performance Information System (PPIS), a computer software designed to make dissemination of information related to monitoring of development projects and programs and reporting process further planned, economic and smooth, will be extended upto development related ministries based on the experience of National Planning Commission with necessary revision.
- Managing for Development Results (MfDR) will be institutionalized in National Planning Commission and some selected ministries.
- District Poverty Monitoring and Analysis System (DPMAS) will gradually be institutionalized. Monitoring and evaluation system will be encouraged to link with the District Poverty Monitoring and Analysis System (DPMAS). Certain data and reports will be provided regularly to the District Information and Development Center (DIDC) of DDCs from municipality and VDCs including all sectoral offices and NGOs.
- District Information and Development Center (DIDC) will be strengthened and necessary support for capacity development of the involved human resources, and institutionalizing the system, will be provided by the National Planning Commission and Ministry of Local Development.
- Training programs at the central and district levels will be conducted as required for capacity development of human resources involved in monitoring and evaluation.
- Meetings of Ministerial Development Action Committee (MDAC) at the ministry level will be made regular and its role will be made effective. Meetings of National Development Action Committee (NDAC) will be organized regularly and entire development process will be reviewed and policy guidelines will be delivered.

- Every year, in addition to the system of regular progress report of development programs and projects, the National Planning Commission and concerned ministry will carry out on-site inspection and supervision of some projects, on a pilot basis.
- In the process of getting approval, arrangement will be made for allocating 0.5 percent of total costs of larger projects, which exceeds a certain amount, for monitoring and evaluation purpose.
- Every year technical audit of some projects will be carried out effectively for the evaluation of quality of projects.
- Annual programs will be monitored on the basis of outputs.

9. Expected Outcomes

- Improvements will be observed in completing development programs in stipulated quantity, time, cost and quality by regular, reliable and effective monitoring and evaluation of development programs/projects.
- Nepal will make maximum utilization of foreign assistance and the confidence of development partners towards Nepal will be enhanced.

ANNEXES

List of Annexes

| | <u>Page</u> |
|--|-------------|
| Annex 1: Process Followed in the Formulation of the Plan | A-1 |
| Annex 2: Quantitative Review of the Tenth Plan | A-4 |
| 2.1: Gross Domestic Product | A-4 |
| 2.2: Gross Domestic Product | A-5 |
| 2.3: Tenth Plan's Total and Sectoral Economic Growth Rate Target and Achievements | A-6 |
| 2.4: Sectoral Contribution in Gross Domestic Production | A-7 |
| 2.5: Private and Government Sector Gross Fixed Capital Formation, Investment and Growth Rate | A-8 |
| 2.6: Private and Government Sectors Gross Fixed Capital Formation, Investment and Growth Rate | A-8 |
| 2.7: Consumption, Savings and Investment | A-9 |
| 2.8: Regular Expenditure | A-10 |
| 2.9: Development Expenditure | A-10 |
| 2.10: Achievements in Development Expenditure by Economic Sectors | A-11 |
| 2.11: Achievements in Development Expenditure according to Economic Sectors | A-13 |
| 2.12: Development Expenditure: Target and Achievements by Economic Sectors | A-15 |
| 2.13: Revenue | A-16 |
| 2.14: Revenue | A-17 |
| 2.15: Structure of Revenue | A-18 |
| 2.16: Financial Status of Government | A-19 |
| 2.17: Financial Status of Government | A-20 |
| 2.18: Deficit Financing | A-21 |
| 2.19: Tenth Plan's Financial Targets and Achievements | A-22 |
| 2.20: Foreign Aid in Development Expenditure | A-22 |
| 2.21: Monetary Survey | A-23 |
| 2.22: Factors Influencing Money Supply | A-24 |
| 2.23: Sources and Use of resources of Commercial Banks | A-25 |
| 2.24: Loan Flow from Commercial Banks | A-26 |
| 2.25: National Urban Consumers' Price Index | A-27 |
| 2.26: Foreign Trade Situation | A-28 |
| 2.27: Foreign Trade Situation | A-29 |
| 2.28: Export of Some Major Commodities to India | A-30 |
| 2.29: Import of Some Major Commodities from India | A-32 |
| 2.30: Exports of Some Major Commodities to Other Countries | A-33 |
| 2.31: Imports of Some Major Commodities from Other Countries | A-34 |
| 2.32: Balance of Payments | A-35 |
| 2.33: Foreign Exchange Reserves in Banks | A-37 |

| | |
|---|-------|
| Annex 3: Policy and Result Matrix | A-38 |
| 3.1 Overall Economic Sector | A-38 |
| 3.2 Food Security | A-57 |
| 3.3 Peace, Reconstruction, Rehabilitation and Reintegration | A-65 |
| 3.4 Women Empowerment and Gender Equality | A-70 |
| 3.5 Dalit Upliftment and Development | A-78 |
| 3.6 Adibasi Janajati Development | A-86 |
| 3.7 Madeshi Community Development | A-92 |
| 3.8 Development of Muslim Community | A-98 |
| 3.9 People with Physical Disabilities | A-101 |
| 3.10 Agriculture | A-104 |
| 3.11 Co-operatives | A-116 |
| 3.12 Land Reform and Management | A-120 |
| 3.13 Forests and Soil Conservation | A-125 |
| 3.14 Culture, Tourism and Civil Aviation | A-134 |
| 3.15 Industry | A-147 |
| 3.16 Commerce | A-153 |
| 3.17 Supply Management | A-160 |
| 3.18 Labor Management and Employment Promotion | A-163 |
| 3.19 Transport Management | A-169 |
| 3.20 Education and Sports | A-172 |
| 3.21 Health | A-178 |
| 3.22 Population Management | A-183 |
| 3.23 Water Supply and Sanitation | A-186 |
| 3.24 Children | A-191 |
| 3.25 Youth | A-194 |
| 3.26 Senior Citizens | A-197 |
| 3.27 Natural Disaster Management | A-200 |
| 3.28 Local Development | A-202 |
| 3.29 NGOs | A-208 |
| 3.30 Road Transport | A-213 |
| 3.31 Electricity and Energy Sector | A-219 |
| 3.32 Irrigation | A-224 |
| 3.33 Water Induced Disaster Prevention | A-229 |
| 3.34 Information and Communication | A-231 |
| 3.35 Urban Development, Housing and Building | A-228 |
| 3.36 Environment | A-246 |
| 3.37 Science and Technology | A-250 |
| 3.38 Information Technology | A-254 |
| 3.39 Alternative Energy | A-257 |
| 3.40 Good Governance | A-261 |
| 3.41 Decentralization and Devolution | A-265 |
| 3.42 Planning and Statistical System Development | A-268 |
| 3.43 Implementation Management | A-270 |
| 3.44 Monitoring and Evaluation System | A-273 |
| Annex 4: Maps | A-276 |

Annex: I

Process Followed in the Formulation of the Plan

In the special context of the need to establish sustainable peace in the country, this Plan was formulated in a special manner, distinct from the traditional plan formulation process. The feelings of the Nepalese people expressed during the People's Movement – 2 have been further concretized through various agreements at the political level, the Interim Constitution and the common minimum program. With the idea of helping in the institutionalization of these concretized issues, this Plan was formulated by adopting following processes.

Vision Concept Draft

In accordance with the traditional periodic plan process, the Tenth Plan has come to end. In spite of this, for the period till the formation of the permanent elected government after the formulation of people's constitution by the Constituent Assembly, it has become relevant to prepare a short-term plan. Bearing this in mind, this Plan has been prepared. But without a definite long-term vision, the destination of the development process would not be clear, and inputs will not be effectively mobilized. The Plan has adopted the vision of ***Modern, Prosperous and Just Nepal*** and the overall objectives, strategies, policies and sectoral policies and programs included in the plan have been formulated in line with the vision.

Approach Paper Preparation

Prior to the preparation of the main document of the Plan, an Approach Paper was prepared adopting a participatory process. In order to make the planning process more participatory this time, different interactions were organized and suggestions of the general public were collected by visiting more than 70 VDCs of 30 districts.

Interaction at the Central Level

For the success of the development Plan it is essential to adopt participatory method right from its formulation. Recognizing this fact, suggestions and comments were solicited through interaction from political parties, civil society, and women's groups, NGOs/INGOs, private sector, occupational communities, persons with disability, etc., at different stages during the formulation of this Plan.

Regional and Local Interactions

Interaction programs have been organized for getting suggestions on the preliminary drafts of the Approach Paper at VDCs, districts and regional levels. In such programs, feelings of the people have been collected regarding the aspects that need to be included in the Plan.

In order to collect suggestions on the Approach Paper by conducting interactions at the district level, discussion programs were organized in 15 districts in total, with representatives of the districts from all geographical regions. These interaction programs were conducted with the participation of representatives from political parties, local bodies, NGOs, heads of district offices related to development, intellectuals, campus and school teachers and civil society representatives. The Member of the National Planning Commission looking after the particular development region presided over the district level interaction programs and priority was given to the participation of women *Dalit*, *Janajati*, persons with disability and disadvantaged groups.

For suggestions and comments on the draft document of the Approach Paper, regional workshops were organized in the regional headquarters of all five development regions. In the regional level interaction programs, proper representation of women, *Janajati*, *Dalit*, persons with disability, and *Madhesi* community was ensured. Representatives of major political parties, regional level civil society, intellectual groups, heads of regional offices, local bodies and development agencies, along with the Vice-Chairman and members of the NPC, participated in the regional seminars.

Suggestions of Legislative Parliament Committees

In order to get comments and directives on the Approach Paper, NPC officials made presentations to the Finance, Planning and Self-governance committees, of the Legislative Parliament and there were interactions with the Committee Members. In these interactions, the committees directed NPC to make the Plan based on the local realities and to give special priorities to disadvantaged regions in allocation of resources.

Suggestions of the Experts

In the process of finalizing the draft Approach Paper and the Plan, suggestions from experts on different sectoral subjects were taken. The experts made a progress review and prepared working papers on subjects to be incorporated in the future plans, participated in the interaction programs, and gave suggestions to the Commission.

Directives from National Development Council (NDC)

The draft of the Approach Paper of TYIP was presented in a two day meeting of the reconstituted NDC, participated by political parties, intellectual groups, women, *Dalit*, *Janajati*, persons with disability, social workers, and university officials. The NDC provided directives, suggestions and comments on the draft Approach Paper and it was revised accordingly.

Approval of the Approach Paper and Publication

The Approach Paper, revised in accordance with the NDC suggestion, was published with the approval of the Council of Ministers.

Involvement of the Ministries and Other Public Agencies

Constitutional organs, different ministries and other public agencies actively participated in the process of preparing the Approach Paper and the main document of the Plan. This Plan was thus prepared with collective involvement of NPC officials and staff members, consultants and the staff members of the ministries.

Extensive Workshop at the National Level

The expanded Plan document drafted as per the Approach Paper was revised after several discussions at different levels. In this process, an extensive workshop was organized with the participation of NPC officials and staffs, consultants and the ministry officials and staffs to ensure interrelationship between objectives, strategies, policies and working policies and programs of the sector plans, and to establish linkages between different sectoral plans and to draft policies.

Draft Preparation of the Main Document and Editing

Stakeholders including the civil society, government agencies, and the private sector were consulted for their suggestions not only in the process of preparing the Approach Paper, but also during the preparation of the Plan document. Its technical editing was done by experts and a language specialist.

Approval and Publication

The document, after endorsement by the National Planning Commission, was submitted to the Council of Ministers of the Government of Nepal and was published, after its approval.

Annex 2

Quantitative Review of the Tenth Plan

2.1: Gross Domestic Product (at current prices)

| Sectors | 2001/02 | 2002/03 | 2003/04 | 2004/2005 | 2005/06* | 2006/07** | <i>(In Rs. 10 millions)</i> | Average annual growth (%) |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------------|---------------------------|
| Agriculture, forest and fishery | 16609.00 | 17280.20 | 18612.50 | 19936.80 | 21101.00 | 22867.70 | | 6.60 |
| Non agriculture sector | 27796.20 | 30074.30 | 33186.80 | 36621.10 | 41207.30 | 46288.20 | | 10.74 |
| Manufacturing mining and quarrying | 3988.50 | 30074.30 | 4113.60 | 4418.00 | 4763.30 | 5090.00 | | 6.71 |
| Electricity, gas and water | 913.80 | 1144.70 | 1197.40 | 1278.20 | 1313.00 | 1353.00 | | 8.17 |
| Construction | 2883.80 | 3095.50 | 3325.40 | 3664.40 | 4081.10 | 4418.60 | | 8.91 |
| Trade, hotel and restaurant | 7192.10 | 7623.50 | 8816.10 | 8873.40 | 9947.10 | 10608.60 | | 8.08 |
| Transport and communication | 3495.90 | 3936.20 | 4628.30 | 5133.60 | 6471.10 | 8134.10 | | 18.40 |
| Finance and real estate | 4872.70 | 5111.20 | 5371.90 | 6558.40 | 7202.00 | 8123.20 | | 10.76 |
| Community and social services | 4449.40 | 5049.60 | 5429.70 | 6349.80 | 7103.00 | 8131.40 | | 12.82 |
| Total value added | 44405.20 | 47354.50 | 51799.30 | 56557.90 | 62308.30 | 69155.90 | | 9.23 |
| Indirect financial inter-mediation indirectly measured | 1365.50 | 1322.10 | 1729.40 | 1809.40 | 1941.20 | 2097.10 | | 8.96 |
| Tex less subsidies on products | 2904.60 | 3190.60 | 3605.00 | 4092.70 | 4279.80 | 4888.80 | | 10.97 |
| Gross domestic product (at producer's prices) | 45944.30 | 49223.00 | 53674.90 | 58841.20 | 64646.90 | 71947.60 | | 9.38 |

**2.2: Gross Domestic Product
(at 2001/02 constant prices)**

(In Rs. 10 millions)

| Sectors | 2001/02 | 2002/03 | 2003/04 | 2004/2005 | 2005/06* | 2006/07** | Average annual growth (%) |
|--|-----------------|-----------------|-----------------|------------------|-----------------|------------------|----------------------------------|
| Agriculture, forest and fishery | 16609.00 | 17161.90 | 17988.10 | 18617.60 | 18825.80 | 18949.24 | 2.67 |
| Non agriculture sector | 27796.25 | 25751.34 | 30275.73 | 31071.64 | 32492.18 | 33640.63 | 3.89 |
| Manufacturing mining and quarrying | 3988.50 | 3999.90 | 4088.53 | 4199.80 | 4294.80 | 4386.31 | 1.92 |
| Electricity, gas and water | 913.80 | 1087.80 | 1132.10 | 1177.00 | 1219.90 | 1259.14 | 6.62 |
| Construction | 2883.80 | 2944.40 | 2934.20 | 3019.20 | 3239.44 | 3288.10 | 2.66 |
| Trade, hotel and restaurant | 7192.10 | 7352.72 | 8161.40 | 7658.90 | 7957.50 | 7794.90 | 1.62 |
| Transport and communication | 3495.92 | 3677.62 | 3953.10 | 4031.50 | 4207.01 | 4548.14 | 5.40 |
| Finance and real estate | 4872.73 | 4748.00 | 4751.40 | 5415.80 | 5726.73 | 6220.34 | 5.00 |
| Community and social services | 4449.40 | 4940.90 | 5255.00 | 5569.44 | 5846.80 | 6143.70 | 6.67 |
| Total value added | 44405.25 | 45913.24 | 48263.83 | 49689.24 | 51317.98 | 52589.87 | 3.44 |
| Indirect financial inter-mediation indirectly measured | 1365.50 | 1275.20 | 1659.40 | 1762.80 | 1891.10 | 2043.10 | 8.39 |
| Tex less subsidies on products | 2904.60 | 3095.00 | 3361.00 | 3592.10 | 3528.10 | 3721.90 | 5.08 |
| Gross domestic product (at producer's prices) | 45944.35 | 47733.04 | 49965.43 | 51518.54 | 52954.98 | 54268.67 | 3.39 |

2.3: Tenth Plan's Total and Sectoral Economic Growth Rate Target and Achievements

(Percentage change)

| Description | Tenth Plan's targeted growth rate | | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Tenth Plan's average annual growth rate |
|--|-----------------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|---|
| | Normal growth | Expected growth | | | | | | | |
| Agriculture, irrigation and forest | 4.10 | 2.80 | 3.09 | 3.33 | 4.81 | 3.50 | 1.12 | 0.66 | 2.67 |
| Non agriculture | 7.50 | 5.20 | -1.20 | 3.40 | 5.30 | 2.60 | 4.60 | 3.60 | 3.59 |
| Manufacturing mining and quarrying | 7.80 | 5.40 | -4.45 | 0.28 | 2.22 | 2.72 | 2.26 | 2.13 | 1.92 |
| Electricity, gas and water | 11.10 | 8.10 | 11.37 | 19.04 | 4.07 | 3.97 | 3.64 | 3.22 | 6.62 |
| Construction | 7.90 | 5.50 | 6.41 | 2.10 | -0.35 | 2.90 | 7.30 | 1.50 | 2.66 |
| Trade, hotel and restaurants | 7.30 | 5.00 | -12.28 | 2.23 | 11.00 | -6.16 | 3.90 | -2.04 | 1.62 |
| Transport and communication | 7.70 | 5.50 | 8.37 | 5.20 | 7.49 | 1.98 | 4.35 | 8.11 | 5.40 |
| Finance and real estate | 5.30 | 3.70 | -2.85 | -2.56 | 0.07 | 13.98 | 5.74 | 8.62 | 5.00 |
| Social service | 8.10 | 5.70 | 12.02 | 11.05 | 6.36 | 5.98 | 4.98 | 5.08 | 6.67 |
| Total value added | 6.20 | 4.30 | 0.40 | 3.40 | 5.12 | 2.95 | 3.28 | 2.48 | 3.44 |
| Gross domestic product (at producer's prices) | | | 0.10 | 3.90 | 4.70 | 3.10 | 2.80 | 2.50 | 3.39 |

* Revised estimate

** Preliminary estimate

Source: Central Bureau of Statistic

2.4: Sectoral Contribution in Gross Domestic Production

(Percentage)

| Sectors | Base year 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07* | Annual Average |
|------------------------------------|------------------------------|----------------|----------------|----------------|----------------|-----------------|---------------------------|
| Agriculture, irrigation and forest | 37.40 | 36.50 | 35.90 | 35.20 | 33.90 | 33.10 | 34.92 |
| Non agriculture | 62.60 | 63.50 | 64.50 | 64.80 | 66.10 | 66.90 | 65.08 |
| Manufacturing mining and quarrying | 9.00 | 8.70 | 8.50 | 8.40 | 8.20 | 8.00 | 8.36 |
| Electricity, gas and water | 2.10 | 2.40 | 2.30 | 2.30 | 2.10 | 2.00 | 2.22 |
| Construction | 6.50 | 6.50 | 6.40 | 6.50 | 6.50 | 6.40 | 6.46 |
| Trade, hotel and restaurants | 16.20 | 16.10 | 17.00 | 15.70 | 16.00 | 15.30 | 16.02 |
| Transport and communication | 7.90 | 8.30 | 8.90 | 9.10 | 10.40 | 11.80 | 9.70 |
| Finance and real estate | 11.00 | 10.80 | 10.40 | 11.80 | 11.60 | 11.70 | 11.26 |
| Social service | 10.00 | 10.70 | 10.50 | 11.20 | 11.40 | 11.80 | 11.12 |
| Total value added | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

* Revised estimate

** Preliminary estimate

Source: Central Bureau of Statistics

**2.5: Private and Government Sector Gross Fixed Capital Formation, Investment and Growth Rate
(at current prices)**

(In Rs. 10 millions)

| Fiscal year | Private sector investment | Government investment | Gross fixed capital formation | Change in stocks | Total investment | Growth rate of investment (%) |
|---------------------|---------------------------|-----------------------|-------------------------------|------------------|------------------|-------------------------------|
| 2001/02 (base year) | 7244.99 | 1743.94 | 8988.93 | 313.05 | 9301.98 | |
| 2002/03 | 8335.38 | 1771.90 | 9807.28 | 731.09 | 10538.37 | 13.29 |
| 2003/04 | 9422.62 | 1795.51 | 10918.13 | 2248.90 | 13167.03 | 24.94 |
| 2004/05 | 10032.61 | 1721.28 | 11753.89 | 3836.77 | 15590.66 | 18.41 |
| 2005/06* | 11747.09 | 1790.43 | 13537.53 | 3261.59 | 16799.12 | 7.75 |
| 2006/07** | 12715.88 | 1903.90 | 14619.78 | 3618.64 | 18238.42 | 8.57 |
| Tenth Plan's total | 59498.57 | 10726.96 | 69625.54 | 14010.04 | 83635.58 | |

* Revised estimate

** Preliminary estimate

Source: Central Bureau of Statistics

**2.6: Private and Government Sectors Gross Fixed Capital Formation, Investment and Growth Rate
(at 2001/02 constant price)**

(In Rs. 10 millions)

| Financial year | Private sector investment | Government investment | Gross fixed capital formation | Change in stocks | Total investment | Growth rate of investment in % |
|---------------------|---------------------------|-----------------------|-------------------------------|------------------|------------------|--------------------------------|
| 2001/02 (base year) | 7244.99 | 1743.94 | 8988.93 | 313.05 | 9301.98 | |
| 2002/03 | 8086.33 | 1652.61 | 8606.22 | 602.86 | 8021.51 | -13.77 |
| 2003/04 | 9141.09 | 1674.63 | 9581.03 | 1854.45 | 10022.38 | 24.94 |
| 2004/05 | 9732.85 | 1605.39 | 10314.44 | 3163.81 | 11867.18 | 18.41 |
| 2005/06* | 11396.10 | 1669.89 | 11879.64 | 2689.52 | 12787.02 | 7.75 |
| 2006/07** | 12335.95 | 1775.72 | 12829.35 | 2983.94 | 13882.58 | 8.57 |
| Tenth Plan's total | 50692.32 | 8378.24 | 53210.67 | 11294.58 | 56580.67 | |

* Revised estimate

** Preliminary estimate

Source: Central Bureau of Statistics

2.7: Consumption, Savings and Investment

(In Rs. 10 millions)

| Particulars | Base year 2001/02 | 2002/03 | 2003/04 | 2004/2005 | 2005/06* | 2006/07** | Average annual growth rate in % |
|---|----------------------|----------|----------|-----------|----------|-----------|------------------------------------|
| At current prices | | | | | | | |
| Total consumption | 41584.32 | 45009.02 | 47368.52 | 52130.12 | 59535.53 | 65217.03 | 9.42 |
| Gross domestic savings | 4359.96 | 4214.11 | 6306.36 | 6811.03 | 5111.43 | 6730.64 | 9.07 |
| Gross national savings | 11118.08 | 11699.84 | 14626.83 | 16745.12 | 18221.65 | 20544.90 | 13.07 |
| Total investment | 9301.97 | 10538.37 | 13167.03 | 15590.66 | 16799.12 | 18238.42 | 14.41 |
| At 2001/02 constant prices | | | | | | | |
| Total consumption | 41584.32 | 43664.21 | 44179.44 | 45745.94 | 49093.19 | 49641.39 | 3.61 |
| Gross domestic savings | 4359.96 | 4088.20 | 5881.78 | 5976.91 | 4214.98 | 5123.18 | 3.28 |
| Gross national savings | 11118.08 | 11350.26 | 13642.08 | 14694.41 | 15025.63 | 15638.21 | 7.06 |
| Total investment | 9301.97 | 10223.50 | 12280.56 | 13681.33 | 13852.61 | 13882.58 | 8.34 |
| As a proportion of gross domestic product | | | | | | | |
| Percentage of Gross domestic savings | 9.49 | 8.56 | 11.75 | 11.56 | 7.91 | 9.35 | 9.83 |
| Percentage of total investment | 20.25 | 21.41 | 24.53 | 26.45 | 25.99 | 25.35 | 24.75 |
| Ratio of gross domestic savings to total investment (%) | 46.87 | 39.99 | 47.90 | 43.69 | 30.43 | 36.90 | 39.78 |
| Ratio of gross national savings to total investment (%) | 119.52 | 111.02 | 111.09 | 107.40 | 108.47 | 112.65 | 110.13 |

* Revised estimate

** Preliminary estimate

Source: Central Bureau of Statistics

2.8: Regular Expenditure

(In Rs. 10 millions)

| Fiscal year | at current prices | Percentage growth | at 2001/02 constant price | Percentage growth |
|---------------------|--------------------------|--------------------------|----------------------------------|--------------------------|
| 2001/02 (base year) | 4859.00 | 13.60 | 4859.00 | |
| 2002/03 | 5497.31 | 13.14 | 5246.26 | 7.97 |
| 2003/04 | 5850.27 | 6.42 | 5370.30 | 2.36 |
| 2004/05 | 6583.36 | 12.53 | 5781.80 | 7.66 |
| 2005/06 | 7085.12 | 7.62 | 5763.00 | -0.98 |
| 2006/07* | 7811.20 | 10.25 | 5970.80 | 3.61 |
| Tenth Plan's total | 32827.26 | 9.96 | 28132.15 | 4.21 |

* Revised estimate

Source: Various budgets, Ministry of Finance and various Medium Term Expenditure Frameworks, NPC.

2.9: Development Expenditure

(In Rs. 10 millions)

| Fiscal year | at current prices | Percentage growth | at 2001/02 constant price | Percentage growth |
|---------------------|--------------------------|--------------------------|----------------------------------|--------------------------|
| 2001/02 (base year) | 3148.22 | -15.10 | 3148.22 | |
| 2002/03 | 2903.30 | -7.78 | 2770.71 | -11.99 |
| 2003/04 | 3093.99 | 6.57 | 2840.15 | 2.51 |
| 2004/05 | 3672.68 | 18.70 | 3225.51 | 13.57 |
| 2005/06 | 4003.80 | 9.02 | 3256.67 | 0.97 |
| 2006/07* | 5373.11 | 34.20 | 4107.15 | 26.12 |
| Tenth Plan's total | 19046.88 | 11.28 | 16200.20 | 5.46 |

* Revised estimate

Source: Various budgets, Ministry of Finance and various Medium Term Expenditure Frameworks, NPC

**2.10: Achievements in Development Expenditure by Economic Sectors
(at current prices)**

| <i>(In Rs. 10 millions)</i> | | | | | | | | | | |
|-----------------------------|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------|---------------------------------|-------------------------|
| | Description | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Five year total expenditure | Total development expenditure % | Average annual growth % |
| A | Constitutional organs | 8 | 5 | 9 | 18 | 29 | 34 | 96 | 0.5 | 33.39 |
| 102 | Constitutional organs | 8 | 5 | 9 | 18 | 29 | 34 | 96 | 0.5 | 33.39 |
| B | General Administration | 34 | 13 | 18 | 32 | 14 | 45 | 122 | 0.6 | 5.72 |
| 103 | General Administration | 16 | 3 | 4 | 5 | 6 | 17 | 34 | 0.2 | 0.63 |
| 105 | Revenue and financial administration | 9 | 7 | 9 | 19 | 2 | 21 | 58 | 0.3 | 18.68 |
| 106 | Planning and statistics | 9 | 3 | 5 | 9 | 6 | 7 | 30 | 0.2 | -4.34 |
| C | Social services | 1040 | 1204 | 1331 | 1662 | 1905 | 2917 | 9019 | 47.4 | 22.91 |
| 108 | Education | 248 | 273 | 340 | 534 | 575 | 772 | 2494 | 13.1 | 25.48 |
| 109 | Health | 151 | 162 | 185 | 255 | 342 | 629 | 1573 | 8.3 | 33.05 |
| 110 | Drinking water | 190 | 214 | 257 | 213 | 271 | 479 | 1433 | 7.5 | 20.30 |
| 111 | Local development | 327 | 482 | 445 | 505 | 561 | 807 | 2801 | 14.7 | 19.81 |
| | Other social services | 124 | 74 | 105 | 155 | 155 | 257 | 746 | 3.9 | 15.72 |
| 112 | Population and environment | 2 | 1 | 3 | 3 | 1 | 0 | 8 | 0.0 | -36.29 |
| 113 | Women, children and social welfare | 19 | 16 | 18 | 28 | 24 | 23 | 109 | 0.6 | 3.44 |
| 114 | Youth, sports and culture | 51 | 17 | 26 | 32 | 33 | 32 | 140 | 0.7 | -8.77 |
| 115 | Housing | 33 | 14 | 27 | 37 | 38 | 64 | 179 | 0.9 | 13.99 |
| 116 | Other social activities | 19 | 25 | 31 | 55 | 60 | 139 | 310 | 1.6 | 48.86 |

| <i>(In Rs. 10 millions)</i> | | | | | | | | | | |
|-----------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------|---------------------------------|-------------------------|
| | Particulars | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Five year total expenditure | Gross development expenditure % | Average annual growth % |
| D | Financial services | 1734 | 1574 | 1677 | 1957 | 2055 | 2376 | 9639 | 50.6 | 6.50 |
| 117 | Agriculture | 201 | 184 | 188 | 218 | 256 | 427 | 1273 | 6.7 | 16.27 |
| 118 | Irrigation and water induced disasters | 314 | 214 | 227 | 212 | 263 | 313 | 1229 | 6.5 | -0.07 |
| 119 | Land reform and survey | 27 | 21 | 26 | 30 | 32 | 32 | 142 | 0.7 | 3.77 |
| 120 | Forestry | 63 | 63 | 61 | 78 | 50 | 56 | 308 | 1.6 | -2.41 |
| 121 | Industry | 66 | 63 | 40 | 35 | 32 | 33 | 203 | 1.1 | -12.87 |
| 122 | Communication | 48 | 167 | 35 | 63 | 30 | 43 | 339 | 1.8 | -2.03 |
| | Transportation | 464 | 387 | 429 | 441 | 442 | 658 | 2358 | 12.4 | 7.25 |
| 123 | Road transport | 445 | 387 | 429 | 441 | 437 | 654 | 2348 | 12.3 | 8.00 |
| 124 | Civil aviation | 19 | 0 | 0 | 0 | 5 | 5 | 10 | 0.1 | 4.34 |
| 125 | Electricity | 455 | 390 | 477 | 729 | 635 | 537 | 2768 | 14.5 | 3.37 |
| | Other financial services | 96 | 84 | 194 | 151 | 314 | 275 | 1018 | 5.3 | 23.46 |
| 126 | Tourism | 25 | 19 | 6 | 15 | 8 | 7 | 55 | 0.3 | -22.92 |
| 127 | Hydrology and meteorology | 15 | 6 | 4 | 5 | 5 | 6 | 26 | 0.1 | -17.68 |
| 128 | Supplies | 23 | 19 | 19 | 21 | 26 | 37 | 122 | 0.6 | 9.68 |
| 129 | Commerce | 7 | 9 | 6 | 6 | 5 | 4 | 30 | 0.2 | -10.28 |
| 130 | Labor | 13 | 7 | 6 | 8 | 6 | 9 | 36 | 0.2 | -7.70 |
| 131 | Others | 13 | 25 | 153 | 95 | 264 | 214 | 751 | 3.9 | 75.05 |
| E | Miscellaneous | 208 | 107 | 63 | 3 | 1 | 2 | 176 | 0.9 | -62.37 |
| | P1. total | 1573 | 1946 | 2348 | 2796 | 3105 | 4239 | 14433 | 75.8 | 21.93 |
| | P2. total | 1112 | 783 | 602 | 791 | 824 | 1054 | 4055 | 21.3 | -1.06 |
| | P3. total | 217 | 109 | 128 | 86 | 75 | 80 | 478 | 2.5 | -18.11 |
| | Other Gross | 246 | 66 | 15 | | | | 81 | 0.4 | |
| | Total (P1+P2+P3) | 2902 | 2837 | 3078 | 3673 | 4004 | 5373 | 18965 | 99.6 | 13.11 |
| | Total development expenditure | 3148 | 2903 | 3093 | 3673 | 4004 | 5373 | 19046 | 100.00 | 11.29 |

Note: P: Primary

Source: various Medium Term Expenditure Frameworks.

**2.11: Achievements in Development Expenditure according by Economic Sectors
(at constant prices of 2001/02)**

(In Rs. 10 millions)

| | Particulars | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Five year total expenditure | Gross development expenditure % | Average annual growth % |
|----------|--------------------------------------|----------------|----------------|----------------|----------------|-----------------|------------------|------------------------------------|--|--------------------------------|
| A | Constitutional organs | 8 | 5 | 8 | 16 | 24 | 26 | 79 | 0.49 | 26.41 |
| 102 | Constitutional organs | 8 | 5 | 8 | 16 | 24 | 26 | 79 | 0.49 | 26.41 |
| B | General Administration | 34 | 12 | 17 | 28 | 11 | 34 | 103 | 0.63 | 0.19 |
| 103 | General Administration | 16 | 3 | 4 | 4 | 5 | 13 | 28 | 0.17 | -4.64 |
| 105 | Revenue and financial administration | 9 | 7 | 8 | 17 | 2 | 16 | 50 | 0.31 | 12.47 |
| 106 | Planning and statistics | 9 | 3 | 5 | 7 | 5 | 6 | 25 | 0.16 | -9.34 |
| C | Social services | 1040 | 1149 | 1222 | 1460 | 1549 | 2230 | 7610 | 46.98 | 16.48 |
| 108 | Education | 248 | 261 | 312 | 469 | 468 | 590 | 2100 | 12.96 | 18.92 |
| 109 | Health | 151 | 155 | 170 | 224 | 278 | 481 | 1307 | 8.07 | 26.08 |
| 110 | Drinking water | 190 | 204 | 236 | 187 | 220 | 366 | 1213 | 7.49 | 14.00 |
| 111 | Local development | 327 | 460 | 408 | 443 | 457 | 617 | 2386 | 14.73 | 13.54 |
| | Other social services | 124 | 71 | 96 | 136 | 126 | 197 | 626 | 3.86 | 9.67 |
| 112 | Population and environment | 2 | 1 | 3 | 2 | 1 | 0 | 7 | 0.04 | -39.62 |
| 113 | Women, children and social welfare | 19 | 15 | 17 | 25 | 19 | 17 | 93 | 0.58 | -1.97 |
| 114 | Youth, sports and culture | 51 | 16 | 24 | 28 | 27 | 25 | 120 | 0.74 | -13.54 |
| 115 | Housing | 33 | 13 | 25 | 32 | 31 | 49 | 150 | 0.93 | 8.03 |
| 116 | Other social activities | 19 | 24 | 28 | 48 | 49 | 106 | 256 | 1.58 | 41.07 |

| (In Rs. 10 millions) | | | | | | | | | | |
|----------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------------|---------------------------------|-------------------------|
| | Particulars | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Five year total expenditure | Total development expenditure % | Average annual growth % |
| D | Financial services | 1734 | 1502 | 1539 | 1719 | 1671 | 1816 | 8248 | 50.92 | 0.93 |
| 117 | Agriculture | 201 | 176 | 173 | 191 | 208 | 327 | 1074 | 6.63 | 10.19 |
| 118 | Irrigation and water induced disasters | 314 | 204 | 208 | 186 | 214 | 239 | 1052 | 6.49 | -5.30 |
| 119 | Land reform and survey | 27 | 20 | 24 | 26 | 26 | 25 | 121 | 0.75 | -1.66 |
| 120 | Forestry | 63 | 60 | 56 | 69 | 41 | 43 | 268 | 1.66 | -7.52 |
| 121 | Industry | 66 | 60 | 37 | 31 | 26 | 25 | 179 | 1.10 | -17.43 |
| 122 | Communication | 48 | 159 | 32 | 55 | 25 | 33 | 305 | 1.88 | -7.15 |
| 123 | Transportation | 464 | 369 | 394 | 388 | 359 | 503 | 2013 | 12.43 | 1.64 |
| 124 | Road transport | 445 | 369 | 394 | 388 | 356 | 500 | 2006 | 12.38 | 2.35 |
| 125 | Civil aviation | 19 | 0 | 0 | 0 | 4 | 3 | 7 | 0.04 | -28.76 |
| 126 | Electricity | 455 | 372 | 438 | 640 | 516 | 411 | 2377 | 14.67 | -2.03 |
| 127 | Other financial services | 96 | 80 | 178 | 133 | 255 | 211 | 857 | 5.29 | 17.01 |
| 128 | Tourism | 25 | 18 | 6 | 13 | 6 | 5 | 49 | 0.30 | -26.96 |
| 129 | Hydrology and meteorology | 15 | 6 | 4 | 4 | 4 | 4 | 22 | 0.14 | -21.99 |
| 130 | Supplies | 23 | 18 | 17 | 19 | 21 | 28 | 103 | 0.64 | 3.94 |
| 131 | Commerce | 7 | 9 | 6 | 6 | 4 | 3 | 27 | 0.17 | -14.97 |
| 132 | Labor | 13 | 7 | 6 | 7 | 5 | 7 | 31 | 0.19 | -12.53 |
| 133 | Others | 13 | 24 | 140 | 83 | 215 | 163 | 626 | 3.86 | 65.89 |
| E | Miscellaneous | 208 | 102 | 58 | 3 | 1 | 1 | 165 | 1.02 | -64.34 |
| P1. | Total | 1593 | 1857 | 2155 | 2455 | 2525 | 3240 | 12233 | 75.52 | 15.55 |
| P2. | Total | 1112 | 747 | 553 | 695 | 670 | 806 | 3471 | 21.43 | -6.23 |
| P3. | Total | 217 | 104 | 117 | 76 | 61 | 61 | 419 | 2.59 | -22.39 |
| | Others Total | 246 | 63 | 14 | 0 | 0 | 0 | 77 | 0.47 | |
| | Total (P1+P2+P3) | 2902 | 2707 | 2825 | 3226 | 3257 | 4107 | 16122 | 99.53 | 7.19 |
| | Total development expenditure | 3148 | 2770 | 2839 | 3226 | 3257 | 4107 | 16199 | 100.00 | 5.46 |

Source: Various Medium Term Expenditures Frameworks.

**2.12: Development Expenditure: Target and Achievements by Economic Sectors
(at 2001/02 constant prices)**

(In Rs. 10 millions)

| Regions | Tenth Plan's target 6.2% | | Tenth Plan's target 4.3% | | Amount of expenditure | Normal economic growth (4.3%) in comparison to targeted growth | Total development expenditure % |
|---|--------------------------|-----------------------------------|--------------------------|-----------------------------------|-----------------------|--|---------------------------------|
| | Amount | Total development expenditure (%) | Amount | Total development expenditure (%) | | | |
| Financial services | 5489 | 23.3 | 4156.5 | 23.3 | 2905 | 69.89 | 17.93 |
| Agriculture | 1786 | 7.6 | 1352.3 | 7.6 | 1075 | 79.49 | 6.64 |
| Irrigation | 2275 | 9.7 | 1722.5 | 9.7 | 1052 | 61.07 | 6.49 |
| Forestry | 496 | 2.1 | 375.5 | 2.1 | 268 | 71.37 | 1.65 |
| Land reform and survey | 237 | 1 | 179.4 | 1 | 121 | 67.45 | 0.75 |
| Tourism | 260 | 1.1 | 197.9 | 1.1 | 49 | 24.76 | 0.30 |
| Industry | 227.1 | 1 | 170.6 | 1 | 179 | 104.92 | 1.11 |
| Commerce | 56.1 | 0.2 | 42.7 | 0.2 | 27 | 63.23 | 0.17 |
| Supplies | 116.8 | 0.5 | 89 | 0.5 | 103 | 115.73 | 0.64 |
| Labor | 35 | 0.1 | 26.6 | 0.1 | 31 | 116.54 | 0.19 |
| Infrastructure | 7243.2 | 31 | 5532.7 | 31 | 4695 | 84.86 | 28.98 |
| Transportation and communication | 3642.8 | 15.6 | 2834.8 | 15.9 | 2318 | 81.77 | 14.31 |
| Electricity and other energy | 3600.4 | 15.4 | 2697.9 | 15.1 | 2377 | 88.11 | 14.67 |
| Social services | 9038.6 | 38.7 | 6902 | 38.7 | 7632 | 110.58 | 47.11 |
| Education | 1880 | 8 | 1435.6 | 8 | 2100 | 146.28 | 12.96 |
| Health | 1400 | 6 | 1069.1 | 6 | 1307 | 122.25 | 8.07 |
| Drinking water | 2922 | 12.5 | 2231.3 | 12.5 | 1213 | 54.36 | 7.49 |
| Local development | 2470 | 10.6 | 1886.1 | 10.6 | 2386 | 126.50 | 14.73 |
| Other social services | 366.6 | 1.6 | 279.9 | 1.6 | 626 | 223.65 | 3.86 |
| Administration and contingencies | 1632.1 | 7 | 1243.8 | 7 | 967 | 77.75 | 5.97 |
| Total development expenditure | 23403 | 100 | 17835 | 100 | 16199 | 90.83 | 100.00 |

Source: various medium term expenditure frameworks.

**2.13: Revenue
(at current prices)**

(In Rs. 10 millions)

| S.No. | Revenue description | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Tenth plan's annual growth rate |
|-------|---|---------|---------|---------|---------|----------|-----------|---------------------------------|
| | | Amount | Amount | Amount | Amount | Amount | Amount | |
| 1 | Custom duties | 1265.87 | 1423.64 | 1555.48 | 1570.16 | 1534.37 | 1691.12 | 5.96 |
| | Export tax | 967.84 | 1056.77 | 1066.69 | 1229.91 | 1174.45 | 1357.50 | 7.00 |
| | Import tax | 91.74 | 85.56 | 52.71 | 69.79 | 62.56 | 69.28 | -5.46 |
| | Indian Excise Refund | 170.09 | 237.06 | 388.27 | 218.83 | 231.44 | 217.61 | 5.05 |
| | Others | 36.21 | 44.25 | 47.81 | 51.63 | 65.95 | 46.72 | 5.23 |
| 2 | Taxes on consumption goods and services | 1607.43 | 1824.48 | 2070.56 | 2533.13 | 2812.18 | 3474.12 | 16.67 |
| | Excise duty | 380.70 | 478.51 | 622.67 | 644.59 | 650.69 | 868.62 | 17.94 |
| | Sales Tax (VAT) | 1226.73 | 1345.97 | 1447.89 | 1888.54 | 2161.07 | 2605.50 | 16.26 |
| | Air transport tax | | | | | 0.19 | 0.00 | |
| 3 | Land revenue and registration | 113.18 | 141.43 | 169375 | 179.75 | 218.03 | 286.35 | 20.40 |
| | Land revenue | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Land - building and registration | 113.10 | 141.43 | 169.75 | 179.75 | 218.03 | 286.35 | 20.42 |
| 4 | Property, profit and income tax | 946.57 | 869.14 | 1021.51 | 1127.26 | 1178.11 | 1553.02 | 10.41 |
| | Income tax | 843.60 | 710.21 | 851.25 | 940.24 | 1093.35 | 1460.74 | 11.61 |
| | Urban real estate tax | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Others | 102.74 | 158.93 | 170.26 | 187.02 | 84.76 | 92.28 | -2.12 |
| | Total tax-revenue | 3933.05 | 4258.69 | 4817.30 | 5410.30 | 5742.69 | 7004.61 | 12.24 |
| | Fees, fines & confiscation | 51.88 | 57.96 | 120.25 | 135.99 | 470.54 | 464.05 | 54.99 |
| | Government property, service and commodity sale/lease | 261.12 | 306.30 | 347.70 | 384.99 | 115.07 | 114.06 | -15.27 |
| | Profit | 251.28 | 249.76 | 266.11 | 458.99 | 339.48 | 428.78 | 11.28 |
| | Royalty and government property sale | 72.39 | 194.55 | 146.50 | 193.14 | 119.56 | 154.32 | 16.35 |
| | Principal and interest payment | 310.94 | 246.43 | 350.71 | 271.43 | 324.82 | 298.67 | -0.80 |
| | Miscellaneous | 163.88 | 309.28 | 182.53 | 147.26 | 116.04 | 149.04 | -1.88 |
| | Total non tax revenue | 1111.49 | 1364.28 | 1413.80 | 1591.80 | 1485.51 | 1608.92 | 7.68 |
| | Total revenue | 5044.54 | 5622.97 | 6231.10 | 7002.10 | 7228.20 | 8613.53 | 11.29 |

* Revised estimate

Source: Various Economic Surveys and Budgets.

**2.14: Revenue
(in 2001/02 constant price)**

(In Rs. 10 millions)

| S.No. | Revenue description | 2001/02 Amount | 2002/03 Amount | 2003/04 Amount | 2004/05 Amount | 2005/06* Amount | 2006/07** Amount | Tenth plan's annual growth rate |
|-------|---|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------|---------------------------------------|
| 1 | Custom duties | 1265.87 | 1358.56 | 1427.83 | 1379.03 | 1248.06 | 1292.71 | 0.42 |
| | Export tax | 967.84 | 1008.46 | 979.15 | 1080.19 | 955.30 | 1037.69 | 1.40 |
| | Import tax | 91.74 | 81.65 | 48.38 | 61.29 | 50.89 | 52.96 | -10.41 |
| | Indian Excise Refund | 170.09 | 226.22 | 356.41 | 192.19 | 188.25 | 166.34 | -0.44 |
| | Others | 36.21 | 42.23 | 43.89 | 45.35 | 53.64 | 35.71 | -0.28 |
| 2 | Taxes on consumption goods and services | 1607.43 | 1741.08 | 1900.64 | 2224.78 | 2287.44 | 2655.65 | 10.56 |
| | Excise duties | 380.70 | 453.64 | 571.57 | 566.13 | 529.27 | 663.95 | 11.77 |
| | Sales Tax (VAT) | 1226.73 | 1284.45 | 1329.07 | 1658.65 | 1757.82 | 1991.67 | 10.18 |
| | Air transport tax | | 0.00 | 0.00 | 0.00 | 0.15 | 0.00 | |
| 3 | Land revenue and registration | 113.18 | 134.97 | 155.82 | 157.87 | 177.35 | 218.89 | 14.10 |
| | Land revenue | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Land - building and registration | 113.10 | 134.97 | 155.82 | 157.87 | 177.35 | 218.89 | 14.12 |
| 4 | Property, profit and income tax | 946.57 | 829.41 | 937.68 | 990.04 | 958.28 | 1187.14 | 4.63 |
| | Income tax | 843.60 | 677.75 | 781.39 | 825.79 | 889.34 | 1116.60 | 5.77 |
| | Urban real estate tax | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| | Others | 102.74 | 151.67 | 156.29 | 164.25 | 68.94 | 70.54 | -7.24 |
| | Total tax-revenue | 3933.06 | 4064.02 | 4421.98 | 4751.71 | 4671.13 | 5354.39 | 6.36 |
| | Fees, fines & confiscation | 51.88 | 55.31 | 110.38 | 119.44 | 382.74 | 354.72 | 46.89 |
| | Government property, service and commodity sale/lease | 261.12 | 292.30 | 319.17 | 338.13 | 93.60 | 87.19 | -19.70 |
| | Profit | 251.28 | 238.34 | 244.27 | 403.12 | 276.13 | 327.76 | 5.46 |
| | Royalty and government property sale | 72.39 | 185.66 | 134.48 | 169.63 | 97.25 | 117.96 | 10.26 |
| | Principal and interest payment | 310.94 | 235.17 | 321.93 | 238.39 | 264.21 | 228.31 | 5.99 |
| | Miscellaneous | 163.88 | 295.14 | 167.55 | 129.33 | 94.39 | 113.93 | -7.01 |
| | Total non tax revenue | 1111.49 | 1301.92 | 1297.78 | 1398.03 | 1208.32 | 1229.87 | 2.04 |
| | Total revenue | 5044.55 | 5365.94 | 5719.75 | 6149.75 | 5879.46 | 6584.26 | 5.47 |

2.15: Structure of Revenue

| S.No. | Revenue description | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Average Tenth plan total |
|-------|---|---------|---------|---------|---------|----------|-----------|--------------------------------|
| | | Amount | Amount | Amount | Amount | Amount | Amount | |
| 1 | Custom duties | 25.09 | 25.32 | 24.96 | 22.42 | 21.23 | 19.63 | 22.71 |
| | Export tax | 19.19 | 18.79 | 17.12 | 17.56 | 16.25 | 15.76 | 17.10 |
| | Import tax | 1.82 | 1.52 | 0.85 | 1.00 | 0.87 | 0.80 | 1.01 |
| | Indian Excise Refund | 3.37 | 4.22 | 6.23 | 3.13 | 3.20 | 2.53 | 3.86 |
| | Others | 0.72 | 0.79 | 0.77 | 0.74 | 0.91 | 0.54 | 0.75 |
| 2 | Taxes on consumption goods and services | 31.86 | 32.45 | 33.23 | 36.18 | 38.91 | 40.33 | 36.22 |
| | Excise duty | 7.55 | 8.51 | 9.99 | 9.21 | 9.00 | 10.08 | 9.36 |
| | Sales tax (VAT) | 24.32 | 23.94 | 23.24 | 26.97 | 29.90 | 30.25 | 26.86 |
| | Air transport tax | 0.00 | | | | | | |
| 3 | Land revenue and registration | 2.24 | 2.52 | 2.72 | 2.57 | 3.02 | 3.32 | 2.83 |
| | Land revenue | 0 | | | | | | |
| | Land - building and registration | 2.24 | 2.52 | 2.72 | 2.57 | 3.02 | 3.32 | 2.83 |
| 4 | Property, profit and income tax | 18.76 | 15.46 | 16.39 | 16.10 | 16.30 | 18.03 | 16.46 |
| | Income tax | 16.72 | 12.63 | 13.66 | 13.43 | 15.13 | 16.96 | 14.36 |
| | Urban real estate tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Others | 2.04 | 2.83 | 2.73 | 2.67 | 1.17 | 1.07 | 2.09 |
| | Total tax-revenue | 77.97 | 75.74 | 77.31 | 77.27 | 79.45 | 81.32 | 78.22 |
| | Fees, fines & confiscation | 1.03 | 1.03 | 1.93 | 1.94 | 6.51 | 5.39 | 3.36 |
| | Government property, service and commodity sale/lease | 5.18 | 5.45 | 5.58 | 5.50 | 1.59 | 1.32 | 3.89 |
| | Profit | 4.98 | 4.44 | 4.27 | 6.56 | 4.70 | 4.98 | 4.99 |
| | Royalty and government property sale | 1.44 | 3.46 | 2.35 | 2.76 | 1.65 | 1.79 | 2.40 |
| | Principal and interest payment | 6.16 | 4.38 | 5.63 | 3.88 | 4.49 | 3.47 | 4.37 |
| | Miscellaneous | 3.25 | 5.50 | 2.93 | 2.10 | 1.61 | 1.73 | 2.77 |
| | Total non tax revenue | 22.03 | 24.26 | 22.69 | 22.73 | 20.55 | 18.68 | 21.78 |
| | Total revenue | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

2.16: Financial Position of Government (at current prices)

| S. No. | Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/2005 | | 2005/06* | | 2006/07** | | Total of Tenth Plan | Tenth Plan annual average growth % |
|-----------|--|---------|---------|----------|---------|----------|----------|-----------|----------|----------|----------|-----------|----------|------------------------|---|
| | | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | |
| | Total expenditure | 8007.2 | 8400.6 | 4.91 | 8944.3 | 6.47 | 10256.04 | 14.67 | 11088.92 | 8.12 | 13185.10 | 18.90 | 51874.93 | 10.49 | |
| | Current expenditure | 4886.39 | 5209.05 | 6.60 | 5555.21 | 6.65 | 6168.64 | 11.04 | 6701.78 | 8.64 | 8033.11 | 19.87 | 31667.79 | 10.45 | |
| | Capital expenditure | 2477.34 | 2235.61 | -9.76 | 2309.56 | 3.31 | 2734.07 | 18.38 | 2960.66 | 8.29 | 3637.99 | 22.88 | 13877.89 | 7.99 | |
| | Principle payment expense | 643.49 | 955.95 | 48.56 | 1079.49 | 12.92 | 1353.33 | 25.37 | 1426.48 | 5.41 | 1514.00 | 6.14 | 6329.25 | 18.66 | |
| 1 | Development expenditure | 3148.22 | 2903.30 | -7.78 | 3093.99 | 6.57 | 3672.68 | 18.70 | 4003.80 | 9.02 | 5373.11 | 34.20 | 19046.88 | 11.28 | |
| 2 | Sources of financing development expenditure | | | | | | | | | | | | | | |
| 2.1 | Internal source | 1709.74 | 1314.75 | 23.10 | 1202.75 | -8.52 | 1306.95 | 8.66 | 1799.62 | 29.98 | 2746.20 | 52.60 | 8370.27 | 9.94 | |
| 2.1.1 | Revenue saving | 185.55 | 125.67 | -32.27 | 382.83 | 204.63 | 428.91 | 12.04 | 143.09 | -81.35 | 802.35 | 460.74 | 1882.85 | 34.02 | |
| | Revenue | 5044.6 | 5622.98 | 11.47 | 6233.1 | 10.85 | 7012.3 | 12.50 | 7228.21 | 3.08 | 8613.55 | 19.17 | 34710.11 | 11.29 | |
| | Regular expenditure | 4859.00 | 5497.31 | 13.14 | 5850.3 | 6.42 | 6583.4 | 12.53 | 7085.12 | 7.62 | 7811.20 | 10.25 | 32827.26 | 9.96 | |
| 2.1.2 | Other sources | 1524.19 | 1189.08 | -21.99 | 819.92 | -31.05 | 878.04 | 7.09 | 1656.53 | -8.20 | 1943.85 | 17.34 | 6487.42 | 4.98 | |
| | Internal borrowings | 800.00 | 888.00 | 11.00 | 560.78 | -36.85 | 893.81 | 59.39 | 1183.42 | 32.40 | 1790.00 | 51.26 | 5316.01 | 17.48 | |
| | Change in capital stocks savings | 724.19 | 301.08 | -58.43 | 259.14 | -13.93 | -15.77 | -106.09 | 473.11 | - | 153.85 | -67.48 | 1171.41 | | |
| | | | | | | | | | | 2319.53 | | | | | |
| 2.2 | External source (foreign aid) | 1438.5 | 1588.6 | 10.43 | 1891.2 | 19.05 | 2365.7 | 25.09 | 2204.18 | -1.83 | 2627.70 | 19.21 | 10677.40 | 12.81 | |
| 2.2.1 | Foreign grants | 668.61 | 1133.91 | 69.59 | 1128.34 | -0.49 | 1439.12 | 27.54 | 1382.75 | -4.05 | 1594.60 | 15.32 | 6678.72 | 18.99 | |
| 2.2.2 | Foreign loans | 769.87 | 454.64 | -40.95 | 762.9 | 67.80 | 926.61 | 21.46 | 821.43 | -11.35 | 1033.10 | 25.77 | 3998.68 | 6.06 | |

* Revised estimate

**2.17: Financial Position of Government
(at 2001/02 constant prices)**

| Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/2005 | | 2005/06* | | 2006/07** | | Total of Tenth Plan | Tenth Plan annual average growth % |
|--|---------|---------|----------|---------|----------|---------|-----------|---------|----------|----------|-----------|----------|---------------------|------------------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | | | |
| Total expenditure | 8007.22 | 8016.61 | 0.12 | 8210.26 | 2.42 | 9007.59 | 9.71 | 9019.78 | 0.14 | 10078.81 | 11.74 | 44333.06 | 4.71 | |
| Current expenditure | 4886.39 | 4970.94 | 1.73 | 5099.33 | 2.58 | 5417.74 | 6.24 | 5451.26 | 0.62 | 6140.58 | 12.65 | 27079.86 | 4.68 | |
| Capital expenditure | 2477.34 | 2133.42 | -13.88 | 2120.03 | -0.63 | 2401.26 | 13.27 | 2408.22 | 0.29 | 2780.91 | 15.48 | 11843.83 | 2.34 | |
| Principle payment expense | 643.49 | 912.25 | 41.77 | 990.90 | 8.62 | 1188.59 | 19.15 | 1160.30 | -2.38 | 1157.32 | -3.37 | 5409.37 | 12.46 | |
| Development expenditure | 3148.22 | 2770.59 | -11.78 | 2840.09 | 2.51 | 3225.61 | 13.57 | 3256.71 | -0.62 | 4107.25 | 26.12 | 16200.25 | 5.46 | |
| Sources of financing development expenditures | | | | | | | | | | | | | | |
| Internal source | 1709.74 | 1254.65 | -26.62 | 1104.05 | -12.00 | 1147.86 | 3.97 | 1463.82 | -35.15 | 2099.22 | 43.41 | 7069.60 | 4.19 | |
| Revenue saving | 185.55 | 119393 | -35.37 | 351.41 | 193.03 | 376.70 | -3.62 | 116.39 | -82.73 | -388.21 | -763.54 | 576.22 | | |
| Revenue | 5044.55 | 5365.95 | 6.37 | 5721.59 | 6.63 | 6158.68 | 7.64 | 5879.46 | -4.53 | 6584.28 | 11.99 | 29709.95 | 5.47 | |
| Regular expenses | 4859 | 5246.03 | 7.97 | 5370.18 | 2.37 | 5781.98 | 7.67 | 5763.07 | -0.33 | 5970.95 | 3.61 | 28132.20 | 4.21 | |
| Other sources | 1524.19 | 1134.73 | -25.55 | 752.63 | -33.67 | 771.16 | 2.46 | 1347.43 | -14.98 | 1485.90 | 10.28 | 5491.84 | -5.63 | |
| Internal borrowings | 800.00 | 847.41 | 5.93 | 514.76 | -39.25 | 785.01 | 52.50 | 962.60 | 22.62 | 1368.29 | 42.15 | 4478.07 | 11.33 | |
| Change in capital stocks- savings | 724.19 | 287.32 | -60.33 | 237.87 | -17.21 | -13.85 | -105.82 | 384.83 | - | 117.60 | -69.44 | 1013.78 | | |
| External source (foreign aid) | 1438.48 | 1515.94 | 5.38 | 1736.04 | 14.52 | 2077.75 | 19.68 | 1792.89 | -13.71 | 2008.64 | 12.03 | 9131.26 | 6.91 | |
| Foreign grants | 668.61 | 1082.08 | 61.54 | 1035.74 | -4.28 | 1263.94 | 22.03 | 1124.74 | -11.01 | 1218.93 | 8.37 | 5725.42 | 12.76 | |
| Foreign loans | 769.87 | 433.86 | -43.65 | 700.29 | 61.41 | 813.82 | 16.21 | 668.16 | -17.90 | 789.71 | 18.19 | 3405.83 | 0.51 | |

* Revised estimate

2.18: Deficit Financing*

(In Rs. 10 millions)

| Fiscal year | Deficit Financing | Deficit Financing at 2001/02 prices | Proportion of Deficit Financing to GDP | Proportion of Deficit Financing in domestic resources |
|----------------------------|-------------------|-------------------------------------|--|---|
| 2001/02 (base year) | 1524.19 | 1524.19 | 3.32 | 89.15 |
| 2002/03 | 1189.08 | 1134.73 | 2.42 | 90.44 |
| 2003/04 | 819.92 | 752.63 | 1.53 | 68.17 |
| 2004/05 | 878.04 | 771.16 | 1.49 | 67.18 |
| 2005/06 | 1656.53 | 1347.43 | 2.53 | 92.05 |
| 2006/07* | 1943.85 | 1485.90 | 2.07 | 70.78 |
| Total of Tenth Plan | 6487.42 | 5491.84 | | |

* Revised estimate

Source: Nepal Rastra Bank

**2.19: Tenth Plan's Financial Targets and Achievements
(In 2001/02 constant price)**

| S.No. | Particulars | Tenth Plan's target 6.2% economic growth rate | | Tenth Plan's target 4.3% economic growth rate | | Tenth Plan's Achievements | | Target achievement % in comparison to 40.3% economic growth rate |
|-------|--|---|--------|---|--------|---------------------------|--------|--|
| | | Rs. In Crore | % | Rs. In Crore | % | Rs. In Crore | % | |
| | Total expenditure | 50,520.00 | 100.00 | 45,625.00 | 100.00 | 44,333.06 | 100.00 | 97.17 |
| 1 | Development expenditure | 23,403.00 | 46.30 | 17,835.00 | 39.10 | 16,200.25 | 36.54 | 90.83 |
| 2 | Sources for development expenditure | | 100.00 | | 100.00 | | 100.00 | |
| 2.1 | Internal source | 9940.00 | 42.50 | 5,866.00 | 32.90 | 7069.59 | 43.64 | 120.52 |
| 2.1.1 | Revenue saving (revenue-general expenditure) | 4,999.00 | 21.40 | 1337.00 | 7.50 | 1577.75 | 9.74 | 118.01 |
| a | Revenue | 32,116.00 | | 29,127.00 | | 29,709.95 | | 102.00 |
| b | General expenditure | 27,117.00 | 53.70 | 27,790.00 | 60.90 | 28,132.20 | 63.46 | 101.23 |
| 2.1.2 | Other sources | 4941.00 | 21.10 | 4529.00 | 25.40 | 5,491.84 | 33.90 | 121.26 |
| a | Internal borrowings | 4,941.00 | 21.10 | 4,529.00 | 25.40 | 5,491.84 | 33.90 | 121.26 |
| 2.2 | Foreign aid | 13,462.00 | 57.50 | 11,969.00 | 67.10 | 9,131.25 | 53.36 | 76.29 |
| 2.2.1 | Foreign grants | 5,385.00 | 23.00 | 5,147.00 | 28.90 | 5,725.42 | 35.34 | 111.24 |
| 2.2.2 | Foreign loans | 8,077.00 | 34.50 | 6,822.00 | 38.20 | 3,405.83 | 21.02 | 49.92 |

Source: Ministry of Finance

2.20: Foreign Aid in Development Expenditure

(In percentage)

| Fiscal year | Foreign grant in development expenditure | Foreign loan in development expenditure | Foreign aid in development expenditure |
|---------------------|--|---|--|
| 2001/02 (base year) | 21.24 | 24.45 | 45.69 |
| 2002/03 | 39.06 | 15.66 | 54.72 |
| 2003/04 | 36.47 | 24.66 | 61.13 |
| 2004/05 | 39.18 | 25.23 | 64.41 |
| 2005/06 | 34.54 | 20.52 | 55.05 |
| 2006/07* | 29.68 | 19.23 | 48.90 |
| Tenth plan average | 35.06 | 20.99 | 56.84 |

2.21: Monetary Survey

| S.No. | Particulars | As of Mid- July | | | | | | Annual growth rate % |
|-------|--|-----------------|----------|----------|----------|----------|----------|----------------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | 2007* | |
| 1 | Net foreign Assets | 8841.91 | 9140.70 | 10880.46 | 10774.44 | 13943.91 | 13188.91 | 8.33 |
| 2 | Total domestic credit | 20732.30 | 22844.38 | 25108.89 | 28024.04 | 30206.93 | 36066.87 | 11.71 |
| 3 | Net Clearing on Government | 5957.66 | 6282.50 | 6723.08 | 6389.45 | 7056.74 | 7845.42 | 5.66 |
| 4 | Claims on Public Enterprises | 1443.11 | 1466.19 | 1625.88 | 1932.90 | 1718.07 | 873.71 | -9.55 |
| a | Financial | 1135.51 | 1182.87 | 1334.39 | 1276.28 | 1271.98 | 362.22 | -20.43 |
| b | Non financial | 307.60 | 283.32 | 291.49 | 656.62 | 446.09 | 511.49 | 10.71 |
| 5 | Claims on private sector | 13331.53 | 15095.69 | 17251.65 | 19701.69 | 22536.79 | 28950.12 | 16.78 |
| 6 | Fixed and saving deposits | 14683.21 | 16215.72 | 18333.64 | 20023.42 | 23303.30 | 26863.02 | 12.84 |
| 7 | Unclassified net liabilities | 7175.38 | 7393.97 | 8258.77 | 8754.25 | 9408.73 | 9723.72 | 6.27 |
| 8 | Money supply (M1) | 7715.62 | 8375.41 | 9396.96 | 10020.57 | 11438.80 | 12669.03 | 10.43 |
| a | Money | 5565.83 | 5688.52 | 6321.89 | 6878.41 | 7792.63 | 8351.58 | 8.45 |
| b | Current deposits | 2149.79 | 2686.89 | 3075.07 | 3142.13 | 3646.23 | 4317.43 | 14.97 |
| 9 | Money supply (M2) | 22398.83 | 24591.13 | 27730.60 | 30043.99 | 34744.21 | 39532.05 | 12.03 |
| 10 | Net domestic Assets | 13556.92 | 15450.41 | 16850.12 | 19269.79 | 20798.19 | 26343.15 | 14.21 |
| 11 | Percentage change in Money supply (M1) | 9.30 | 8.60 | 12.20 | 6.60 | 14.00 | 12.10 | |
| 12 | Percentage change in Money supply (M2) | 4.40 | 9.80 | 12.80 | 8.30 | 15.60 | 14.00 | |

* Preliminary estimate

Source: Nepal Rastra Bank

2.22: Factors Influencing Money Supply

| S.No. | Particulars | Annual change (Mid- July) | | | | |
|-------|----------------------------------|---------------------------|---------|---------|-----------|----------|
| | | 2001/02 | 2002/03 | 2003/04 | 2004/2005 | 2005/06* |
| 1 | Net foreign Assets | 62.11 | 298.79 | 1739.76 | -106.02 | 3179.10 |
| 2 | Net Assets | 891.31 | 1893.50 | 1399.70 | 2419.70 | 1503.50 |
| 3 | Total domestic borrowings | 1945.20 | 2112.10 | 2264.51 | 3406.90 | 2186.20 |
| 4 | Net borrowings to the Government | 1038.60 | 324.80 | -51.10 | 649.80 | 670.60 |
| 5 | Loan to the corporations | 250.87 | 23.08 | 159.70 | 307.00 | -214.80 |
| | a. Financial | 165.57 | 47.40 | 151.50 | -57.10 | -4.30 |
| | b. Non financial | 85.30 | -24.30 | 8.20 | 365.10 | -210.50 |
| 6 | Loan to the Private sector | 655.74 | 1764.20 | 2156.00 | 2450.00 | 1730.40 |
| 7 | Net non monetary liabilities | 1053.90 | 218.60 | 864.80 | 986.20 | 682.70 |
| 8 | Money supply M2 (9+10) | 953.42 | 2192.21 | 3139.52 | 2313.38 | 4682.60 |
| 9 | Money supply M1 (a+b) | 657.93 | 659.70 | 1021.60 | 623.60 | 1402.70 |
| | a. Money | 736.32 | 122.70 | 633.30 | 556.50 | 898.70 |
| | b. Current deposit | -78.39 | 537.00 | 388.30 | 67.10 | 504.00 |
| 10 | Fixed, savings and deposits | 295.49 | 1532.51 | 2117.92 | 1689.78 | 3279.90 |
| | | | | | | 3487.00 |

* Preliminary estimate

Source: Nepal Rastra Bank

2.23: Sources and Use of resources of Commercial Banks (in mid July)

(In Rs. 10 millions)

| S. No. | Description | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | 2007* | | tenth plan annual growth % |
|-----------|-----------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|--------|----------------------------------|
| | | Rupees | Rupees | Growth % | Rupees | Growth % |
| 1 | Total deposits | 18372.81 | 20273.38 | 10.34 | 23257.63 | 14.72 | 25046.49 | 7.69 | 29042.76 | 15.96 | 33445.33 | 15.16 | 12.73 | |
| 2 | current deposits | 2374.92 | 2829.94 | 19.16 | 3303.87 | 16.75 | 3412.00 | 3.27 | 3689.80 | 8.14 | 4269.22 | 15.70 | 12.44 | |
| 3 | Saving deposits | 8381.77 | 9723.64 | 16.01 | 11410.63 | 17.35 | 13001.36 | 13.94 | 15157.32 | 16.58 | 17463.39 | 15.21 | 15.81 | |
| 4 | Fixed deposits | 7437.37 | 7534.84 | 1.31 | 8326.82 | 10.51 | 8413.74 | 1.04 | 9947.54 | 18.23 | 11403.25 | 14.63 | 8.92 | |
| 5 | Margin deposits | 178.75 | 184.96 | 3.47 | 216.31 | 16.95 | 219.40 | 1.43 | 248.09 | 13.08 | 309.47 | 24.74 | 11.60 | |
| 6 | Borrowings from Nepal Rastra Bank | 104.37 | 94.74 | -9.23 | 47.79 | -49.56 | 172.40 | 260.74 | 32.92 | -80.90 | 187.08 | 468.29 | 12.38 | |
| 7 | Other foreign liabilities | 22.84 | 13.42 | -41.24 | 52.14 | 288.52 | 2.76 | -94.71 | 0.77 | -72.10 | 162.85 | 21049.35 | 48.12 | |
| 8 | Net other resources | 3527.10 | 3933.71 | 11.53 | 4504.44 | 14.51 | 5887.36 | 30.70 | 5787.70 | -1.69 | 7908.60 | 36.64 | 17.53 | |
| 9 | Total resource utilization | 22027.12 | 24315.25 | 10.39 | 27862.00 | 14.59 | 31109.02 | 11.65 | 34864.14 | 12.07 | 41703.86 | 19.62 | 13.62 | |
| 10 | Cash and bank resources | 4695.19 | 4133.00 | -11.97 | 5038.46 | 21.91 | 4942.69 | -1.90 | 6061.70 | 22.64 | 6461.51 | 6.60 | 6.59 | |
| 11 | Cash | 490.89 | 472.33 | -3.78 | 428.38 | -9.30 | 477.30 | 11.42 | 590.86 | 23.79 | 735.98 | 24.56 | | |
| 12 | Reserve in Nepal Rastra Bank | 1816.78 | 1651.90 | -9.08 | 2486.71 | 50.54 | 2023.40 | -18.63 | 2290.73 | 13.21 | 2286.83 | -0.17 | 4.71 | |
| 13 | Foreign currency in cash | 61.69 | 72.16 | 16.97 | 43.51 | -39.70 | 37.48 | -13.86 | 39.92 | 6.51 | 45.40 | 13.73 | -5.95 | |
| 14 | Reserve foreign countries | 2325.83 | 1936.61 | -16.73 | 2079.86 | 7.40 | 2404.51 | 15.61 | 3140.19 | 30.60 | 3393.30 | 8.06 | 7.85 | |
| 15 | Credit and investments | 17331.92 | 20182.25 | 16.45 | 22823.49 | 13.09 | 26086.74 | 14.30 | 28696.90 | 10.01 | 33848.47 | 17.95 | 14.32 | |
| 16 | Claims on government | 2914.38 | 3946.93 | 35.43 | 4379.63 | 10.96 | 4855.07 | 10.86 | 5845.80 | 20.41 | 6585.00 | 12.64 | 17.71 | |
| 17 | Claims on public enterprises | 1276.05 | 1310.44 | 2.70 | 1469.07 | 12.11 | 1799.39 | 22.48 | 1613.37 | -10.34 | 616.15 | -61.81 | -13.55 | |
| 18 | Claims on private sector | 13008.84 | 14807.32 | 13.83 | 16869.28 | 13.93 | 19327.00 | 14.57 | 21111.30 | 9.23 | 26536.06 | 25.70 | 15.32 | |
| 19 | Foreign bills purchase | 132.65 | 117.56 | -11.38 | 105.51 | -10.25 | 105.28 | -0.22 | 126.43 | 20.09 | 111.26 | -12.00 | -3.46 | |
| 20 | Loan and borrowing deposits/ratio | 7.85 | 8.01 | 2.04 | 7.93 | -1.00 | 8.48 | 6.94 | 78.70 | 828.07 | 82.10 | 4.32 | 59.92 | |

* Preliminary estimate

Source: Nepal Rastra Bank

2.24: Loan Flow from Commercial Banks*

| Region | Fiscal year | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2059/60 | 2060/61 | 2061/62 | 2062/63 | 2063/64** |
| Agriculture*** | 373.45 | 490.19 | 441.55 | 457.20 | 1464.90 |
| Mines | 39.94 | 33.66 | 52.03 | 47.77 | 108.48 |
| Manufacturing sector | 4291.05 | 4718.15 | 5374.42 | 5643.22 | 5975.26 |
| Construction | 272.92 | 498.67 | 872.30 | 1339.80 | 1722.95 |
| Metal industry, machinery and electrical equipments and installations | 143.01 | 145.07 | 179.75 | 159.09 | 268.59 |
| Transportation, equipments production and assembling | 135.98 | 277.67 | 315.63 | 265.87 | 300.20 |
| Communication and general services | 652.34 | 796.36 | 899.72 | 1169.75 | 1286.33 |
| Wholesale and retail business | 2755.53 | 3172.89 | 3441.27 | 3507.36 | 4289.70 |
| Securities, insurance and fixed assets/property | 425.03 | 485.70 | 639.10 | 1002.40 | 1194.61 |
| Service industry | 1221.25 | 1421.69 | 1498.48 | 1406.26 | 1605.42 |
| Consumption loan | 336.46 | 440.00 | 358.80 | 583.94 | 965.13 |
| Local government | 1.05 | 0.23 | 0.01 | 0.00 | 0.00 |
| Others | 1428.35 | 1227.81 | 1859.26 | 2054.30 | 2098.81 |
| Total | 12075.46 | 13708.09 | 15932.32 | 17636.96 | 21280.38 |

* New format according to sectoral category

** Not refined.

*** Except the deposit by the branches of Agricultural Development Bank at the central office.

Source: Nepal Rastra Bank

2.25: National Urban Consumers' Price Index
(Base Year 2001/02 = 100)

| Groups and sub-groups | Fiscal year | | | | | | annual change % | | | | | Annual average % change |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-------------|-------------|-------------|-------------|-------------------------|
| | 2001/02 | 2002/03 | 2003/04 | 2004/2005 | 2005/06* | 2006/07** | 2002/03 | 2003/04 | 2004/2005 | 2005/06 | 2006/07 | |
| Food and Beverages | 137.90 | 144.00 | 148.80 | 154.70 | 166.80 | 178.80 | 4.42 | 3.33 | 3.97 | 7.82 | 7.19 | 5.33 |
| Restaurants – drinks | 168.20 | 174.10 | 183.20 | 192.60 | 204.00 | 210.70 | 3.51 | 5.23 | 5.13 | 5.92 | 3.28 | 4.61 |
| Food and other food items | 127.70 | 138.20 | 139.80 | 145.10 | 164.60 | 175.10 | 8.22 | 1.16 | 3.79 | 13.44 | 6.38 | 6.52 |
| Rice | 125.80 | 136.60 | 138.00 | 142.40 | 163.60 | 168.10 | 8.59 | 1.02 | 3.19 | 14.89 | 2.75 | 5.97 |
| Pulses | 123.90 | 125.30 | 126.10 | 131.60 | 150.40 | 175.90 | 1.13 | 0.64 | 4.36 | 14.29 | 16.95 | 7.26 |
| Vegetables and fruits | 135.00 | 135.70 | 140.30 | 146.90 | 153.80 | 170.80 | 0.52 | 3.39 | 4.70 | 4.70 | 11.05 | 4.82 |
| Spices | 156.10 | 142.30 | 148.00 | 146.50 | 149.10 | 182.60 | -8.84 | 4.01 | -1.01 | 1.77 | 22.47 | 3.19 |
| Meat, fish and eggs | 143.50 | 148.20 | 158.30 | 168.50 | 174.80 | 186.30 | 3.28 | 6.82 | 6.44 | 3.74 | 6.58 | 5.36 |
| Dairy and dairy products | 146.40 | 147.80 | 150.40 | 151.10 | 158.10 | 169.90 | 0.96 | 1.76 | 0.47 | 4.63 | 7.46 | 3.02 |
| Oil and ghee | 114.50 | 136.90 | 153.70 | 150.80 | 147.40 | 157.30 | 19.56 | 12.27 | -1.89 | -2.25 | 6.72 | 6.56 |
| Sugar and sweets | 133.80 | 124.50 | 123.90 | 154.60 | 163.70 | 152.00 | -6.95 | -0.48 | 24.78 | 5.89 | -7.15 | 2.58 |
| Drinks | 151.20 | 161.60 | 162.10 | 165.00 | 180.70 | 188.10 | 6.88 | 0.31 | 1.79 | 9.52 | 4.10 | 4.46 |
| Non food and services | 147.20 | 154.60 | 161.80 | 170.10 | 183.90 | 194.10 | 5.03 | 4.66 | 5.13 | 8.11 | 5.55 | 5.69 |
| Cloths and clothing | 133.80 | 135.70 | 138.10 | 141.50 | 145.40 | 148.60 | 1.42 | 1.77 | 2.43 | 2.76 | 2.20 | 2.12 |
| Cloths | 125.50 | 124.70 | 126.30 | 130.70 | 133.70 | 135.60 | -0.64 | 1.28 | 3.48 | 2.30 | 1.42 | 1.53 |
| Cloths and tailoring | 133.50 | 136.60 | 138.10 | 140.50 | 144.60 | 147.90 | 2.32 | 1.10 | 1.74 | 2.92 | 2.28 | 2.07 |
| Shoes-slippers | 131.20 | 132.80 | 133.30 | 133.90 | 137.80 | 143.50 | 1.22 | 0.38 | 0.45 | 2.91 | 4.14 | 1.81 |
| Housing services | 144.50 | 153.00 | 163.10 | 178.10 | 200.90 | 215.40 | 5.88 | 6.60 | 9.20 | 12.80 | 7.22 | 8.31 |
| Fuel, electricity and water | 168.60 | 182.60 | 200.80 | 230.30 | 277.60 | 301.50 | 8.30 | 9.97 | 14.69 | 20.54 | 8.61 | 12.33 |
| Transport and communication | 162.40 | 172.20 | 185.20 | 198.20 | 232.80 | 254.80 | 6.03 | 7.55 | 7.02 | 17.46 | 9.45 | 9.43 |
| Medicine and medical services | 153.50 | 163.20 | 169.30 | 172.10 | 176.50 | 181.00 | 4.28 | 3.74 | 1.65 | 2.56 | 2.55 | 2.95 |
| Education and recreation | 159.30 | 174.10 | 182.10 | 190.10 | 200.00 | 211.80 | 9.29 | 4.60 | 4.39 | 5.21 | 5.90 | 5.86 |
| Cigarettes | 146.30 | 150.50 | 153.20 | 156.20 | 163.10 | 173.10 | 2.87 | 1.79 | 1.96 | 4.42 | 6.13 | 3.42 |
| All goods and services | 142.10 | 148.90 | 154.80 | 161.80 | 174.70 | 185.90 | 4.79 | 3.96 | 4.52 | 7.97 | 6.41 | 5.52 |

Source: Nepal Rastra Bank

2.26: Foreign Trade Situation (at current prices)

(In Rs. 10 millions)

| Description | 2001/02 | 2002/03 | | 2003/04 | | 2004/2005 | | 2005/06* | | 2006/07** | | Average annual growth % |
|------------------------|----------|----------|----------|----------|----------|-----------|----------|-----------|----------|-----------|----------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | |
| Export (F.O.B) | 4694.48 | 4993.06 | 6.36 | 5391.07 | 7.97 | 5870.57 | 8.89 | 6023.42 | 2.60 | 6079.58 | 0.93 | 5.31 |
| India | 2795.62 | 2643.00 | -5.46 | 3077.71 | 16.45 | 3891.69 | 26.45 | 4071.48 | 4.62 | 4187.48 | 2.85 | 8.42 |
| Other countries | 1898.86 | 2350.06 | 23.76 | 2313.36 | -1.56 | 1978.88 | -14.46 | 1951.94 | -1.36 | 1892.10 | -3.07 | -0.07 |
| Import (C.I.F) | 10738.90 | 12435.21 | 15.80 | 13627.71 | 9.59 | 14947.36 | 9.68 | 17378.02 | 16.23 | 19170.84 | 10.32 | 12.29 |
| India | 5662.21 | 7092.42 | 25.26 | 7873.95 | 11.02 | 8867.55 | 12.62 | 10714.30 | 20.83 | 11774.00 | 9.89 | 15.77 |
| Other countries | 5076.69 | 5342.79 | 5.24 | 5753.76 | 7.69 | 6079.81 | 5.67 | 6663.72 | 9.60 | 7396.84 | 11.00 | 7.82 |
| Trade | -6044.42 | -7442.15 | 23.12 | -8236.64 | 10.68 | -9076.79 | 10.20 | -11354.60 | 25.09 | -13091.26 | 15.29 | 16.71 |
| India | -2866.59 | -4449.42 | 55.22 | -4796.24 | 7.79 | -4975.86 | 3.75 | -6642.82 | 33.50 | -7586.52 | 14.21 | 21.49 |
| Other countries | -3177.83 | -2992.73 | -5.82 | -3440.40 | 14.96 | -4100.93 | 19.20 | -4711.78 | 14.90 | -5504.74 | 16.83 | 11.61 |
| Total trade | 15433.38 | 17428.27 | 12.93 | 19018.78 | 9.13 | 20817.93 | 9.46 | 23401.44 | 12.41 | 25250.42 | 7.90 | 17.60 |
| India | 8457.83 | 9735.42 | 15.11 | 10951.66 | 12.49 | 12759.24 | 16.51 | 14785.78 | 15.88 | 15961.48 | 7.95 | 13.54 |
| Other countries | 6975.55 | 7692.85 | 10.28 | 8067.12 | 4.87 | 8058.69 | -0.10 | 8615.66 | 6.91 | 9288.94 | 7.81 | 5.90 |
| Total trade percentage | 100.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 0.00 |
| India | 54.80 | 55.86 | | 57.58 | | 61.29 | | 63.18 | | 63.21 | | 2.90 |
| Other countries | 45.20 | 44.14 | | 42.42 | | 38.71 | | 36.82 | | 36.82 | | -4.02 |

* Revised estimate

** Preliminary estimate

Source: Nepal Rastra Bank.

**2.27: Foreign Trade Situation
(at 2001/02 constant prices)**

(In Rs. 10 millions)

| Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/2005 | | 2005/06* | | 2006/07** | | Average annual growth % |
|------------------------|----------------|---------------|-----------------|---------------|-----------------|---------------|------------------|---------------|-----------------|---------------|------------------|--------|--------------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | | |
| Export (F.O.B) | 4694.48 | 4764.82 | 1.50 | 4948.66 | 3.86 | 5155.95 | 4.19 | 4899.48 | -4.97 | 4647.29 | -5.15 | -0.20 | |
| India | 2795.62 | 2522.19 | -9.78 | 2825.14 | 12.01 | 3417.96 | 20.98 | 3311.76 | -3.11 | 3200.95 | -3.35 | 2.74 | |
| Other countries | 1898.86 | 2242.64 | 18.10 | 2123.52 | -5.31 | 1737.99 | -18.15 | 1587.72 | -8.65 | 1446.34 | -8.90 | -5.30 | |
| Import (C.I.F) | 10738.90 | 11866.79 | 10.50 | 12509.37 | 5.41 | 23127.84 | 4.94 | 14135.37 | 7.67 | 14654.36 | -53.63 | 6.41 | |
| India | 5662.21 | 6768.22 | 19.53 | 7227.79 | 6.79 | 7788.12 | 7.75 | 8715.06 | 11.90 | 9000.15 | -89.67 | -30.78 | |
| Other countries | 5076.69 | 5098.57 | 0.43 | 5281.59 | 3.59 | 5339.72 | 1.10 | 5420.30 | 1.51 | 5654.21 | 4.32 | 2.18 | |
| Trade Balance | -6044.42 | -7101.97 | 17.50 | -7560.71 | 6.46 | -7971.89 | 5.44 | -9235.90 | 15.86 | -10007.05 | 8.35 | 10.61 | |
| India | -2866.59 | -4246.03 | 47.12 | -4402.64 | 3.69 | -4370.16 | -0.74 | -5403.31 | 23.64 | -5799.21 | 7.33 | 15.13 | |
| Other countries | -3177.83 | -2855.93 | -10.13 | -3158.07 | 10.58 | -3601.73 | 14.05 | -3832.59 | 6.41 | -4207.84 | 9.79 | 5.78 | |
| Total trade | 15433.38 | 16631.62 | 7.76 | 17458.03 | 4.97 | 18283.80 | 4.73 | 19034.85 | 4.11 | 19301.62 | 1.40 | 4.57 | |
| India | 8457.83 | 9290.41 | 9.84 | 10052.93 | 8.21 | 11206.08 | 11.47 | 12026.83 | 7.32 | 12201.10 | 1.45 | 7.60 | |
| Other countries | 6975.55 | 7341.21 | 5.24 | 7405.10 | 0.87 | 7077.72 | -4.42 | 7008.02 | -0.98 | 7100.55 | 1.32 | 0.36 | |
| Total trade percentage | 100.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 100.00 | 0.00 | 0.00 | |
| India | 54.80 | 55.86 | | 57.58 | | 61.29 | | 63.18 | | 63.21 | | | |
| Other countries | 45.20 | 44.14 | | 42.42 | | 38.71 | | 36.82 | | 36.79 | | | |

* Revised estimate

** Preliminary estimate

Source: Nepal Rastra Bank.

**2.28: Export of Some Major Commodities to India
(at current prices)**

(In Rs. 10 millions)

| Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/05 | | 2005/06* | | 2006/07** | | Average annual growth % |
|-------------------------|---------|--------|----------|--------|----------|--------|----------|--------|----------|--------|-----------|--------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | |
| Rice | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Maize | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | |
| Mustard and Linseed | 10.2 | 4.67 | 357.84 | 3.76 | -19.49 | 4.43 | 17.82 | 4.75 | 7.22 | 2.33 | -50.95 | 17.96 | |
| Herbs | 84.1 | 11.19 | 33.06 | 9.15 | -18.23 | 13.24 | 44.70 | 13.35 | 0.83 | 10.43 | -21.87 | 4.40 | |
| Ghee | 60.0 | 5.46 | -9.00 | 7.65 | 40.11 | 8.31 | 8.63 | 10.30 | 23.95 | 8.14 | -20.97 | 6.29 | |
| Dried ginger | 8.05 | 10.84 | 34.66 | 7.80 | -28.04 | 8.01 | 2.69 | 6.22 | -22.35 | 4.96 | -20.26 | -9.23 | |
| Pulses | 100.57 | 88.04 | -12.46 | 57.91 | -34.22 | 66.71 | 15.20 | 64.32 | -3.58 | 30.69 | -52.29 | -21.13 | |
| Kutch | 0.88 | 1.12 | 27.27 | 1.32 | 17.86 | 1.41 | 6.82 | 4.21 | 198.58 | 0.25 | -94.06 | -22.25 | |
| Animals | 5.62 | 6.25 | 11.21 | 5.51 | -11.84 | 5.60 | 1.63 | 5.80 | 3.57 | 2.00 | -65.52 | -18.67 | |
| Flour | 4.44 | 0.71 | -84.01 | 3.22 | 353.52 | 0.04 | -98.76 | 0.00 | -100.00 | 0.35 | | -39.84 | |
| Ginger | 20.79 | 31.54 | 51.71 | 28.71 | -8.97 | 16.10 | -43.92 | 27.52 | 70.93 | 54.13 | 96.69 | 21.09 | |
| Oil cake | 30.26 | 31.11 | 2.81 | 32.41 | 4.18 | 31.71 | -2.16 | 29.16 | -8.04 | 31.81 | 9.09 | 1.00 | |
| Catechu | 18.04 | 14.54 | -19.40 | 16.25 | 11.76 | 43.87 | 169.97 | 38.24 | -12.83 | 54.28 | 41.95 | 24.65 | |
| Rice bran oil | 9.06 | 21.00 | 131.79 | 19.47 | -7.29 | 19.90 | 2.21 | 11.26 | -43.42 | 17.83 | 58.35 | 14.50 | |
| Sal seed oil | 0.16 | 0.19 | 18.75 | 0.00 | -100.00 | 0.00 | | 0.00 | | 0.00 | | | |
| Raw jute | 0.83 | 0.00 | -100.00 | 0.09 | | 0.00 | -100.00 | 0.05 | | 0.16 | 220.00 | -28.05 | |
| Jute cutting | 0.00 | 0.00 | | 0.00 | | 0.13 | | 4.82 | 3607.69 | 0.00 | -100.00 | | |
| Jute goods | 163.01 | 189.9 | 16.50 | 188.26 | -0.86 | 269.35 | 43.07 | 263.68 | -2.11 | 275.68 | 4.55 | 11.08 | |
| a. Hessian | 4.47 | 4.42 | -1.12 | 14.35 | 224.66 | 17.61 | 29.69 | 46.45 | 149.60 | 37.51 | -19.25 | 53.03 | |
| b. Sacking | 60.92 | 85.59 | 40.50 | 105.65 | 23.44 | 145.62 | 37.83 | 126.54 | -13.10 | 140.86 | 11.32 | 18.25 | |
| c. Twines | 97.62 | 99.89 | 2.33 | 68.26 | -31.66 | 105.12 | 54.00 | 90.69 | -13.73 | 97.31 | 7.30 | -0.06 | |
| Cardamom | 35.99 | 46.96 | 30.48 | 45.10 | -3.96 | 60.70 | 34.59 | 60.81 | 0.18 | 84.81 | 39.47 | 18.70 | |
| Noodles | 22.70 | 30.97 | 36.43 | 25.97 | -16.14 | 36.93 | 42.20 | 41.47 | 12.29 | 23.74 | -42.75 | 0.90 | |
| Cattle feed | 21.50 | 40.59 | 88.79 | 55.09 | 35.72 | 54.74 | -0.64 | 45.46 | -16.95 | 8.03 | -82.34 | -17.88 | |
| Toothpaste | 160.67 | 100.28 | -37.59 | 147.88 | 47.47 | 128.30 | -13.24 | 73.08 | -43.04 | 66.34 | -9.22 | -16.21 | |
| Polyester yarn | 5.65 | 5.93 | 5.49 | 10.90 | 82.89 | 189.63 | 1639.72 | 347.63 | 83.32 | 224.04 | -35.55 | 108.76 | |
| Medicine (Ayurvedic) | 58.34 | 74.31 | 27.37 | 28.99 | -60.99 | 19.75 | -31.87 | 30.11 | 52.46 | 14.55 | -51.68 | -24.25 | |
| Soap | 52.89 | 46.92 | -11.29 | 53.96 | 15.00 | 36.80 | -31.80 | 36.36 | -1.20 | 50.27 | 38.26 | -1.01 | |
| Vegetable ghee | 708.14 | 381.23 | -46.16 | 295.90 | -22.38 | 463.59 | 56.67 | 383.17 | -16.70 | 413.65 | 7.12 | -10.19 | |
| Pashmina | 63.73 | 47.56 | -25.37 | 37.31 | -21.55 | 34.15 | -8.47 | 21.07 | -38.30 | 4.83 | -77.08 | -40.31 | |
| Thread | 84.69 | 123.52 | 45.85 | 163.74 | 32.56 | 221.37 | 35.20 | 189.83 | -14.25 | 405.59 | 113.66 | 36.79 | |

| Description | 2001/02 | 2002/03 | | 2003/04 | | 2004/2005 | | 2005/06* | | 2006/07** | | Average annual growth % |
|----------------------|---------|---------|----------|---------|----------|-----------|----------|----------|----------|-----------|----------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | |
| Copper wires and rod | 262.05 | 35.66 | -86.39 | 20.08 | -43.69 | 53.01 | 163.99 | 30.58 | -42.31 | 20.60 | -32.64 | -39.87 |
| M.S. pipe | 41.04 | 54.82 | 33.85 | 85.18 | 55.38 | 31.66 | -62.83 | 10.57 | -66.61 | 76.19 | 620.81 | 13.17 |
| Plastic utensils | 77.09 | 80.77 | 4.77 | 119.24 | 47.63 | 136.16 | 14.19 | 80.83 | -40.64 | 41.51 | -48.65 | -11.65 |
| Zinc sheet | 1.33 | 97.06 | 7197.74 | 278.53 | 186.97 | 307.03 | 10.23 | 240.90 | -21.54 | 357.99 | 48.61 | 206.20 |
| G.I pipe | 16.59 | 35.72 | 115.31 | 55.63 | 55.74 | 42.40 | -23.78 | 51.93 | 22.48 | 12.78 | -75.39 | -5.08 |
| Textiles | 56.25 | 87.82 | 56.12 | 178.05 | 102.74 | 299.66 | 68.30 | 215.46 | -28.10 | 305.69 | 41.88 | 40.29 |
| Juice and chemicals | 54.02 | 74.86 | 38.58 | 139.68 | 83.59 | 249.88 | 78.89 | 219.71 | -12.07 | 159.05 | -27.61 | 24.11 |
| a. Total | 2099.81 | 1781.57 | -15.16 | 2122.74 | 19.15 | 2854.57 | 34.48 | 2565.65 | -10.12 | 3038.38 | 18.43 | 7.67 |
| b. Other products | 695.81 | 861.43 | 23.80 | 954.97 | 10.86 | 1037.12 | 8.60 | 1505.82 | 45.19 | 1149.10 | -23.69 | 10.55 |
| Total (a+b) | 2795.62 | 2643.00 | -5.46 | 3077.71 | 16.45 | 3891.69 | 26.45 | 4071.47 | 4.62 | 4187.48 | 2.85 | 8.42 |

Source: Nepal Rastra Bank

**2.29: Import of Some Major Commodities from India
(at current prices)**

(In Rs. 10 millions)

| Description | 2001/02 | 2002/03 | | 2003/04 | | 2004/05 | | 2005/06* | | 2006/07** | | Average annual growth % |
|-----------------------------------|----------------|----------------|--------------|----------------|--------------|----------------|--------------|-----------------|--------------|-----------------|-------------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | Rupees | Growth % | |
| Electrical goods | 80.06 | 99.75 | 24.59 | 110.63 | 10.91 | 112.95 | 2.10 | 156.13 | 38.23 | 236.01 | 51.16 | 24.14 |
| Threads | 75.7 | 110.58 | 46.08 | 100.39 | -9.22 | 110.63 | 10.20 | 216.69 | 95.87 | 315.88 | 45.78 | 33.07 |
| Tobacco | 59.72 | 53.43 | -10.53 | 65.99 | 23.51 | 59.11 | -10.43 | 59.96 | 1.44 | 64.42 | 7.44 | -9.31 |
| Transport equipments | 425.91 | 385.78 | -9.42 | 494.82 | 28.26 | 513.31 | 3.74 | 521.37 | 1.57 | 979.45 | 87.86 | 18.12 |
| Medicines | 298.04 | 322.57 | 8.23 | 334.09 | 3.57 | 369.16 | 10.50 | 438.90 | 18.89 | 444.24 | 1.22 | -2.65 |
| Chemical fertilizer | 9.24 | 18.35 | 98.59 | 56.30 | 206.81 | 38.92 | -30.87 | 105.23 | 170.38 | 62.40 | -40.70 | 46.52 |
| Clothes (Cotton and others) | 323.27 | 418.61 | 29.49 | 327.56 | -21.75 | 219.51 | -32.99 | 205.17 | -6.53 | 172.32 | -16.01 | -18.12 |
| Vegetables | 68.52 | 77.28 | 12.78 | 73.84 | -4.45 | 94.94 | 28.58 | 113.96 | 20.03 | 83.45 | -26.77 | -1.63 |
| Cement | 274.98 | 293.47 | 6.72 | 231.89 | -20.98 | 141.02 | -39.19 | 193.36 | 37.12 | 232.79 | 20.39 | -12.14 |
| Paper | 46.9 | 43.12 | -8.06 | 41.01 | -4.89 | 40.68 | -0.80 | 60.36 | 48.28 | 80.69 | 33.77 | 11.46 |
| Horlicks and other milk products | 39.92 | 50.88 | 27.45 | 42.83 | -15.82 | 36.06 | -15.81 | 57.19 | 58.60 | 35.75 | -37.44 | -4.75 |
| Chemical liquids | 104.16 | 190.66 | 83.05 | 256.36 | 34.46 | 340.19 | 32.70 | 328.14 | -3.54 | 256.75 | -21.76 | 19.77 |
| Agriculture tools and spare parts | 35.08 | 68.99 | 96.66 | 49.75 | -27.89 | 52.74 | 6.01 | 67.16 | 27.34 | 107.31 | 59.78 | 25.06 |
| M.S. wire and rod | 83.41 | 93.93 | 12.61 | 133.93 | 42.58 | 148.00 | 10.51 | 106.52 | -28.03 | 141.87 | 33.19 | -0.44 |
| M.S. billet | 317.72 | 357.32 | 12.46 | 420.15 | 17.58 | 339.38 | -19.22 | 388.34 | 14.43 | 438.42 | 12.90 | -6.58 |
| Steel plate | 1.07 | 21.22 | 1883.18 | 0.60 | -97.17 | 45.97 | 7561.67 | 2.02 | -95.62 | 0.26 | -87.10 | |
| Aluminum ingut | 26.17 | 30.46 | 16.39 | 54.00 | 77.28 | 44.32 | -17.93 | 25.99 | -41.36 | 42.46 | 63.37 | -3.32 |
| Hot rolled sheets | 92.84 | 263.92 | 184.27 | 205.99 | -21.95 | 56.86 | -72.40 | 114.48 | 101.34 | 205.27 | 79.30 | 17.20 |
| Cold rolled sheets | 114.87 | 139.28 | 21.25 | 333.29 | 139.29 | 408.45 | 22.55 | 79.77 | -80.47 | 207.96 | 160.70 | -4.92 |
| Other machineries spare parts | 177.34 | 257.18 | 45.02 | 329.53 | 28.13 | 301.08 | -8.63 | 388.34 | 28.98 | 377.67 | -2.75 | 16.32 |
| Petroleum products | 1390.61 | 1881.16 | 35.28 | 2016.95 | 7.22 | 2665.36 | 32.15 | 3365.72 | 26.28 | 3354.87 | -0.32 | 19.26 |
| Others | 1616.68 | 1914.48 | 18.42 | 2194.05 | 14.60 | 2728.91 | 24.38 | 3719.55 | 36.30 | 3933.77 | 5.76 | 19.46 |
| Total | 5662.21 | 7092.42 | 25.26 | 7873.95 | 11.02 | 8867.55 | 12.62 | 10714.31 | 20.83 | 11774.04 | 9.89 | 15.77 |

Source: Nepal Rastra Bank

2.30: Exports of Some Major Commodities to Other Countries (at current prices)

| Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/05 | | 2005/06* | | 2006/07** | | Average annual growth % |
|---------------------------------|---------|---------|----------|---------|----------|---------|----------|---------|----------|---------|-----------|--------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % |
| Pulses | 21.60 | 21.49 | -0.51 | 28.07 | 30.32 | 10.35 | -62.06 | 19.17 | 80.00 | 48.81 | 154.62 | | 17.71 |
| Medicinal cardamom (large) | 7.15 | 12.54 | 75.38 | 23.14 | 84.53 | 20.53 | -11.28 | 10.92 | -46.81 | 10.43 | -4.49 | | 7.84 |
| Herbs | 2.54 | 3.33 | 31.10 | 4.83 | 45.05 | 5.47 | 13.25 | 1.90 | -65.27 | 3.95 | 107.89 | | 9.23 |
| Catechu | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | | |
| Woolen goods | 0.00 | 0.00 | | 0.00 | | 0.00 | | 0.00 | | 0.00 | | | |
| Nepali paper and paper products | 20.05 | 26.20 | 30.67 | 27.96 | 6.72 | 23.98 | -14.23 | 25.70 | 7.17 | 19.06 | -25.84 | | -1.01 |
| Hide and skins | 46.47 | 22.73 | -51.09 | 30.90 | 35.94 | 23.58 | -23.69 | 31.04 | 31.64 | 27.55 | -11.24 | | -9.93 |
| Carpets (Hand knitted woolen) | 621.25 | 532.00 | -14.37 | 567.75 | 6.72 | 586.87 | 3.37 | 583.87 | -0.51 | 560.02 | -4.08 | | -2.05 |
| Ready-made Garments | 783.30 | 1189.01 | 51.79 | 955.00 | -19.68 | 612.46 | -35.87 | 620.41 | 1.30 | 520.55 | -16.10 | | -7.85 |
| Handicrafts | 23.38 | 35.21 | 50.60 | 62.64 | 77.90 | 64.42 | 2.84 | 43.09 | -33.11 | 19.61 | -54.49 | | -3.43 |
| Ornaments | 27.41 | 34.77 | 26.85 | 36.87 | 6.04 | 36.32 | -1.49 | 28.24 | -22.25 | 32.54 | 15.23 | | 3.49 |
| Pashmina | 124.50 | 115.76 | -7.02 | 106.41 | -8.08 | 104.98 | -1.34 | 157.78 | 50.30 | 93.10 | -40.99 | | -5.65 |
| Total | 1677.65 | 1993.04 | 18.80 | 1843.57 | -7.50 | 1489.26 | -19.22 | 1522.12 | 2.21 | 1335.62 | -12.25 | | -4.46 |
| Others | 221.21 | 357.02 | 61.39 | 469.79 | 31.59 | 489.62 | 4.22 | 429.82 | -12.21 | 556.48 | 29.47 | | 20.26 |
| Grand total | 1898.86 | 2350.06 | 23.76 | 2313.36 | -1.56 | 1978.88 | -14.46 | 1951.94 | -1.36 | 1892.10 | -3.07 | | -0.07 |

* Source: Nepal Rastra Bank

**2.31: Imports of Some Major Commodities from Other Countries
(at current prices)**

(In Rs. 10 millions)

| Description | 2001/02 | | 2002/03 | | 2003/04 | | 2004/05 | | 2005/06 | | 2006/07* | | Average annual growth % |
|---------------------------------|----------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|--------------|-------------|-------------------------|
| | Rupees | Rupees | Growth % | Rupees | Growth % |
| Gold | 61.87 | 7.50 | -87.88 | 5.01 | -33.20 | 0.49 | -90.22 | 0.29 | -40.82 | 351.99 | 121275.86 | 41.58 | |
| Silver | 39.36 | 28.37 | -27.92 | 6.19 | -78.18 | 21.22 | -242.81 | 5.31 | -74.98 | 0.12 | -97.74 | -68.61 | |
| Petroleum products | 40.22 | 29.04 | -27.80 | 29.11 | 0.24 | 21.56 | -25.94 | 54.88 | 154.55 | 57.22 | 4.26 | 7.31 | |
| Other machineries and parts | 217.61 | 193.63 | -11.02 | 246.01 | 27.05 | 269.59 | 9.58 | 283.07 | 5.00 | 200.74 | -29.08 | -1.60 | |
| Electronic goods | 157.21 | 144.38 | -8.16 | 161.63 | 11.95 | 132.64 | -17.94 | 287.27 | 116.58 | 269.37 | -6.23 | 11.37 | |
| Threads | 187.13 | 145.61 | -22.19 | 197.75 | 35.81 | 99.83 | -49.52 | 161.08 | 61.35 | 112.56 | -30.12 | -9.67 | |
| Raw wool | 101.09 | 160.48 | 58.75 | 201.78 | 25.74 | 205.98 | 2.08 | 151.11 | -26.64 | 118.45 | -21.61 | 3.22 | |
| Transportation Equipments | 181.37 | 168.45 | -7.12 | 162.56 | -3.50 | 175.15 | 7.74 | 215.57 | 23.08 | 266.07 | 23.43 | 7.97 | |
| Medicines | 68.09 | 61.93 | -9.05 | 58.31 | -5.85 | 70.12 | 20.25 | 110.81 | 58.03 | 153.69 | 38.70 | 17.68 | |
| Chemical fertilizers | 255.96 | 80.06 | -68.72 | 128.19 | 60.12 | 17.05 | -86.70 | 38.91 | 128.21 | 61.73 | 58.65 | -24.76 | |
| Paper | 44.30 | 37.38 | -15.62 | 45.27 | 21.11 | 19.85 | -56.15 | 83.20 | 319.14 | 79.15 | -4.87 | 12.31 | |
| Computer parts | 177.06 | 142.03 | -19.78 | 127.41 | -10.29 | 122.70 | -3.70 | 135.38 | 10.33 | 266.25 | 96.67 | 8.50 | |
| Aircraft spare parts | 98.67 | 99.62 | 0.96 | 230.11 | 130.99 | 98.05 | -57.39 | 107.13 | 9.26 | 146.28 | 36.54 | 8.19 | |
| Tele communication accessories | 106.57 | 235.88 | 121.34 | 248.39 | 5.30 | 186.07 | -25.09 | 172.05 | -7.53 | 253.10 | 47.11 | 18.89 | |
| Clothes (cotton and others) | 181.61 | 203.20 | 11.89 | 275.21 | 35.44 | 176.80 | -35.76 | 285.43 | 61.44 | 209.35 | -26.65 | 2.88 | |
| Polythene granules | 202.54 | 280.04 | 38.26 | 283.43 | 1.21 | 197.27 | -30.40 | 369.67 | 87.39 | 295.97 | -19.94 | 7.88 | |
| Crude Palm Oil | 582.12 | 505.56 | -13.15 | 427.70 | 4.38 | 208.55 | -60.48 | 405.11 | 94.25 | 712.15 | 75.79 | 4.11 | |
| Crude Soyabean Oil | 122.90 | 161.42 | 31.34 | 207.91 | 28.80 | 83.46 | -59.86 | 157.29 | 88.46 | 192.42 | 22.33 | 9.38 | |
| Copper wires, scraps and sheets | 209.52 | 87.37 | -58.30 | 96.88 | 10.88 | 138.72 | 43.19 | 208.91 | 50.60 | 187.86 | -10.08 | -2.16 | |
| Raw silk | 12.50 | 5.59 | -55.28 | 5.07 | -9.30 | 5.73 | 13.02 | 10.76 | 87.78 | 2.54 | -76.39 | -27.29 | |
| Others | 2028.99 | 2565.25 | 26.43 | 2509.84 | -2.16 | 3828.98 | 52.56 | 3420.49 | -10.67 | 4171.98 | 21.97 | 15.51 | |
| Total | 5076.69 | 5342.79 | 5.24 | 5753.76 | 7.69 | 6079.81 | 5.67 | 6663.72 | 9.60 | 7396.84 | 11.00 | 7.82 | |

**2.32: Balance of Payments
(at current prices)**

(In Rs. 10 millions)

| Description | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | Average annual increase % |
|---|----------------|-----------------|-----------------|-----------------|------------------|------------------|---------------------------|
| A. Current Account | 1816.1 | 1161.5 | 1459.8 | 1154.5 | 1422.45 | 3496 | 14.00 |
| Export (F.O.B.) | 5798.4 | 5076.1 | 5522.8 | 5995.6 | 6148.24 | 6290.08 | 1.64 |
| Oil | 1045.21 | 0 | 0 | 0 | 0 | 0 | |
| Other | 4753.14 | 5076.07 | 5522.83 | 5995.61 | 6148.24 | 6290.08 | 5.76 |
| Import (C.I.F.) | 11134 | 12105 | 13291 | 14572 | 17154.1 | 18745.1 | 10.98 |
| Oil | 2213.65 | 1881.16 | 2016.73 | 2665.36 | 3365.72 | 3354.87 | 8.67 |
| Other | 8920.55 | 10224.1 | 11274.3 | 11906.5 | 13788.36 | 15390.26 | 11.52 |
| Balance on goods | -5336 | -7029.23 | -7768.16 | -8576.21 | -11005.84 | -12455.1 | 18.48 |
| Services Net) | 393.84 | 704.97 | 907.49 | -203.42 | -681.83 | -837.73 | |
| Services credit | 2350.82 | 2651.89 | 3431.59 | 2600.19 | 2646.97 | 3207.89 | 6.41 |
| Travel | 865.43 | 1147.77 | 1814.74 | 1046.38 | 955.58 | 1012.53 | 3.19 |
| Government income not included elsewhere (NIE) | 889.45 | 662.4 | 714.39 | 680.49 | 744.15 | 1233.64 | 6.76 |
| Other | 595.94 | 814.72 | 902.46 | 873.32 | 947.24 | 961.72 | 10.04 |
| Services Debit | -1956.98 | -1946.92 | -2524.10 | -2803.61 | -3328.80 | -4045.62 | 15.63 |
| Transportation | -885.44 | -861.84 | -938.21 | -1016.22 | 1259.23 | -1455.74 | 10.45 |
| Government payment not included elsewhere (NIE) | -573.11 | -617.15 | 1002.15 | -969.19 | 1196.08 | -1578.5 | 22.46 |
| Other | -498.43 | -467.93 | -583.74 | -774.20 | -873.49 | -1011.38 | 15.20 |
| Balance on good and services | -4942 | -6324.26 | -6860.67 | -8779.63 | -11687.67 | -13292.8 | 21.88 |
| Income net | -60.49 | -67.57 | -168.39 | 163.65 | 495.55 | 743.18 | |
| Income credit | 429.7 | 448.7 | 384.15 | 775.16 | 1143.23 | 1450.08 | 27.54 |
| Income debit | -490.19 | -516.27 | -552.54 | -611.51 | -647.68 | -706.90 | 7.60 |
| Balance on goods, services and income | -5002.5 | -6391.83 | -7029.06 | -8615.98 | -11192.12 | -12549.62 | 20.20 |
| Current Transfer net | 6818.61 | 7553.3 | 8488.86 | 9770.44 | 12614.57 | 12899.20 | |
| Current Transfer: Credit | 7015.73 | 7776.51 | 8916.18 | 10131 | 13086.17 | 13319.68 | 13.68 |
| Grants | 1265.05 | 1384.22 | 1955.78 | 2107.19 | 1885.11 | 1821.82 | 7.57 |
| Workers' remittances | 4753.63 | 5420.33 | 5858.76 | 6554.12 | 9768.85 | 10014.48 | 16.07 |
| Pensions | 826.96 | 732.73 | 790.62 | 1250.22 | 1200 | 1293.7 | 9.36 |
| Other | 170.09 | 239.23 | 311.02 | 219.48 | 231.45 | 189.68 | 2.20 |
| Current Transfer: Debit | -197.12 | -223.21 | -427.32 | -360.57 | -471.60 | -420.48 | 16.36 |
| B. Capital Account (capital transfers) | 569.4 | 539.39 | 145.22 | 157.36 | 310.7 | 444.99 | -4.81 |
| Total (A + B) | 2385.51 | 1700.86 | 1605.02 | 1311.82 | 1733.15 | 794.59 | -19.74 |
| C. Financial Account Excluding E | -3733 | -1719.90 | -2154.01 | -2553.69 | -132.44 | -236.21 | -42.42 |
| Foreign direct investment in Nepal | -28.23 | 96.14 | 0 | 13.6 | -46.97 | 36.23 | |
| Investment: assets | -3513.69 | -3462.95 | -3259.12 | -2186.32 | -1400.88 | -1069 | -21.18 |
| Total credits | -129.45 | -04.10 | -224.76 | -32.38 | -162.95 | -512.76 | 31.69 |
| Other | -3384.24 | -3567.05 | -3034.36 | -2153.94 | -1237.93 | -556.24 | -30.31 |

| Description | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06* | 2006/07** | (In Rs. 10 millions) Average annual increase % |
|---|-----------------|----------------|-----------------|-----------------|-----------------|------------------|---|
| Other investment: Liabilities | -191.42 | 1646.92 | 1105.11 | -380.97 | 1315.41 | 796.56 | |
| Total credits | -527.90 | 1689.93 | 362.98 | -448.90 | 923.25 | 172.78 | |
| Loans | -289.96 | -5.24 | 332.52 | 74.44 | 52.69 | 145.56 | |
| General Government | 296.35 | -43.28 | 347.91 | 130.04 | 70.37 | 215.07 | -6.21 |
| Drawings | 804.03 | 523.6 | 924.47 | 725.37 | 769.1 | 968.97 | 3.80 |
| Repayment | -507.68 | -566.88 | -576.56 | -595.33 | -698.73 | -753.9 | 8.23 |
| Other sectors | -6.39 | 38.04 | -15.39 | -55.60 | -17.68 | -69.51 | 61.18 |
| Currency and deposits | 46.52 | -37.77 | 409.61 | -6.51 | 339.47 | 478.22 | 59.37 |
| Nepal Rastra Bank | -19.74 | -2.34 | -7.74 | 4.62 | -11.65 | 2.4 | |
| Deposit Money Banks | 66.26 | -35.43 | 417.35 | -11.13 | 351.12 | 477.98 | 48.47 |
| Total (A + B + C) | -1347.83 | -19.03 | -548.99 | -1241.87 | 1600.71 | 558.38 | |
| D. Miscellaneous Capitals and Arrears | 1060.1 | 417.61 | 2559.1 | 1809.8 | 1298.54 | 508.38 | -13.67 |
| Total (A + B + C + D) | -287.77 | 398.58 | 2010.13 | 567.7 | 2899.24 | 1066.61 | |
| E. Reserves | 287.77 | -398.58 | -2010.13 | -567.70 | -2899.2 | -1066.61 | |
| Reserves and asset | 320.34 | -368.52 | -2065.80 | -646.22 | -2899.23 | -1338.98 | |
| Nepal Rastra Bank | -171.27 | -780.99 | -1950.78 | -325.13 | -2129.71 | -1094.28 | 44.91 |
| Commercial banks | 491.61 | 412.47 | -115.02 | -321.09 | -769.52 | -244.70 | |
| I.M.F. loan | -32.57 | -30.06 | 55.67 | 78.52 | -0.01 | 272.37 | |
| Net foreign assets change (-increase) | -334.3 | 436.35 | 1600.1 | -574.21 | -2559.8 | -588.39 | 11.97 |

Source: Nepal Rastra Bank.

2.33: Foreign Exchange Reserves in Banks

(In Rs. 10 millions)

| Description | 2002 July | 2003 July | | 2004 July | | 2005 July | | 2006 July | | 2007 July * | | Average annual increase % |
|---|--------------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-------------|----------|------------------------------------|
| | Rs. | Rs. | Increase | Rs. | Increase | Rs. | Increase | Rs. | Increase | Rs. | Increase | |
| Convertible foreign exchange | 8030.92 | 9700.12 | 20.78 | 11694.50 | 20.56 | 12397.85 | 6.01 | 15593.79 | 25.78 | 15541.59 | 5.88 | 14.12 |
| Non convertible foreign exchange | 2559.20 | 1122.82 | -56.13 | 1326.01 | 18.10 | 591.79 | -55.37 | 909.51 | 53.69 | 968.97 | -98.87 | -17.65 |
| Foreign Exchange | 10590.12 | 10822.94 | 2.20 | 13020.51 | 20.30 | 12989.64 | -0.24 | 16503.30 | -93.00 | 16510.56 | -99.95 | 9.29 |
| Capacity to support commodity imports (in months) | | 10.40 | | 11.50 | | 10.40 | | 11.4 | | 10.3 | | |
| Goods and services- import capacity (in months) | 10.5 | 9.00 | | 9.70 | | 8.80 | | 9.6 | | 8.5 | | |

Source: Nepal Rastra Bank

Annex: 3

Policy and Result Matrix

3.1 Overall Economic Sector

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|--|--|
| To maintain the overall economic stability by maintaining a balance between economic resources and expenditure and to achieve the economic growth rate targeted in this Plan. | <ul style="list-style-type: none"> • To promote the mobilization of financial savings through capacity building in mediation works and making the services easily available to all through the healthy development of banking and financial services. • To gradually extend the revenue base and to create a tax payer-friendly environment by simplifying revenue administration. • To ensure effective management of foreign aid along with emphasis on the mobilization of foreign aid in the national need and priority sector. • To make the budgetary system effective by prioritizing expenditure with a view to enhance the effectiveness of public expenditure and for the transparency of expenditure. • To maintain financial stability by strengthening the monitoring and supervision capacity of Nepal Rastra | <ul style="list-style-type: none"> • The ratio of gross domestic savings to the GDP to reach 12.7. • Revenue mobilization to reach 13.6% of the GDP. • Priority sector to have a major share in foreign assistance. • Enhanced financial transparency. • Percentage increase in domestic and external resource mobilization. • Internal borrowing to reach 1.8% of the GDP. • Annual growth rate of money supply to reach 16.4% on an average. | <ul style="list-style-type: none"> • Publications of CBS. • Economic surveys of MoF. • Economic reports of NRB. • Annual reports of NRB. • Reports of Security Bond Board and Nepal Stock Exchange. • Reports of Karmachari Sanchaya Kosh and Citizen Investment Fund. • Reports of Foreign Ministry. • Economic surveys. • Progress reports of various insurance committees and insurance companies. | <ul style="list-style-type: none"> • Programs related to maximum mobilization of gross domestic savings for the necessary investments. • Programs related to the extension in the scope of revenue and internal resource mobilization. • Program related to the mobilization and utilization of foreign assistance. • Program related to the development of effective budgetary system, flow of resources to prioritized areas and the management of public expenditure. • Program related to the establishment of strong inter-linkages among different agencies and the development of effective mobilization system of internal and external resources. • Program related to the management of public expenditure on a sustainable, efficient and effective manner. | <ul style="list-style-type: none"> • Adverse effects on peace and security situation and investment climate. • Adverse effects on GDP. • Imbalances in resource allocation. • Lack of effective coordination among different government agencies. • Financial imbalance • Big deficiency in the net foreign assets. • Unfavorable peace and security situation adversely affecting expansion of private sector banking. |

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|-------------------|---|---|------------------------------|--|------------------------------|
| | <p>Bank and to make the payment system more secure, healthy and competent.</p> <ul style="list-style-type: none"> • To enhance banking services intensity through rural marketization by strengthening institutions aimed at the development, extension and diversification of mechanisms related to this service. • To avail the necessary resources for investments, to strengthen investment, and to make the regulation of enterprises effective. • To give emphasis on investment-friendly environment in order to increase foreign investments in the country and promote foreign investment in the priority sectors. • To mobilize the diplomatic missions abroad for effective promotion of economic diplomacy. • To upgrade the quality of insurance service and to extend it according to the international standards and national requirements. | <ul style="list-style-type: none"> • Amount of supply of agricultural and small loan in rural areas. • Average annual inflation rate to be limited to 5.6%. | | <ul style="list-style-type: none"> • Liquidity management, financial sector strengthening and payment system reform programs for stability in prices and balance of payments. • Programs related to the diversification of micro-financing mechanisms and the extension of micro-financing services. • Programs related to quality improvement and transfer of technology, and management of foreign investments. • Programs related to the management of high-level mechanisms for policy guidance, inter-agency coordination and monitoring. • Programs related to the enhancement of service quality, and extension of insurance services. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|---|--|
| Maximum mobilization of the gross domestic savings for investments targeted by the Plan. | <ul style="list-style-type: none"> • Emphasis will be laid on the increase in savings by increasing the saving opportunities and diversifying the savings mechanisms. • To encourage transforming savings into investments by making instruments available to further encourage women to enhance family savings. • Emphasis will be given to increase the government revenue by controlling the expansion of its current expenditure and consumption. • Competitiveness will be enhanced in the mobilization of deposits through strengthening the banking and financial enterprises. | <ul style="list-style-type: none"> • The ratio of gross domestic savings to the GDP to be 12.7% • Diversification of savings mechanisms. • The ratio of gross fixed capital to the GDP to reach 26.7% | <ul style="list-style-type: none"> • Publications of CBS. • Economic reports of NRB • Economic Surveys of MoF. • Reports of the concerned organizations. | <ul style="list-style-type: none"> • Savings mechanisms diversification and savings enhancement program. • Encouragement to women, and investment program for increasing family savings. • Government expenditure and consumption control and government savings enhancement program. • Promotion of productive investment in the government sector. • Institutional strengthening and competitive capacity enhancement program, for banking and other financial sectors. • Expansion of insurance, pension fund and security bonds market. | <ul style="list-style-type: none"> • Adverse effects on peace, security and investment environment. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Internal resources mobilized to the maximum extent through extension of the scope of revenue. | <ul style="list-style-type: none"> • The tax net will be extended by controlling leakage through the modernization of the process of VAT collection. • Emphasis will be given to information technology and educating taxpayers in order to ensure their voluntary compliance with tax obligations. • Revenue collection will be increased by making improvements in the competitive capacity of the domestic industries and necessary improvements in services and facilities. • The tax provisions for NGOs will be made timely after review. • Revenue administration will be strengthened to make it expedient, economical, transparent and tax payer-friendly. • Revenue advisory committee will be strengthened to develop it as a permanent and effective institution. • Tax system will be adjusted in accordance with the commitments made by Nepal in international and regional forums. • Necessary institutional strengthening processes will be adopted to make improvements in the revenue system. | <ul style="list-style-type: none"> • Revenue mobilization to reach 13.6% of the GDP. • Revenue growth rate to remain at an annual average of 16%. | <ul style="list-style-type: none"> • Economic surveys of MoF • Economic reports of NRB. • Reports of the Department of Internal Revenue. | <ul style="list-style-type: none"> • Modernization of VAT collection process and tax leakage control system. • Voluntary tax mobilization promotion and taxpayers education. • Enhancement of the competitive capacity of domestic industries. • Review of the non-tax system. • Revenue administration strengthening. • Revenue consultation committee strengthening and development. • Tax system adjustment as per the commitments of international and regional forums. • Institutional strengthening to improve the revenue system. | <ul style="list-style-type: none"> • Adverse effects on the GDP. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Foreign assistance adequately mobilized to achieve the target of this Plan. | <ul style="list-style-type: none"> • Effectiveness in the implementation of programs will be enhanced by institutionalizing aspects like good governance, transparency, accountability to the management of development programs and projects. • Improvements will be made on the management, work procedures and system in order to increase the use of foreign assistance. • Harmony and coordination will be maintained among the different donor countries by ensuring compatibility between national policy and priorities. • Understanding and cooperation between the government and donors will be mapped in order to remove any duplication between the mobilization and utilization of foreign assistance. • Foreign assistance will be used in the reconstruction of damaged infrastructure. • Priority will be given to mobilize foreign assistance for infrastructure like roads, bridges, electricity, communication etc. | <ul style="list-style-type: none"> • Foreign grant to reach Rs. 84 billion 140 million and foreign loans to reach Rs. 56 billion 520 million. • Priority sector to receive a major chunk of the foreign assistance. | <ul style="list-style-type: none"> • Economic surveys of MoF. • Economic reports of NRB. • Reports of donors/ partners of development. | <ul style="list-style-type: none"> • Institutionalization of the aspects of good governance in the management of development programs. • Management system improvement to increase the consumption of foreign assistance. • To maintain coordination and harmony between donor countries and agencies. • Mobilization of foreign assistance in reconstruction and rehabilitation works. • Area mapping of the government– donor understanding. • Review and mobilization of Foreign Aid Policy 2002. • Policy and Acts will be constructed to mobilize assistance from INGOs in a more effective manner. • Formation of foreign aid performance monitoring committee. • Project stock taking establishment. • Development of economic diplomacy mechanisms in Nepalese Embassies abroad. | <ul style="list-style-type: none"> • Adverse impact on peace and security. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • Foreign Aid policy will be reviewed in order to make it more timely, implementable and practical. • Necessary legal provisions will be made to implement after formulating the national policy in order to make the assistance received from INGOs favorable to national priorities and to make these fruitful and reliable. • Policy for use of foreign assistance for PPP program, local development and community business organizations implemented. • Foreign assistance performance monitoring committee will be formed for the effective utilization of foreign assistance. • The establishment of project stock- takings will be done in NPC and MoF. • Economic diplomacy mechanisms will be developed in Nepal Embassies abroad to mobilize foreign assistance. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| <p>Public expenditure effectively managed based on social inclusion through the development of effective budget system and mobilization of national resources and means and their mobilization in the priority sector.</p> | <ul style="list-style-type: none"> • Feasibility studies will be done in relation to the adoption of zero-based budget system. At the same time, multi-year allocation system will be strengthened as the main basis of budget formulation. • Cost benefit impact system will be followed for the sectoral prioritization and the effectiveness of investment by making a review of MTEF. • Arrangements will be made for the devolution of means and authority to make local bodies coordinate development and construction at the local level. • Separate norms will be implemented after being prepared for different types of grants, financial assistance and compensation etc., provided by the government. • Necessary infrastructure will be prepared to publicize economic description every fiscal year by keeping accounts on public assets and liabilities. • Mechanisms for expenditure tracking and performance monitoring will be developed. | <ul style="list-style-type: none"> • The proportion of capital expenditure to have increased in comparison with the past trend. • Fiscal transparency to have increased. • Status of institutional improvements related with expenditure, monitoring and evaluation. | <ul style="list-style-type: none"> • Economic surveys of MoF. • Economic reports of NRB. • White papers of the government. • MTEFs. | <ul style="list-style-type: none"> • Review works on the current budget system. • Managerial improvement works related to the enhancement of the productivity of capital expenditure. • Program related with the enhancement of fiscal transparency. • Program to prepare the necessary infrastructure in order to enhance monitoring and evaluation of the expenditure. • Programs to develop mechanisms of expenditure tracking and performance monitoring related to public expenditure. | <ul style="list-style-type: none"> • Imbalance in the allocation of means/ inputs. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| System able to receive the maximum benefits developed through the mobilization of internal and external resources with the establishment of strong inter-relations between different agencies. | <ul style="list-style-type: none"> • Plans will be made more realistic, reliable and result-focused. • Policies and Acts related to fiscal accountability and transparency will be implemented after being prepared. • Linkages among the agencies engaged in monitoring and evaluation will be established, strengthened and enabled. • Yearly cash flow plan will be prepared by estimating a list of internal resources. • Arrangements will be made to prepare MTEF in all the districts gradually. • Fiscal resources and devolution of authority will be clearly indicated through decentralization and devolution to local bodies. • Multi-year budget system will be implemented in an effective way through effective coordination and contacts between development partners. | <ul style="list-style-type: none"> • Preparation of necessary policy and laws and status of implementation. • Percentage increase in the mobilization of internal and external resources. • No. of districts with MTEF. • Reduction in fiscal irregularities. | <ul style="list-style-type: none"> • Economic survey of MoF. • Budget speeches. • MTEFs. | <ul style="list-style-type: none"> • Policies and laws related to fiscal accountability and transparency program. • Annual cash flow plan formulation program. • Program to prepare rules and guidelines for the Public Purchase Act, 2007. • Capacity enhancement program for the preparedness of concerned agencies in planning, programming. • Capacity enhancement program of the concerned agencies in project monitoring and evaluation. • Program to include work schedule and procurement plan in annual programs. | <ul style="list-style-type: none"> • Lack of effective coordination between different government agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|--|---|
| Management of public borrowings to be sustainable, competent and effective. | <ul style="list-style-type: none"> • Effectiveness will be ensured in loan management by keeping up to date records on internal and external loans. • An effective mechanism will be established in NPC for regular monitoring on whether loan amount is effectively used or not. • Continuity will be given to the system whereby the concerned organizations bear the foreign exchange risk in capital investments made in public corporations through foreign loans. | <ul style="list-style-type: none"> • Financial loss to be limited to 3% of the GDP. • Internal borrowings not to exceed more than 0.5% of the Net Domestic Product. • Status of the formation and operation of the mechanism in NPC for effective monitoring of loan amount. | <ul style="list-style-type: none"> • Economic surveys of MoF. • Economic reports of NRB. • Reports of the office of auditor general/comptroller . | <ul style="list-style-type: none"> • Program to keep up to date records on internal and external loans and to enhance effectiveness in loan management. • Program to develop mechanism at NPC for effective monitoring of the loan amount. • Program related to the incorporation of foreign exchange risk on capital investments in public corporations through foreign loans. | <ul style="list-style-type: none"> • Fiscal imbalance. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|---|
| Price stability and B/P permanency, improvement in liquidity management and reforms in the financial sector and payment system achieved. | <ul style="list-style-type: none"> • Monetary management will be done in such a way as to make the liquidity required for sustainable and high economic growth available, while maintaining the overall economic stability. • Monetary management will be done in such a way as to use free market transaction as the major instrument of monetary policy. • Encouragement will be given for the floating of infrastructure development bonds and to use the private sector remittance in infrastructure works. • The limit of the current single loan will be increased with a view to increase commercial banks' investment in infrastructure construction like hydro-electricity. • Legitimization system based on risk management will be implemented in an effective way. • Acts will be formed in fiscal area for legal reforms related to the rights of the creditors. • The inspection and supervision capacity of NRB will be strengthened. • Policy to give concession in compulsory cash ratio to bank branches operating in rural areas will be adopted. | <ul style="list-style-type: none"> • Inflation rate to be limited to 5.6%. • Growth rate of comprehensive money supply to be limited to 16.4%. • Loan going to the private sector to increase by 20.3% on an average • Total internal loan to increase 18.3% annually. • B/P savings to be 1% of the GDP. | <ul style="list-style-type: none"> • Economic reports of NRB. • Reports of the trade promotion centre • Economic surveys of MoF | <ul style="list-style-type: none"> • Monetary management works necessary for economic stability and expected economic growth rate. • Single loan increment program to increase commercial bank loans in physical infrastructure. • Formulation and implementation of fiscal acts, laws and reforms for borrowers. • Amendment works on Banks and Financial Institutes Act, 2007. • Inspection and supervision capacity of NRB strengthening programs. • Formation of monitoring unit for the implementation of monetary and fiscal policy. | <ul style="list-style-type: none"> • Huge reduction in net foreign assets. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|------------------------------|
| Support provided to the development of agriculture and rural sector with the diversification of micro-finance instruments and the extension of micro-finance. | <ul style="list-style-type: none"> • Necessary arrangements will be made by NRB to assume a coordinating role for the development of healthy micro-finance in an effective way. • Agriculture, rural and micro-finance works will be pushed forward in coordination with programs targeted for poverty alleviation. • Continuity will be given to the policy for mobilizing the Agricultural Development Bank as the lead agency of agriculture and rural loans. • Bank and financial institutes will be encouraged to re-establish the displaced branches and to establish branches in remote and rural areas. • Rural self reliance fund will be developed as "national micro finance fund" • After studying the situation, program and resource management of the organizational structure of the national cooperative bank will be done. This will be developed as the engine of rural and micro credit supply. • National micro-finance policy will be enforced for strengthening the micro finance sector. | <ul style="list-style-type: none"> • Number of additional bank branches and their status of operation. • No. of new branches of the banks in rural areas. • Quantity of agricultural and micro credit flow in rural areas. • Status of expected institutional reforms. | <ul style="list-style-type: none"> • Economic surveys of MoF. • Economic reports of NRB. • Reports of various financial and micro finance enterprises. • Reestablishment of displaced branches of the banks and encouragement for the establishment of branches in rural areas • Development of rural self-reliant fund as a national micro finance fund. • Organizational reform works of the national cooperative bank. • Institutional arrangement for institutional coordination and monitoring of institutions engaged in rural and micro finance services. • To enforce national micro finance policy. | <ul style="list-style-type: none"> • Unfavorable peace and security situation and extension of private sector banking. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|---|---|
| Internal inflation controlled within a desirable limit. | <ul style="list-style-type: none"> • Annual monetary policy and programs will be formulated in such a way as to maintain price stability. • Foreign exchange policy will be formulated ensuring compatibility with external stability. • Government fiscal policy will also be focused on maintaining price stability. • Competition Act will be implemented effectively to discourage monopoly, cartelling of the suppliers. • Institutional arrangements will be made to take the necessary steps by monitoring and evaluating the price situation. | <ul style="list-style-type: none"> • Annual average inflation to be limited to 5.6%. • Expected policy and institutional reforms condition. | <ul style="list-style-type: none"> • Economic surveys of MoF. • Economic reports of NRB. | <ul style="list-style-type: none"> • Institutional arrangement for the monitoring and evaluation of the price situation. • Annual monetary policy formulation and implementation. • Foreign exchange policy formulation and implementation. • Effective implementation of the Competition Act. • Reform in consumers' price list measurement process and the construction of a national level price index. | <ul style="list-style-type: none"> • Unfavorable foreign price rise. |
| Stability of the external sector maintained with favorable balance of payments. | <ul style="list-style-type: none"> • Trade policy supporting external stability will be adopted. • A framework to get maximum remittance, to be accrued from India. • Actual exchange rate will be monitored in order to mitigate the adverse impact and risks on foreign trade due to temporary fluctuation in foreign exchange rates. • Foreign exchange reserve management will be strengthened along with the income and expenditure framework of foreign currencies including trade. | <ul style="list-style-type: none"> • Balance of payment savings to reach 1% of the GDP. • Foreign exchange reserve to be maintained at a level to be able to import essential goods and services for at least six months. • Increase in the amount of remittance. | <ul style="list-style-type: none"> • Economic reports of NRB. • Economic surveys of MoF. | <ul style="list-style-type: none"> • Adoption of trade policy to support external stability. • Formation of a framework to enter remittance in an institutionalized manner. • Actual exchange rate monitoring work. • Strengthening of the management of foreign exchange reserve. | <ul style="list-style-type: none"> • Imbalance between net services and net transfer income. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|---|--|
| Capital mobilized in a productive way with security bonds development and extension | <ul style="list-style-type: none"> • Security bonds will be supplied adequately and the instruments of security bond investment will be diversified by adopting fiscal and monetary policy with a view to maintain stability of the security bond market and develop it. • Arrangement will be made, to be able to sell investment shares to the common people in a convenient way. • Listed companies will be encouraged to sell the shares to many shareholders. • The supervision of security market will be made effective by strengthening the legal provision related to the security market. • Transaction system will be modernized in order raise security exchange market and business competence. • The management system of security market statistics and the standard of information flow will be developed. | <ul style="list-style-type: none"> • The number of security bond investors to be 5% of the total population. • The total amount of security bond transaction to reach 10 percent of the total market value | <ul style="list-style-type: none"> • Economic reports of NRB. • Reports of Security Bond Board and Nepal Stock Exchange. | <ul style="list-style-type: none"> • Supply of security bonds and diversification of investment instruments. • Group investment plan operation and construction of management infrastructure. • Strengthening work on legal provision related to the security bond market. • Modernization work on security exchange market transaction system. • Data system of security market, and to develop the standard of information flow. | <ul style="list-style-type: none"> • People's trust not favorable |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|---|--|
| Private sector capable of competing in the international market and to conduct business and a transparent manner developed. | <ul style="list-style-type: none"> • Investment promotion board will be arranged to formulate policy, analysis, monitoring and evaluation with the purpose of getting consensus among different powers linked with economic policy formation. • Additional concessions and facilities will be provided to private sector investments to sectors prioritized by the State. • The concept of PPP will be advanced in infrastructure sector. Reforms will be made in related acts in order to encourage the involvement of the private sector. • special economic zones and export houses will be established and legal structure will be prepared to make the private sector also develop these sectors. • Processes like integration, equitable sharing of profits and loss, contract management, arbitration, Conflict management with mutual understanding etc., will be encouraged. | <ul style="list-style-type: none"> • Status of necessary legal, policy and institutional reforms. • Percentage increase in the private sector investment in infrastructure development. No. of special economic zones and export houses and the status of operation. • No. of industries established in backward areas and the status of operation. | <ul style="list-style-type: none"> • Economic surveys of MoF. • annual reports of Nepal Industry and Commerce Federation. • Reports of MoICS. | <ul style="list-style-type: none"> • Investment Promotion Board Establishment. • Legal reform works on the increase in Private Sector involvement in infrastructure development. • Works related to private sector capacity development. • Establishment of special economic zones and legal framework construction works for the private sector involvement. | <ul style="list-style-type: none"> • No obstacles in the disinvestment of the corporations. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Healthy and competitive environment created with the disinvestment/ dissolution of corporations as per need and the role of the State as a responsible, just and judicious legislator, established for the people. | <ul style="list-style-type: none"> • To give emphasis to run corporations with autonomy deemed necessary to be kept under the public sector based on corporate principles after making necessary restructuring and managerial reforms. • Public corporations not required to be run under the public sector and public corporation of interest to the private sector will be dissolved or disinvested. • While disinvesting, monitoring will be done to check whether public corporations are operating according to the business plan or not after disinvestments. • Foreign investment will be encouraged in corporations able to internalize foreign investment and using modern technology and receiving national priority. • All the government investment will be disinvested, in case of enterprises where the private sector is already involved. | <ul style="list-style-type: none"> • 50% of the irregularities of the corporations to be ceased. • Among disinvestments in the centerpieces with the private sector. • Status of operation of public corporations with disinvestments. • Status of operation of corporations under public ownership. | <ul style="list-style-type: none"> • Economic reports of NRB. • Articles and review of the intellectuals on disinvestments. • Economic surveys of MoF. | <ul style="list-style-type: none"> • Restructuring managerial reforms, program of corporations to be kept under the government sector. • Disinvestments/dissolution of corporations deemed unnecessary to be under the government sector program. • Monitoring work on the status of operation according to the Business Plan of disinvested public corporations. • Disinvestments of government investment in enterprises with the involvement of the private sector. | <ul style="list-style-type: none"> • Capacity of insurance enterprises not cared for. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Conditions of Savings mobilization and social security improved through the mobilization of contractual savings and investment enterprises, and effectiveness of investment management enhanced. | <ul style="list-style-type: none"> • Savings mobilization will be enhanced through the extension and additional programs of the current savings programs. • The concept of Investment trust will be adopted in the tasks related with savings mobilization. • Policy and process related with Citizen Investment Fund will be reformed and simplified according to the need of the time. • Customer relations in enterprises will be modified and reformed. • Priority will be accorded for the transformation of big industries with investments from the fund to public limited companies by floating shares publicly in order to increase the supply of security bonds in the market. Karmachari Provident Fund will initiate contributory possible security facilities for the depositors. • Data management will be reformed, by establishing the Fund in nation-wide depositors' database. • HRD plan and management reforms will be done in order to make the services of the fund effective. | <ul style="list-style-type: none"> • The savings mobilized by Citizen Investment Fund to reach Rs. 16.2 billion and under capital market service 7.8 billion. • Investment equivalent 16.25 billion managed by the Citizen Investment Fund, out which 23% to be invested in security bonds. | <ul style="list-style-type: none"> • Reports of Civil service Provident Fund and Citizen Investment Fund • Reports of Security Board and Nepal Stock exchange. | <ul style="list-style-type: none"> • Current savings Program extension works. • Citizen Investment Fund investments Policy and Process reform works. • Commencement work of security service for the depositors of Karmachari Provident Fund. • Program to establish the Fund as a nation-wide database of the depositors and to make reforms in data management. • HRD plan and management reform program of the Fund. | Policy change of Karmachari Provident fund and Citizen's Investment Fund |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|--|
| Quality of foreign investment increased and technology and management transferred. | <ul style="list-style-type: none"> • Medium and big production industries will be allowed to invest based on 100% shares. Such investments will be incorporated in terminal formation responsible for export-oriented industry, exploration of natural resources, toll roads construction and commodity management. Investors interested to invest in employment, techno-flow and foundation development in harmony with the current economic structure will be encouraged. • Investors willing to undertake joint investments with Nepalese with management method and technology transfer will be attracted. • Appropriate policies will be followed to internalize the capital, skills, competence and technology of NRNs. • Diplomatic missions abroad will be mobilized to attract foreign investment. • A high-level Investment Promotion Board will be established to facilitate foreign investments. | <ul style="list-style-type: none"> • Percentage increase in foreign investments • Investment made by NRNs • Amount of foreign investment in Venture Capital • Status of establishment and operation of Investment Promotion Board. | <ul style="list-style-type: none"> • Economic reports of NRB. • Economic surveys of MoF. • Reports of MoICS. | <ul style="list-style-type: none"> • To encourage the private sector to invest in areas like employment development, technology dissemination, and basic development will be encouraged. • Appropriate policies will be formulated to internalize the capital, skills and technology of NRNs. • High-level Investment Promotion Board establishment work. • Work to encourage foreign investment in Venture Capital. • To run programs to provide subsidies and facilities in order to encourage joint investment in industries. | <ul style="list-style-type: none"> • Additional improvement in the condition of peace and security not realized. • Necessary infrastructure for foreign investment not made available. |

| Outcome/results | Policy/working policy | Indicator | Source of information | Major programs | Assumptions and risks |
|---|--|---|---|---|--|
| Foreign assistance, investment and export trade enhanced. | <ul style="list-style-type: none"> • The role of MoFA and diplomatic missions abroad will be mobilized by making them more effective for the promotion of trade, investment, technology transfer, economic cooperation, tourism promotion, HRD, through the medium of economic diplomacy. • Foreign policy and economic diplomacy will be used as the main medium for making the bilateral, regional and multi-lateral relationships and international organizations, active and strong. • The competence of diplomatic mission of Nepal abroad will be enhanced in a timely way in order to make economic diplomacy effective. • High-level mechanism will be made for the guidance of economic diplomacy, inter-agency coordination and monitoring. • The role of NRNs will be made effective for strengthening Nepal's international economic relation. • Appropriate policies will be adopted to help support the economic development of Nepal by giving attention to the rapid economic development of the neighboring countries and by strengthening traditional relationships. | <ul style="list-style-type: none"> • Increase in foreign trade, FDI and export trade clearly seen. | <ul style="list-style-type: none"> • Economic surveys. • Reports of MoFA. • Reports of MoIICS. | <ul style="list-style-type: none"> • Program related to timely enhancement of the competence of diplomatic missions abroad, in order to make economic diplomacy effective. • Program related to the management of high-level mechanism to guide economic diplomacy, inter-agency coordination and monitoring. • Program to make the role of NRNs effective and strengthening Nepal's international relationship. | <ul style="list-style-type: none"> • Relationship with friendly nations not strengthened as expected. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|---|
| Insurance sector identified as per the international standard and systems related with quality improvement as per the national need and competence developed. | <ul style="list-style-type: none"> • Systems related with quality improvement as per the national need and competence will be developed, after the identification of problems based on international standards. • Modification of the existing insurance services and new sectors will be extended. • Appropriate insurance services will be developed after identifying the needs of the rural areas, local income groups and all levels of the society. • Awareness related with insurance will be enhanced upto the rural areas. • Necessary policy and legal bases will be formulated in relation to insurance along with the necessary amendment of the existing legal provision. • Necessary competent human resources will be developed for the development of insurance business. | <ul style="list-style-type: none"> • Operation of insured in rural areas and low-income community. • Percentage increase in the total number of insured. • Status of the expected institutional and policy development. | <ul style="list-style-type: none"> • Reports of Insurance Committee and Insurance. • Economic reports of NRB. | <ul style="list-style-type: none"> • Development works on systems related with different aspects of insurance as per the international standard. • Insurance service modification and extension works. • Programs on awareness enhancement on insurance in the rural areas. • Policy and legal revision and reforms. • HRD works related with insurance business. | <ul style="list-style-type: none"> • Change in working commitment of the government and insurance committee. |

3.2 Food Security

| Objectives | Strategies | Indicators | Source of information | Major Programs | Assumptions and Risks |
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| <p>To make the country self-sufficient in basic food commodities in accordance with MDG, to protect the food rights of the people and to make them experience the consumption of balanced and clean food.</p> | <ul style="list-style-type: none"> • To implement the food information system and to maintain coordination between agencies related to food security in order to mainstream food security/rights. • To enforce national food and nutrition policy. • In accordance with the international norms, to implement national food standard and fix the food legal standards and extend the capacity. • To increase food production, easy distribution, and promote the rights of the farmer with a view to provide food and nutrition security. • To promote food commodities that are locally available and to improve the preparation. Storage technology and system improved. • To raise awareness on balanced diet and encourage the practice of feeding children many times. • In food deficit areas, promote the sale and distribution of local production and decrease the prices. | <ul style="list-style-type: none"> • Percentage of underweight children under five years of age and the proportion of the population consuming less than 2146 calories. • At the national level, net food balance condition. • Per capita food production. • Availability of information on food security. • Implementation stage of food security and nutrition policy. • Proportion of local food commodity in the total food commodity and types of cuisines (meals/food). • Amount of calories, protein, vitamin, salt, fiber etc., in the food necessary for the human body. • Nutrition status of the children. | <ul style="list-style-type: none"> • Special surveys. • Reports of the Agriculture and Cooperatives Ministry and CBS. • Reports of FAO. • Publication of Nepal Rastra Bank. • Report of NPC. • Information transmission of the Department of Hydrology and Meteorology. • Reports of the Department of Health Services. • Studies/reports of local bodies. • Ministry of Homes, Ministry of Industry and Commerce and supply and communication reports. • Reports of trade Promotion Center. • Reports of Food Technology and Quality Control Department. • Reports of WTO. | <ul style="list-style-type: none"> • Sustainable food production system and availability enhancement program. • Agri-market management and market access extension program. • Public distribution system strengthening program and food for work program as well as access improvement of vulnerable groups program. • Risk pre-assessment, fast relief and monitoring program. • Food consumption pattern, quality assurance and cleanliness strengthening program. | <ul style="list-style-type: none"> • Necessary legal and policy construction related with food predominance and integrated institutional mechanism instituted. • Developed technology to be used by small and marginal farmers. • Not much impact/effects on agricultural production. • More investment on rural /agricultural areas affected by natural disasters. • Effective inter-departmental coordination. • Local government in place soon. • Effective implementation of Self- Governance Act. • Positive support from local communities. • Trust of foreign |

| Objectives | Strategies | Indicators | Source of information | Major Programs | Assumptions and Risks |
|-------------------|--|---|------------------------------|---|--|
| | <ul style="list-style-type: none"> • To avail forecasts and predictions on food production and supply to the concerned stakeholders. • To develop infrastructure in order to adopt agri-insurance. • Rehabilitation capacity will be enhanced in areas vulnerable to natural disasters. • To implement targeted programs for vulnerable groups and in vulnerable areas. • To extend food storage management and local food security network. • To diversify, decentralize and strengthen income sources in the rural areas. • To enhance proper utilization of food commodities, local food culture promotion and nutrition security based on food commodities. | <ul style="list-style-type: none"> • Income according to sources and classes. • Food price. • International acceptance and assessment of the quality of importable food. • Quality of food commodities available in the market. | | <ul style="list-style-type: none"> • Food information system, institutional responsibility and policy and interference determination program. • The above programs have been included in the programs given under the concerned agencies. | agencies on importable food produced in Nepal. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|--|
| Improvement in food security situation due to increase in food production and strengthening of food supply. | <ul style="list-style-type: none"> • To safeguard the food system by developing technology related to food commodities according to local areas. • To improve the production pattern of pulses, vegetables and other nutritional food products. • To prepare a basis for the minimum acceptance price system. • To develop the necessary infrastructure for agri-insurance program. | <ul style="list-style-type: none"> • Composition of meals (proportion of pulses, vegetables, fruits/milk and fish/meat in a meal). • Amount of different exported agri-production. • Composition of imported food commodities. • Food production situation in remote areas. • No. of farmers with insurance policy. | <ul style="list-style-type: none"> • Food consumption survey. • Publication of the Statistical Department. • Publication of the Trade Promotion Center. • Report/publication of the Ministry of Agriculture and Cooperatives. • Reports of agriculture, forest, and water resources. • Records of Rastriya Bima Samiti and Insurance Companies. | <ul style="list-style-type: none"> • Farmer-oriented research and extension programs in order to enhance the production of food grains. • Special program related with the study and production of the auxiliary crops in the districts with low food grains production. • Production and processing of agro goods such as fruits, spices, honey, grown under the tree in agriculture forest system, community and leasehold forest and other forest areas. | <ul style="list-style-type: none"> • Favorable environment will prevail for adequate investment in agriculture /rural areas. • Access of small farmers to technology and physical structure to be increased. • Insurance companies to be interested in getting involved agriculture sector. • to be incorporated in the programs of MoAC |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|---|---|--|
| External supply eased due to extension of preliminary and wholesale agri-market network and improvements on the conditions of food stores. | <ul style="list-style-type: none"> • To make extensions in food markets and information on food market, particularly in inaccessible areas. • To reduce the cost of transport of cereals, to prevent misuse and remove obstacles in transportation. • To develop physical infrastructure and market in rural areas. | <ul style="list-style-type: none"> • Reduction in prices of consumable food commodities. • Price rise of produced commodities. • Adequacy of food commodities. • Extension of numbers in agri-markets. | <ul style="list-style-type: none"> • Publication of the CBS, departments of agriculture, livestock services and cooperatives. • Publication of the Rastra Bank. • Publication of industrial and commercial organizations/enterprises/market surveys. | <ul style="list-style-type: none"> • Physical structure development program of the market areas. • In poor neighborhoods of towns, operation of cheap shops of basic food commodities by cooperatives and the private sector. • Food commodity export promotion programs. • In food deficit areas, extension of highways and infrastructure and production materials supply programs. | <ul style="list-style-type: none"> • Continuity of the government's policy on agri-market development. • To programs of the Ministry of agriculture and cooperatives to be included. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|--|---|
| Public food distribution system strengthened and extended through targeted food distribution, supplementary income and participatory institutional structures. | <ul style="list-style-type: none"> • Orientation of new responsibility to Food Corporation by strengthening the Food Corporation. • Relief programs – concerned capacity building of agencies (security workers, Red Cross, NGOs). • Enhance income-generating opportunities through diverse sectors of rural employment (agriculture, forestry, water, commerce, cottage industry and tourism). | <ul style="list-style-type: none"> • Quantity of transaction in agri-market. • Nutrition condition according to area, gender, class, caste. • Increase in employment opportunities. • Food supply situation and price condition. • Famine, and rate of other damages and mishaps. | <ul style="list-style-type: none"> • Publication of the Central Statistical Department • Nutrition survey, Living standard survey, market survey. • Publications of Nepal Food Corporation, Nepal industry and Commerce Federation, media, home, agriculture and local development. | <ul style="list-style-type: none"> • Public distribution system strengthening program • Food for work program, • 100 days employment for each house in the targeted area. • Women and child education promotion and integrated child development program through School Tiffin program. • Food coupon and credit card distribution program and meal provision through religious, social organizations. • Food transportation and storage program in districts. | <ul style="list-style-type: none"> • Political stability maintained. • Increase resources to launch programs. • Participation of private organizations and NGOs ensured. • Adequate participation in the concerned ministries and departments ensured. • To be included in the programs of local development and industry, commerce and supply ministries. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|--|--|
| Increased capability to pre-assess the impacts on food security due to natural disasters and man-made problems. | <ul style="list-style-type: none"> • To provide agri weather forecast service by identifying areas and groups likely to be affected by natural disasters. • To prepare hazard maps by constructing food situation indicators in districts • In accordance with hazard maps, implement food distribution system and targeted programs | <ul style="list-style-type: none"> • Reality and reliability of information forecasts. • Availability of a map related to risk. | <ul style="list-style-type: none"> • Information dissemination of the Department of Hydrology and Meteorology. • Reports of MoA, local bodies, and MoEST. • Communication reports. • Food nutrition survey. | <ul style="list-style-type: none"> • Risk forecasting program. • Rapid relief programs. • Programs to enhance capacity of the Departments of Hydrology and Meteorology, agriculture, livestock services. • Programs for dissemination of forecast/information. • Capacity enhancement program in emergency information collection and dissemination to develop assistants at the village level. | <ul style="list-style-type: none"> • Appropriate technology related to forecasting of natural hazards and climate made available. • Necessary support made available from stakeholders to prevent the disruption of the transaction of perishable food commodities due to strikes etc. • To be included in the programs of home, science, technology and environment. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|--|
| Improvement in the production and consumption of clean and balanced food commodity based on local production and consumption culture. | <ul style="list-style-type: none"> • To provide concession on the development of food processing technology and capital flow. • To formulate standards, rules and laws compatible to international standards. • To systemize stages of the food chain. • To make the products internationally acceptable through institutional development and increment in test centers. • To encourage production of food commodities in accordance with the local culture. | <ul style="list-style-type: none"> • International recognition of Nepalese food standard. • Quality assurance of food commodities in the market. • Quality of produced food commodity. • Increase in capacity to test food quality. | <ul style="list-style-type: none"> • Report of food technology and quality control department. • Reports of international agencies and codex and OIE. | <ul style="list-style-type: none"> • Construction of balanced food formula matching the place, occupation and age/gender. • Formulation of New Food Act and amendment of old acts in accordance with international legal provisions. • Market inspection program on food, agri-materials and service quality. • Organic food production program. • Complementary services on food and nutrition (water, health environment education improvement program). | <ul style="list-style-type: none"> • Increase in the awareness of communities and their support made available on healthy food. • To be included in the program of MoAC. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|---|
| Made operational in an effective way through the establishment of the system for coordinated and integrated plan formulation, implementation and monitoring, and agency-wise organizational development. | <ul style="list-style-type: none"> • Mainstreaming of Food rights/security programs at central, district and local levels through the establishment of inter-agency coordinating committees for food security. • To establish food security information centers at ministries of local development, agriculture and cooperatives. • To monitor food security in coordination with the PMD of NPCS. • To publish and distribute quarterly bulletins on the situation of food security. | <ul style="list-style-type: none"> • Status of the formation and operation of inter-agency coordinating centers. • Number of different reports and publications showing the food security situation. • Situation of the construction and utilization of integrated plan formulation, implementation and evaluation. | <ul style="list-style-type: none"> • Report of NPCS. • Report of FAO and WEPT. • Government publication. | <ul style="list-style-type: none"> • Information collection, analysis and publication program on the production, need, nutrition status. • Feedback and dissemination program of information related to food security. • Establishment of integrated plans formulation, implementation and monitoring system program. • Institutional development program on food security. | <ul style="list-style-type: none"> • Commitment and support of the concerned agencies • NPCS to be incorporated in PMD. |

3.3 Peace, Reconstruction, Rehabilitation and Reintegration

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|--|
| To establish sustainable peace through relief, reconstruction, rehabilitation and reintegration. | <ul style="list-style-type: none"> • To emphasize on relief and rehabilitation of the conflict affected people. • To reconstruct physical infrastructure in close coordination with the local bodies. • To implement the programs of peace, reconstruction, rehabilitation and reintegration by getting and ensuring the support of the people. • To implement the suggestions of the Task Force for the inclusion and rehabilitation of the Maoist combatants. • To utilize the Peace Fund effectively for reconstruction and rehabilitation works. • To make the beneficiaries participate in the programming, planning, implementation, monitoring and evaluation. • To carry out institutional strengthening for an effective launching of reconstruction, rehabilitation and reintegration programs. • To ensure women's participation in the overall process. | <ul style="list-style-type: none"> • Relief received by all affected by the conflict. • All affected by conflict rehabilitated. • All physical infrastructures reconstructed and rehabilitated. • Timely availability of information related with conflict management, peace, reconstruction, rehabilitation and reintegration. • Reduction in the loss and damage of physical structures. • No. of reintegration units. • Feeling of improvement in the situation of peace and security. | <ul style="list-style-type: none"> • Progress reports of the Ministry. • Progress report of NPC. • Evaluation reports of donor agencies. • Evaluation of the civil societies. | <ul style="list-style-type: none"> • Relief and rehabilitation programs for the displaced people. • 'Ganesh Man Singh Shanti Campaign'. • Reconstruction and rehabilitation programs. • Summit management program. • Post-conflict rehabilitation project. • Programs related to peace promotion. | <ul style="list-style-type: none"> • International goodwill and assistance to be received. • Inter-ministerial coordination and support. • Support of the conflict affected parties. • Support from the civil society and local community. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|--|---|
| Relief received and rehabilitation for the displaced people. | <ul style="list-style-type: none"> • Provide immediate relief and social rehabilitation to individuals and groups affected by the conflict. • To ensure joint works and partnerships with local, national and international NGOs in reconstruction, rehabilitation and reintegration programs. • To carry out programs with the support and involvement of local bodies, peace committee, and communities. | <ul style="list-style-type: none"> • No. of displaced families provided relief. • Amount of relief received by the families of the people deceased in the conflict. • Mobilization of the Peace Fund. | <ul style="list-style-type: none"> • Up to date progress report of the Ministry. • Review report of NPC. • Report of the donor agencies. • Review/evaluation of civil societies. • On Site inspection visit report. | <ul style="list-style-type: none"> • Relief and rehabilitation program for the conflict affected and displaced population. • Financial help to the families of the martyrs. | <ul style="list-style-type: none"> • Active participation of the local bodies/ communities, to be received. • Continuity of the support received from donor organizations. • Expected support form the beneficiaries received. |
| Displaced people rehabilitated and provided relief. | <ul style="list-style-type: none"> • To provide the conflict affected individuals and families' relief and other support on a priority basis. • Identification and certification of the missing people with support of the local bodies and people's communities. | <ul style="list-style-type: none"> • No. of martyr's families provided with subsistence allowance. • No. of martyr's children receiving scholarship. • No. of conflict affected single widowed women receiving relief. • No. of missing people identified and certified. | <ul style="list-style-type: none"> • Progress reports of the Ministry. • Progress report of NPC. • Evaluation reports of donor agencies. • Evaluation of civil societies. • Onsite inspection visits. | <ul style="list-style-type: none"> • Financial support program for the dependent family of the people deceased in the conflict. • Identification and certification of the missing people program. • Compensation program or the loss of property during the conflict. | <ul style="list-style-type: none"> • Active participation from the local bodies/ communities. • Continuity of support from donor organizations. • Expected support from the beneficiaries to be received. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|--|---|---|
| Physical structure in running condition after being reconstructed and rehabilitated. | <ul style="list-style-type: none"> • To carryout reconstruction works of damaged infrastructure with the coordination and collaboration of other related ministries. • To carry out reconstruction works in participation with local communities. | <ul style="list-style-type: none"> • No./amount of reconstruction of damaged infrastructure. • No./amount of reconstructed/rehabilitated structures in working condition. | <ul style="list-style-type: none"> • Up to date progress report of the Ministry. • Review report of NPC. • Report of the donor agencies. • Review/evaluation of civil societies. • On Site inspection visit report. | <ul style="list-style-type: none"> • Reconstruction program of damaged infrastructures. | <ul style="list-style-type: none"> • Support of the related ministries and local bodies/ communities to be recovered. • Continuity in the support of donor organizations. |
| Camps effectively managed. | <ul style="list-style-type: none"> • To mobilize the Peace Fund in a regular and effective manner for the purpose of sustainable establishment of peace. • To carry out the suggestions of the Task Force constituted for the purpose of inclusion and rehabilitation of Maoist combatants. | <ul style="list-style-type: none"> • Mobilization of the Peace Fund. • Situation of the management of the camps. • Regular provision of the fixed amount payable to the combatants. • No. of combatants included and rehabilitated. | <ul style="list-style-type: none"> • Up-to-date progress report of the Ministry. • On Site inspection visit report. | <ul style="list-style-type: none"> • Provision of basic requirements to the combatants program. • Camps management program. | <ul style="list-style-type: none"> • Support received from insurgents in establishing peace. • Continuity in the support of donor organizations. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|---|--|--|
| Psychosocial rehabilitation and reintegration of those affected by the conflict. | <ul style="list-style-type: none"> • To arrange for the necessary psychosocial counseling and security to the affected people for the purpose of providing relief, rehabilitation and reintegration. • To constitute peace committees from the central to the local level for the purpose of peace, rehabilitation and reintegration. • Fact-finding and reconciliation missions will be formed for reconstruction and re-integration. • Run psychosocial counseling also with the help of NGOs/INGOs. • To carry out social rehabilitation and reintegration by promoting social and community leadership and self-employment. | <ul style="list-style-type: none"> • No. of those rehabilitated in a psychosocial sense. • No. of those reintegrated. • No. of those receiving the opportunity of employment or self-employment. • No. of those rehabilitated. | <ul style="list-style-type: none"> • Up-to-date progress report of the Ministry. • Progress report of INGOs. • On Site inspection visit report. • Special study report. | <ul style="list-style-type: none"> • Program to rehabilitate persons with physical disabilities. • Programs related to social and community leadership development, employment, self-employment and skill-oriented trainings. • Psychosocial counseling service program. • Co-living settlement development program. • Fact-finding and reconciliation mission formation. • Financial assistance program for the dependent families of the deceased. | <ul style="list-style-type: none"> • Active cooperation of the service takers. • Goodwill and cooperation from local communities to be received. • Cooperation received from NGOs/INGOs. • Fact finding and reconciliation committee formed on time. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|---|
| Information dissemination and institutional capacity building replaced thereto on the ongoing activities and activities to be pursued for Peace. | <ul style="list-style-type: none"> • To carry out programs in an inclusive fashion after identifying programs supporting and contributing to institutionalize and sustain peace. • To make the statistics related to the displaced, the missing (abducted) and the deceased reliable. • To make the provision for conflict prevention and conflict sensitive approach mandatory, built in all the development programs. • To make arrangement for conducting monitoring and evaluation of reconstruction, rehabilitation and reintegration programs. • To build institutional capacity for the effective implementation of reconstruction, rehabilitation and reintegration programs. • To constitute peace committees at the national and local levels for making rehabilitation and reintegration works effective. | <ul style="list-style-type: none"> • Information system on conflict management, peace reconstruction, rehabilitation and reintegration established. • Monitoring system for reconstruction and reintegration works established and operated. • Programs related to peace establishment run in an inclusive manner. • Increase in trainings/observation tours for specialists on peace and conflict transformation in the Ministry. | <ul style="list-style-type: none"> • Report of the Ministry • Information dissemination through communication media. • Bulletins, booklets distributed by the Ministry. • Evaluation of the civil societies. • Conflict control analysis in new plans and projects. | <ul style="list-style-type: none"> • Peace Talk programs for the dissatisfied groups. • Peace Committee formation program • Monitoring of peace agreement and accord. • Dissemination, coordination and records centre establishment program for peace and to combat and control conflict at the national and local levels. • Peace Memorial construction and Peace Award program. • Institutional capacity development program. | <ul style="list-style-type: none"> • Help of media. • Help of civil societies. • Formation of Peace Foundation policy committees at the national and local levels. |

3.4: Women Empowerment and Gender Equality

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|--|---|---|
| Along with the economic, social and political empowerment of women belonging to all classes, regions and communities, to construct inclusive and equitable society from the gender perspective, by ensuring equal rights to women in all the aspects of national life. | <ul style="list-style-type: none"> • To ensure active participation of the women by mainstreaming gender in all the areas of development. • To increase women participation to at least 33% in policy formulation and decision-making processes through positive actions including policy and legal improvements. • To ensure active participation through social, economic and political empowerment of the <i>Dalits</i>, women, senior citizens, <i>Adibasi Janajatis</i>, persons with disability, and children. • To create a conducive environment to end all types of terror against women and gender discrimination including human trafficking. • To run special programs to protect women's rights and social rehabilitation of women affected by conflict and women displaced, in an internal manner. • To experience active and meaningful participation of women in conflict resolution process. | <ul style="list-style-type: none"> • Percentage of women participation in gender development indicators and gender empowerment index and policy formulation. • Average literacy rate of the women, and mortality rate. • Maternal mortality rate and fertility rate. | <ul style="list-style-type: none"> • Reports of the Central Statistical Department (CBS). • Reports of different Ministries. | <ul style="list-style-type: none"> • Policy, legal and institutional reform program. • Gender equality and women empowerment programs. • Social rehabilitation of conflict affected women program. | <ul style="list-style-type: none"> • Commitments and partnership of all the sectoral agencies ensured. • Political commitment in relation to women development and empowerment to remain. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|--|---|
| Legal, administrative, economic, social, technical and instructional bases strengthened for the empowerment of women and their mainstreaming. | <ul style="list-style-type: none"> • To assess utility and effectiveness of policy and legal improvements carried out for gender equality along with the enforcement of gender management system and gender information system. • To ensure at least 33% women representative based on ethnic, caste-wise structure in the overall state mechanism through the improvement of legal, policy and institutional improvements. • To run capacity development special programs at national, regional and district level to ensure appointment to all public posts and promotion of women and to increase competitive competence of women belonging to marginalized/disadvantaged communities. • To provide special encouragement to industrial enterprises with a woman chief executive and having 50% women participation in the board of directors. • To remove all discriminatory acts and unacceptable conditions pertaining to women with a view to implement the commitments made by the State at the international level. | <ul style="list-style-type: none"> • Establishment of gender management system and its operation. • No. of court verdicts against gender discrimination. • Operation of rural women industry fund. • Allocated budget on women, targeted enterprises and programs. • Engendering of national and sectoral policy and programs, economic survey. • Gender coding of budget allocation, studies using gender information. • No. of Gender testing. • Monitoring and evaluation works and implementation of issues raised from there. | <ul style="list-style-type: none"> • Publication of Nepal gazette and law book Committee. • Records and publications of Ministries and departments. • Reports of PAC. • Monitoring reports of programs. • Annual economic survey and budget book. | <ul style="list-style-type: none"> • Policy and legal improvement program. • Legal, economic and social awareness program for the targeted community. • Leadership development program. • Economic empowerment program for the targeted communities. • Running of Oratory campaign for gender awareness. • Implementation of gender management system and extension of gender analysis and gender budget system. | <ul style="list-style-type: none"> • Strong commitment at the political level in place. • Sufficient pressure created through women revolution. • Awareness on women rights raised at the community level. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|---|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • To encourage active participation of women in the institutional development of democracy and electoral processes. • Along with the running of consultation and awareness campaigns in favor of gender equality, mainstreaming and women empowerment, to give emphasis on the joint work and partnership the with government, private sector and NGOs in the mobilization of the national mechanisms instituted for these aspects. • To formulate and implement gender analysis monitoring and evaluation mechanisms in overall economic pattern, sectoral and local development works by making gender analysis and gender budget system compulsory while formulating annual plans and programs. • To ensure at least 33% participation of even underprivileged women in the planning, programming, implementation, monitoring and evaluation at the local level. • To enhance the gender vocal capacity of the working staff in policy formulation and decision level including the political leadership level. | <ul style="list-style-type: none"> • Effectiveness of monitoring and evaluation mechanisms instituted at the local bodies. | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • To restructure and strengthen at the central and local levels institutionally at the Ministry of Women, Children and Social Welfare as National Center of Excellence for coordinating, simplification, monitoring and information management. • To make the National Women Commission autonomous and strengthened. • Through the improvement in infrastructure, staff and organizational capacity, to develop Women Development Office as a competent agency for the coordination, simplification and monitoring of works related with gender equality and women empowerment. • To make community organizations working on women empowerment and women's organization responsible through capacity enhancement. • To make arrangements for ensuring at least 33% women of the total beneficiaries in programs run by the Ministries. • Engenderization in major development areas like education, health, agriculture, water resources forestry, tourism and local development. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|--|
| Reduction in all types of discrimination, violence and abuses against the women with improvements in their social, economic and political status. | <ul style="list-style-type: none"> • To activate the monitoring and coordination network and task force constituted for the effective implementation of national action plans related to conventions on gender equality, women empowerment, child trafficking, and to end all types of discrimination through capacity enhancement. • To make legal improvements based on the rights of the women for combating all types of violence and human trafficking and to promote cross boundary collaborative works. • To run skill development and training as well as psychosocial counseling programs to enhance women's competence of the women facing violence and at risk. • For combating and controlling violence against women and children, to institute legal arrangement to promote community response including paralegal committees. • To adopt special approaches/strategies for the economic and social empowerment of single women. | <ul style="list-style-type: none"> • Proportion of participation and representation. • No. of organizations and members affiliated with national networks. • Reduction in court cases against discrimination and human trafficking. • No. and proportion of participating and befitted women at different stages of programs. • No. of community and women organizations. • Establishment of Rural Women Skill Fund • No. of women benefiting from house improvement program. • No. of women benefited from Fertility Health Fund. | <ul style="list-style-type: none"> • NLSS. • Site study reports of programs. • Records and publications of MLD, MoWC and department. • Economic survey and budget book. • Records of Rural Women Skill Fund and Fertility Health Fund. | <ul style="list-style-type: none"> • Policy and legal reform programs. • Extension of women development programs. • Programs related to women productivity and Rural Women Skill Fund. • Youth Development program. • Economic and social empowerment program for the targeted communities and regions. • Skill development and income generation program for the single women. • Home improvement program. • Awareness raising program on gender equality and legal consciousness at the local level. • Capacity enhancement for community organizations and women's organizations. • Community development programs. | <ul style="list-style-type: none"> • Marginalized women utilizing the received opportunities. • The existence of capacity to reach the targeted groups in the service agencies and human resources. • Increase in awareness. • Increase in the support received from local bodies, communities, NGOs with their increased participation. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • To ensure the access and control of the women in natural resources for economic empowerment. • To conduct special programs for the protection of rights and occupational capacity development of the women working on informal and unorganized sectors. • To take programs intensively to all VDCs targeted to women of the rural areas and program extension for employment and income generation and investment increase to targeted and underprivileged women. • For the commercialization of the activates of the rural women along with their occupational capacity enhancement access to productive economic resources and information, market management skills, technology transfer, and innovative means to progressive capacity development and professionalization. • To construct special mechanisms to make basic services available at the local level for poverty stricken women. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|---|--|
| | <ul style="list-style-type: none"> To ensure active participation of women in all sectors through social, economic and political empowerment of women belonging to <i>Dalit, Adibasi Janajati, Madhesi</i> and Muslim communities, as also single woman, handicapped, underprivileged, and backward community and poverty stricken women. To run programs at the community level to utilize the skills and experience of senior women. To conduct targeted programs to ensure fertility and sex health rights of the women. | | | | |
| Secure return and rehabilitation of the displaced women along with the protection of the rights of the women affected by the conflict. | <ul style="list-style-type: none"> To formulate national action plan for the social rehabilitation of women affected by the conflict in accordance with the UN declaration. Adoption of social simplification process for the dignified and secured return of the displaced women. To establish rehabilitation centers and to run special programs in collaboration with NGOs for the protection of rights and rehabilitation of the conflict affected, displaced, sufferers of violence, single women and disabled women. To make services and incentives like free education, | <ul style="list-style-type: none"> No. of women benefited from implemented programs. Proportion of women involvement in Action Plan formulation and established committees. | <ul style="list-style-type: none"> Record and publication of women, children and social welfare, Peace and Rehabilitation Ministries. Action plan booklet. Site study and monitoring reports. | <ul style="list-style-type: none"> In the process of conflict resolution and peace, women participation enhancement program. Formulation and implementation of National Action Plan for the social rehabilitation of women affected by the conflict. Psycho counseling service and legal assistance for women affected by the conflict. Consultation campaign for rendering the implementation of | <ul style="list-style-type: none"> Strong commitment of all the stakeholder agencies to remain. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|--|-----------------------|
| | <p>occupational training, free basic health service, psycho counseling, easy financial investment opportunities, available for conflict affected women.</p> <ul style="list-style-type: none"> • To bring issues related to sexual exploitation, rights encroachment after investigation of the period of conflict, to the scope of legal action. • In order to make the implementation of comprehensive peace accord women friendly. • To make the women representation 33% and 50% respectively in the Peace Council and Peace Committee. | | | <p>comprehensive peace accord women friendly.</p> <ul style="list-style-type: none"> • Women skill fund operation, group formation and corporatization program. | |

3.5: Dalit Upliftment and Development

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|---|
| Increased representation and impact enhancement in relation to population by increasing access of the <i>Dalits</i> to social and economic resources. | <ul style="list-style-type: none"> • To amend and prepare frameworks, rules and regulation in order to remove structural and policy obstacles inhibiting <i>Dalit</i> upliftment. • To continue to develop in active partnership with capacity enhancement of organization of the <i>Dalit</i> community for <i>Dalit</i> empowerment. • To continue to address pro-poor solutions to cater to the needs through special targeted programs for the marginalized <i>Dalit</i> groups. • To carry out HRD activities following principles of positive discrimination, reservation, special rights. • <i>Dalit</i> development Master Plan will be prepared to implement the declaration ‘untouchables free’ nation in practical terms and to make improvements in the overall conditions of the <i>Dalits</i>. | <ul style="list-style-type: none"> • An improvement by 10% in the human development and empowerment index of the <i>Dalits</i>. • Representation of the <i>Dalits</i> in the state mechanisms at the central and local level. • 50% of the women and men would express the reduction of discrimination based on castes. • An increase by 10% in the empowerment index of the <i>Dalit</i> women. | <ul style="list-style-type: none"> • Human development report. • Economic survey report. • Report of election commission. • Opinion poll report. | <ul style="list-style-type: none"> • Programs related to improvements in economic condition. • Programs related to improvements in social condition. • Programs related to participation and representation enhancement. • Religion, culture and language related programs. • Programs related to the improvements in the economic, social conditions of the <i>Dalit</i> women. • Programs related to the <i>Madhesi Dalits</i>. | <ul style="list-style-type: none"> • Commitment of SPA to remain addressing the <i>Dalit</i> issues. • Social inclusiveness to remain a priority in all the parts of the State. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|--|--|
| Social and economic conditions of the <i>Dalits</i> improved. | <ul style="list-style-type: none"> • To run special targeted programs for the <i>Dalits</i>. • To gradually arrange special concession and incentives to encourage <i>Dalits</i> in the establishment of commercial enterprises. • To initiate providing loans without any mortgage for <i>Dalits</i> going for foreign employment. • In areas with high population of <i>Dalits</i>, infrastructures, electricity and communication will be developed. • To give emphasis on commercialization and marketization after identifying the traditional skills and assets of <i>Dalits</i>. | <ul style="list-style-type: none"> • By the end of the Plan, 10% of the <i>Dalit</i> families to be employed. • Programs for the economic upliftment of the <i>Dalits</i> in operation with the budget allocated from the annual budgets of local bodies. • Loans made available to the <i>Dalits</i> without any mortgage and free of interest. • By the end of the Plan, list for the capitalization of the traditional metal leather, timber and clothes production. • Increased investment by 5–10% in <i>Dalit</i> targeted programs by all the linked agencies at all levels. | <ul style="list-style-type: none"> • Human development report of Nepal. • National caste human development index report. • Budget description of the government. • Special study reports. | <ul style="list-style-type: none"> • Targeted programs for economic development in the selected districts • Program to manage settlements for the landless, <i>Dalits</i> and <i>Haliyas</i>. • Professional agriculture oriented program targeted for minority <i>Dalits</i> • Capacity enhancement program for middle level merchants related with agri-production. • Research study program related with intellectual property rights related to traditional skills and occupation. • Skill development program. • NTFPs and Industrial promotion and market management program. | <ul style="list-style-type: none"> • Budget availability as per the need. • Continuity of the political commitment on <i>Dalit</i> upliftment • Active participation of the <i>Dalit</i> community to remain. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|--|--|
| Improved social conditions of the <i>Dalit</i> community. | <ul style="list-style-type: none"> • To make arrangements to provide free education (up to secondary level) to in order to raise the educational level of the <i>Dalit</i> community. • To make arrangements for reservation in higher-level technical education for the development of human resources of <i>Dalit</i> communities. • To increase access to health services by establishing health centres or other appropriate measures in areas populated by <i>Dalits</i>. • To compulsorily involve a member representative of the <i>Dalit</i> community in the formulation and implementation of social program and projects. • To make arrangement to have at least one <i>Dalit</i> teacher in each and every level of schools. | <ul style="list-style-type: none"> • 10% increase in relation to the current position in the number of <i>Dalit</i> children receiving scholarship at primary to secondary school level. • Legal provision to provide 15% of reserved seats for <i>Dalits</i> in technical education. • The average longevity of the <i>Dalits</i> increased. • 10% reduction in the unhealthy condition of the <i>Dalits</i> in comparison with the present condition. • 25% of the total <i>Dalit</i> families to have access to clean drinking water and toilet facilities. | <ul style="list-style-type: none"> • Annual report of the Ministry of education. • Annual report of the ministry of health. • Nepal human development report. • Special survey report. | <ul style="list-style-type: none"> • Program to provide scholarship to students of the <i>Dalit</i> community at the primary and secondary school level. • Program for the monitoring system to look after issues like caste discrimination in the utilization of scholarship and grants received by 100 schools located in areas intensely populated by <i>Dalits</i>. • Seat reservation program in domestic and foreign scholarship for higher education. • Hostels for low-income groups and <i>Dalits</i> and strengthening of existing hostels. • Programs related to proportional residential facilities for <i>Dalits</i> in the existing hostels. • To appoint women health volunteers for <i>Dalit</i> women and training programs for health human resources. • Capacity enhancement program to make <i>Dalit</i> women competitive to | <ul style="list-style-type: none"> • Continuity of political commitment related to <i>Dalit</i> development and inclusiveness. • Positive changes to emerge in the traditional conception of the local communities about <i>Dalits</i>. • Necessary awareness increase and active participation among the <i>Dalits</i>. • Support of local bodies and NGOs to be available. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|---|---|
| | | | | <p>fight for mother child workers and auxiliary health nurses.</p> <ul style="list-style-type: none"> • To provide free health services to very poor <i>Dalits</i> in 25 districts. • Preventive and curative measures and program to reduce drug habits and HIV/AIDs among the <i>Dalits</i>. • To construct drinking water and toilets in <i>Dalit</i> settlements. • Awareness generation programs on sanitation practices of <i>Dalits</i>. | |
| Increase in the proportional participation and representation of the <i>Dalits</i> in the state-cum private sector and civil society agencies. | <ul style="list-style-type: none"> • To provide positive discrimination and reservation in all sectors for the <i>Dalit</i> community. • To encourage the private sector and civil societies to follow an inclusive policy. | <ul style="list-style-type: none"> • The policy to include program and budget for the upliftment of the <i>Dalits</i> in the plans of all government, NGOs and private sector enterprises. • Policy to make the organization of the <i>Dalits</i> participates in the implementation of plans of the government, NGOs and the private sector in place. | <ul style="list-style-type: none"> • Report published by the MoGA. • Amended acts and regulations. • Report of the <i>Dalit</i> federation. | <ul style="list-style-type: none"> • Review, improvement and new construction of policy, laws and acts related with the <i>Dalits</i> for the mainstreaming of inclusion. • To construct policy and regulation giving priority for the upliftment of the <i>Dalits</i> in programs run by government and non-government sector. • To make service providers <i>Dalit</i>-friendly, launching social inclusion and social justice oriented programs. | <ul style="list-style-type: none"> • Continuity of political commitment related to the development of <i>Dalits</i>, and inclusiveness. • Positive changes to emerge in the traditional conception of the local communities about <i>Dalits</i>. • Necessary awareness increase and active participation among the <i>Dalits</i>. • Support of local bodies and NGOs to be available. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|-----------------------|---|-----------------------|---|-----------------------|
| | | <ul style="list-style-type: none"> • Policy to ensure <i>Dalit</i> representation in the structure of board and staff of the government, NGOs and the private sector. • The no. of <i>Dalits</i> increased in civil service owing to positive discrimination. • At least 5% of the staff filled in by the <i>Dalits</i> in the private sector and civil society employment giving organizations. | | <ul style="list-style-type: none"> • Institutional strengthening of National Dalit Commission. • Constitutional strengthening of <i>Dalit</i> upliftment district coordination committee program. • Program to convert neglected <i>Dalit</i> class upliftment development committee into <i>Dalit</i> development council. • Competitive competence enhancement of the <i>Dalits</i> program for employment and representation. • Awareness, orientation and leadership development training to ensure participation and representation of the <i>Dalits</i> in the constituent assembly and constitution formation. • Competence enhancement program for the <i>Dalit</i> women for 33% representation based on population in all the state constituents and mechanism. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|--|---|
| Reduction in discrimination based on religion, caste, culture and language. | <ul style="list-style-type: none"> • To make arrangements for effective legal system against untouchables and caste-based discrimination. • To encourage by constituting a parliamentary committee out of <i>Dalit</i> parliamentarians for monitoring and evaluation of the programs and goals pertaining to the <i>Dalits</i>. | <ul style="list-style-type: none"> • Increase in the number of complaints and actions taken in relation with the incidents related to <i>Dalits</i> in police and courts. | <ul style="list-style-type: none"> • Reports related to human rights. • Records of the police and courts reports of <i>Dalit</i> upliftment organizations. • Reports of NGOs. | <ul style="list-style-type: none"> • <i>Dalit</i> development master plan preparation program. • To establish <i>Dalit</i> desks at centre, district and area (<i>Ilaka</i>) level police station. • Establishment of <i>Dalit</i> desk in NHRC and women <i>Dalit</i> commission and <i>Dalit</i> rights oriented programs. • Training and orientation program for agencies executing legal provision on untouchability and caste discrimination. • To run programs against untouchables as a campaign. • Religious awareness program against untouchability. • Program to protect, conserve and promote the traditional occupation of <i>Dalits</i> under craft, village, caste and cultural museums. | <ul style="list-style-type: none"> • Continuity of political commitment related to <i>Dalit</i> development and inclusiveness. • Positive changes to emerge in the traditional concept of the local communities about <i>Dalits</i>. • Necessary awareness increase and active participation among the <i>Dalits</i>. • Support from local bodies and NGOs to remain. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|--|
| Improved social and economic condition of <i>Dalit</i> women. | <ul style="list-style-type: none"> • To make all the programs related to women, <i>Dalit</i> women friendly. • Special emphasis will be given to social, economic and political empowerment of <i>Dalit</i> women. • 33% women representation in all agencies formed for <i>Dalits</i> will be ensured. | <ul style="list-style-type: none"> • Proportional participation of <i>Dalit</i> women in women targeted programs. • 5 per cent increase of the representation and participation of <i>Dalit</i> women in different consumer committees and local agencies. • Reduction in malnutrition by 10% in relation to the current situation of <i>Dalit</i> women. • Increase by 10% in the number of <i>Dalit</i> women receiving informal education. | <ul style="list-style-type: none"> • Reports on programs related to women • Reports of the Ministry of education and the Ministry of health. • Special survey reports. | <ul style="list-style-type: none"> • Different programs in partnership with <i>Dalit</i> organizations to end different types of exploitation and social misconceptions about the <i>Dalit</i> women. • Programs to encourage social activities and enhance inter-caste goodwill. • Capacity enhancement program for mainstreaming political and decision-making processes. • Special program for the empowerment income generation of <i>Badi</i> women and programs for their children employment generation and free education. • Targeted programs for increasing access of the <i>Dalit</i> women to education and health services. • Informal education program for the <i>Dalit</i> women. • Programs related with social mobilization to increase access of the <i>Dalit</i> women to mobile health camps. | <ul style="list-style-type: none"> • Continuity of political commitment related to <i>Dalit</i> development and inclusiveness. • Positive changes to emerge in the traditional conception of the local communities about <i>Dalits</i>. • Necessary awareness increase and active participation among the <i>Dalits</i>. • Support from local bodies and NGOs to remain. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|--|--|
| Improved empowerment level and overall social standard of the <i>Madhesi Dalits</i> . | <ul style="list-style-type: none"> • To ensure social, economic and political empowerment of <i>Madhesi Dalits</i>. • To straighten organizations of the <i>Madhesi Dalits</i>. • To implement community programs through the organizations of the <i>Madhesi Dalits</i>. | <ul style="list-style-type: none"> • School enrollment of the children of the <i>Madhesi Dalits</i> increased by 10%. • Reduction in malnutrition by 10% in relation to the current situation of <i>Dalit</i> women. • Increase in the representation of <i>Madhesi Dalits</i> in the local management related to development programs. | <ul style="list-style-type: none"> • Caste index of <i>Madhesi Dalits</i>. • Special survey report. | <ul style="list-style-type: none"> • Special package program for educational and economic development of <i>Chidimar, Dom, Dhankar, and Mushahar</i> among the <i>Dalit</i> community. • Community building and community toilet construction program in settlement areas of <i>Madhesi Dalits</i>. • Citizenship distribution program for the <i>Madhesi Dalits</i>. • Program to implement after making policy to provide special old age allowance for the people belonging to <i>Mushahar</i> and <i>Dom</i> community till the age of national average mortality. • Data collection program with the preparation of mechanism and forms to collect the information of the overall <i>Dalits</i> and <i>Madhesi Dalits</i>. | <ul style="list-style-type: none"> • Continuity of political commitment related to <i>Dalit</i> development and inclusiveness. • Positive changes to emerge in the traditional conception of the local communities about <i>Dalits</i>. • Necessary awareness increase and active participation among the <i>Dalits</i>. • Support from local bodies and NGOs to remain. |

3.6: Adibasi Janajati Development

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|---|---|
| To achieve economic development and cultural promotion of the <i>Adibasi Janajatis</i> by increasing their access to governance, social and economic resources. | <ul style="list-style-type: none"> • To make improvements on the structure of the State and rules and regulations or to construct new ones as per the need in order to remove structural and policy hurdles inhibiting the welfare and upliftment of <i>Adibasi Janajatis</i>. • To ensure active partnership with <i>Adibasi Janajatis</i> in the development process by increasing the capacity of the traditional and caste based organization for empowering them. • To run special targeted programs based on the needs of the communities with the purpose of poverty alleviation of disappearing, highly marginalized and deprived <i>Adibasi Janajatis</i>. • To bring about improvements in the lifestyle of the <i>Adibasi Janajatis</i> by intensifying the construction of physical infrastructure in the Bahul regions of <i>Adibasis</i>. • Human resources of the <i>Adibasi Janajatis</i> will be developed following the principle of positive discrimination in order to improve their social condition. • To conserve and promote the language and culture of <i>Adibasis</i> recognized as the national heritage by developing "national cultural policy". | <ul style="list-style-type: none"> • Improvement by 10% in HDI of the <i>Adibasi Janajatis</i>. • Improvement by 10% in empowerment index of the <i>Adibasi Janajatis</i>. • Representation of the <i>Adibasi Janajatis</i> in proportion to the population in constituent assembly • Improvement by 10% in gender development index of <i>Adibasi Janajati</i> women. | <ul style="list-style-type: none"> • HD report. • Election commission report. • Legislation to constitute Adibasi Janajati Commission. • Progress reports of DDC, VDC and ministries. • Special survey reports. | <ul style="list-style-type: none"> • Improvement programs in structural and policy regulations of the State. • Capacity enhancement program for the traditional and caste based organization of the <i>Adibasi Janajatis</i> by making them participate in development programs. • Targeted programs to alleviate poverty of disappearing, highly marginalized, marginalized and deprived <i>Adibasi Janajatis</i>. • Physical infrastructure development program to bring about improvements in the conditions of <i>Adibasi Janajatis</i>. • HRD programs in education and health sector. • Programs on the conservation and promotion of language and culture of <i>Adibasi Janajatis</i> with the preparation of comprehensive profiles for national cultural policy and cultural conservation. | <ul style="list-style-type: none"> • Continuity of political commitment for the development of <i>Adibasi Janajatis</i>. • Necessary structural and policy improvements will be in place. • Active participation of the <i>Adibasi Janajati</i> community to be available. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|---|--|
| State structure and policies constructed, compatible with the welfare and favorable to <i>Adibasi Janajatis</i> . | <ul style="list-style-type: none"> To formulate and implement tri-lingual policy in education. Proportional representation will be arranged for the women of <i>Adibasi Janajatis</i>. Appropriate arrangements to be taken to enhance the access of <i>Adibasi Janajatis</i> to natural resources. | <ul style="list-style-type: none"> Trilingual policy constructed and implemented. Policy formulated to make <i>Adibasi Janajatis</i> participate in partnership of the caste and lingual organization of them in planning network of the government, NGO and the private sector organizations. Adequate research conducted to ensure access of <i>Adibasi Janajatis</i> to natural resources. | <ul style="list-style-type: none"> Trilingual policy and rules. Amendment and new inclusive legal documents. Annual reports of sectoral ministers. | <ul style="list-style-type: none"> Policy, review of laws and acts, improvement and new construction reading for <i>Adibasi Janajatis</i>. Trilingual policy formation. Identification of provision in contradiction to ILK Convention 169 and amendment. Appropriate arrangement for ensuring access to natural resources. Preparation of acts to use the language of the <i>Adibasi Janajatis</i> with writing tradition in regional level government functions and in court proceedings. Necessary preparation for arrangement to conduct examination in their mother tongue for non-gazetted posts. | <ul style="list-style-type: none"> Political commitment for the upliftment of <i>Adibasi Janajatis</i> will be maintained. |
| Capacity of traditional and caste-based organization of <i>Adibasi Janajatis</i> enhanced. | <ul style="list-style-type: none"> To organize <i>Adibasi Janajatis</i> and strengthen their establishment as partners of development by enhancing capacity of ethnic and traditional institutions. | <ul style="list-style-type: none"> Initiation of upliftment plan implementation after its preparation with the registration of currently unorganized enterprises of different castes. | <ul style="list-style-type: none"> Annual progress reports of <i>Adibasi Janajatis</i> federation. Annual progress reports of <i>Aadibasi Janajati</i> Upliftment National Academy. | <ul style="list-style-type: none"> Institutional development program of federation and caste organizations. Strengthening program for <i>Aadibasi Janajati</i> Upliftment National Academy in the changed context. Special awareness raising campaign program in current topics including human rights. | <ul style="list-style-type: none"> Adequate budget availability. Active participation of traditional caste-based organizations |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|---|
| | | <ul style="list-style-type: none"> • Programs for the upliftment of respective castes of caste organizations affiliated to <i>Adibasi Janajati</i> federation prepared and implemented. • Caste and language related organizations would have started working as partners of development with Government, NGOs, INGOs, donor agencies and private enterprises. | | <ul style="list-style-type: none"> • Running of communication media like radio, F. M., TV programs, papers in <i>Janajati</i> language • Resource centre establishment program for <i>Adibasi Janajatis</i>. | |
| Economic conditions of endangered, highly marginalized, marginalized and deprived <i>Adibasi Janajatis</i> improved. | <ul style="list-style-type: none"> • To run special targeted program for endangered, highly marginalized, marginalized and deprived <i>Adibasi Janajatis</i>. • To encourage marginalized and deprived <i>Adibasi Janajatis</i> on the basis of preferential discrimination in establishing industries, businesses and banks. • Necessary arrangement | <ul style="list-style-type: none"> • Income of <i>Adibasi Janajatis</i> increased. • Appropriate study made to establish access and control of <i>Adibasi Janajatis</i> over natural resources. • Programs conducted with the budgets allocated by DDC, VDC and | <ul style="list-style-type: none"> • Annual progress reports of <i>Adibasi Janajati</i> federation. • Annual progress reports of the National Academy for <i>Adibasi Janajati</i> Upliftment. • Study reports related to the access of <i>Adibasi Janajatis</i> to natural resources. | <ul style="list-style-type: none"> • Land distribution for housing for landless, disappearing, highly marginalized and marginalized <i>Adibasi Janajatis</i>. • Targeted economic programs for disappearing, and highly marginalized <i>Adibasi Janajatis</i>. • Agri-information dissemination programs in mother tongues of <i>Adibasi Janajatis</i>. | <ul style="list-style-type: none"> • Availability of enough budget. • Continued political commitment for upliftment of <i>Adibasi Janjati</i>. • Formulation of necessary policies and acts. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|---|---|-----------------------|---|-----------------------|
| | <p>will be made to increase the access of <i>Adibasi Janajatis</i> to natural resources like water, land, forest and minerals.</p> <ul style="list-style-type: none"> Arrangements would be made to make local bodies for compulsory budget allocation for the economic cultural upliftment of <i>Adibasi Janajatis</i>. | <p>municipalities.</p> <ul style="list-style-type: none"> Cultural and tourism programs run by caste and traditional organizations of <i>Adibasi Janajatis</i> in the five selected areas of <i>Adibasi Janajatis</i>. | | <ul style="list-style-type: none"> Programs to provide relief and encouragement to <i>Adibasi Janajatis</i> for high value crops. Programs for arrangement of seed money, training and technology necessary for modernization and commercialization of traditional skills and knowledge. Skill development and technical training programs for <i>Adibasi Janajatis</i>. Preparation of cultural and tourism development programs. Targeted pocket programs for the upliftment of <i>Adibasi Janjatis</i> living in close proximity of national parks. Continuity to rehabilitation and livelihood programs for the freed Kamaiyas. Poverty alleviation programs for the deprived <i>Adibasi Janajatis</i> of urban areas. Entrepreneurial promotion program in herbs, NTFPS and other areas with comparative advantages. Targeted programs to orient <i>Adibasi Janajatis</i> towards commercial agriculture. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|---|--|
| Social conditions of <i>Janajatis</i> improved. | <ul style="list-style-type: none"> • To provide compulsory and free education upto secondary level to raise the educational level of <i>Janajatis</i>. • Arrangement will be made for preferential differentiation in higher and higher technical education with reservation for enhancing the capacity and human resource development of <i>Adibasi Janajatis</i>. • Policy to run classes in their mother tongue will be adopted. • Transmission, publication and distribution of media support materials related to health, sanitation and environment will be done in mother tongues of <i>Adibasi Janjatis</i>. | <ul style="list-style-type: none"> • Children of <i>Janajatis</i> would have been receiving free and compulsory education with scholarship upto secondary school level. • Reservation of seats for the children of highly marginalized, marginalized and deprived <i>Adibasi Janjatis</i> in higher education in the country and abroad. • Graduates in <i>Adibasi Janjati</i> language are produced. • Courses started running in mother tongue as a medium upto grade five. • Media support materials relating health, sanitation and environment published and used in mother tongues of <i>Adibasi Janjatis</i>. | <ul style="list-style-type: none"> • Report of AJUNA. • Progress reports of Education Ministry/ Department of Education. • Reservation Act for Education for <i>Adibasi Janjatis</i>. | <ul style="list-style-type: none"> • Free and compulsory education with scholarship program upto secondary school level. • Scholarship program for <i>Adibasi Janjati</i> students for higher education in national and foreign universities. • Training program for the production of teachers in mother tongues. • Non-formal education program in mother tongues. • Program to run educational programs as a medium of education in twenty mother tongues having a writing tradition. • National curriculum and study/teaching materials development and special local curriculum development programs. • <i>Adibasi Janjatis</i> human resources development program in health services. • Capacity enhancement program for <i>Janjati</i> women to make them competitive for the posts of mother child workers and auxiliary health workers. | <ul style="list-style-type: none"> • Necessary budget to be available. • Concerned institutions to include programs for the <i>Adibasi Janjatis</i>. • Expected participation of local communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|--|--|
| National policies for the protection of languages and cultures of <i>Adibasi Janjatis</i> and national and policies related with language and culture to be formulated. | <ul style="list-style-type: none"> • To prepare long-term master plan for the conservation and promotion of languages and cultures of <i>Adibasi Janjatis</i> and its gradual implementation. • To make arrangements for allowing all mother tongues with writing tradition in all the government functions and court proceedings. | <ul style="list-style-type: none"> • Departments dealing with script, language, literature, art, drama, philosophy, culture etc. formed in NFDIN and in operation. • Basic materials (dictionary etc.) needed for academic studies in <i>Adibasi Janjatis</i> languages prepared. • Additional historical <i>Gumbas</i> repaired through Gumba Development Committee • Records related with the protection and conservation of ancient heritage and <i>Guthis</i> of <i>Adibasi Janjatis</i> prepared. • Two to three art and cultural villages in operation after taking initiation for the establishment of caste museums/resource centers in seven areas with domination of <i>Adibasi Janjatis</i>. | <ul style="list-style-type: none"> • Progress reports of the Ministry of Education, Culture and Sports. • Progress reports of NFDIN. • Gazette of the Government of Nepal. • Progress reports of Gumba Management and Development Committee • Local Service Act. • Progress reports of the Public Service Commission. | <ul style="list-style-type: none"> • Research and study program for the protection and promotion, and awareness raising about language, religion and culture of endangered <i>Adibasi Janjatis</i>. • To prepare language profiles for each of the languages after conducting scientific lingual surveys of <i>Adibasi Janjatis</i>. • Annotated Bibliography preparation program for the protection and promotion of religion, culture, and heritage of the <i>Adibasi Janjatis</i>. • Program for recording of the endangered languages (to prepare basic grammar and dictionary, audio/audio-visual materials). • To establish Harka Gurung Memorial Academy for the study and research on language, religion, and philosophy (Buddhists, Kirat and others) of <i>Adibasi</i>. • Programs to protect and promote traditional arts, culture, and heritage of <i>Adibasi Janjatis</i> under art and cultural villages and cultural museums. | <ul style="list-style-type: none"> • Availability of budgets. • Commitment of the government in <i>Adibasi Janjatis</i> development. • Participation of NGOs. • Participation of the concerned religious institutions. |

3.7: Madeshi Community Development

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|------------------------------|
| To raise the living standard of the <i>Madhesi</i> community by increasing their access in proportion to the population to governance, social and economic resources. | <ul style="list-style-type: none"> • Structural as well as policy and regulatory reforms will be made in order to remove structural and policy barriers for the proportional participation of the <i>Madhesi</i> community in all the structures of the state. • Special targeted programs on the basis of need of the communities will be carried out to address the poverty alleviation of the deprived <i>Madhesi</i> communities. • Active partnerships in the development process will gradually be developed to enhance the capacity of organization for the empowerment of the <i>Madhesi</i> communities. • Human resources of the <i>Madhesi</i> communities will be gradually developed following the principle of preferential differentiation for improving their social conditions • The language and cultures of the <i>Madhesi</i> community will be protected and promoted by preparation a Master Plan for the development of <i>Madhesi</i> language and cultures. | <ul style="list-style-type: none"> • HDI of the <i>Madhesi</i> community improved by 10% • EI of the <i>Madhesi</i> community improved by 10% • GDI of the women of the <i>Madhesi</i> community improved by 10%. • The cultural identity of the <i>Madhesi</i> community established. | <ul style="list-style-type: none"> • Progress reports of MLD and sectoral ministries. • Reports of Election Commission. • Nepal gazette. • HD reports. • Special survey reports. | <ul style="list-style-type: none"> • Economic development program. • Social development program. • Organizational development and institutional capacity enhancement program. • Protection and promotion of cultural and language heritage. • Programs related with the improvement in discriminatory behavior. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|--|---|
| The structure and policies of the state formulated in favor of the welfare of the <i>Madhesi</i> community. | <ul style="list-style-type: none"> • Provision of reservation will be made for women and men of the <i>Madhesi</i> community for representation in all wings and agencies of the State. • Capacity development of the <i>Madhesi</i> community will be done to increase their access in policy formation and decision-making level. • Appropriate mechanisms will be developed at different levels of the state for mainstreaming and addressing the <i>Madhesi</i> issues. | <ul style="list-style-type: none"> • The participation of the <i>Madhesi</i> community in civil service to reach 10% from 8.6%. • The participation of the <i>Madhesi</i> in local bodies of administrative sector increased. • Proportional representation in relation to the population ensured in constituent assembly, legislative and constitutional organs. | <ul style="list-style-type: none"> • Policy paper of the government of Nepal. • Reports of the Election Commission. • Records of <i>Nijamati KitabKhana</i>. | <ul style="list-style-type: none"> • Programs relating to the inclusiveness of the <i>Madhesi</i> community as well legal provision. • Preferential differentiation policy formation in the programs conducted by the government and non-government sector. • Legal awareness raising program for the deprived <i>Madhesi</i> community. • Program relating to the arrangement for conducting examination in the principal language of the <i>Madhesi</i> community for non-gazetted local posts. • Study program relating to the issues of the <i>Madhesi</i> community. | <ul style="list-style-type: none"> • Conflict resolved in the Terai. • Political commitment to be continued. • Necessary policy and legal system in place. • Expected level of participation of NGOs. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|---|---|
| Economic and social conditions of the deprived groups of the <i>Madhesi</i> community improved. | <ul style="list-style-type: none"> Necessary policy and laws would be formulated for the proportionate distribution of national and local resources. Soft loan facility will be provided for self-employment of economically weak <i>Madhesi</i> community. Special arrangement and reservation will be made for a fixed period to institute preferential differentiation in education, health, housing, food rights and employment. | <ul style="list-style-type: none"> Proportionate budget allocated on the basis of population for the Terai. Relative increase in the income level of poor and very poor of the Terai. Development stage of the Madhesh with targeted infrastructure (postal and agri-roads). | <ul style="list-style-type: none"> Publication of MoF Report of statistics department. Reports of agriculture and irrigation departments. Reports of the Department of Road. | <ul style="list-style-type: none"> Targeted program for marginalized <i>Madhesi</i> community. Employment generating technical education program for the deprived <i>Madhesis</i>. <i>Madhesi</i> targeted infrastructure development programs (Postal and agri-road construction). Skill development program for the deprived <i>Madhesis</i>. Formation of cooperative including marginalized <i>Madhesi</i> women and men. Financial assistance for foreign employment and skill development program NTFPS related industries promotion and market promotion programs | <ul style="list-style-type: none"> Conflict resolution in the <i>Madhesh</i>. Political commitment will continue. Necessary policy and legal arrangement will be made. Availability of necessary resources. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|--|--|
| Positive impact observed in the social status of <i>Madhesi</i> women | <ul style="list-style-type: none"> • To adopt policy to provide compulsory and free education to make improvement in educational status of the deprived people of the <i>Madhesh</i>. • The policy of preferential differentiation will be adopted for development of capacity and <i>Madhesi</i> human resources. • Health, sanitation and environment related media support materials would be published and distributed in <i>Madhesi</i> languages. | <ul style="list-style-type: none"> • 10% increase in literacy of the deprived communities within <i>Madhesia</i> Muslims, <i>Dalits</i> and underprivileged communities, <i>Janajati</i> men and women. • Reservation will be made in scholarship and enrollment in national and foreign institutes for <i>Madhesi</i> students. • 50% improvement in maternal health of <i>Madhesi</i> women. • Status of the publication of health, sanitation and environment related media support materials and their utilization. | <ul style="list-style-type: none"> • Reports of CBS • DHS report of the Ministry of Health. • Annual report of the Ministry Education and Sports. • Reports of social service coordination committee. • Special survey reports. | <ul style="list-style-type: none"> • Targeted program for the fertility health improvement of <i>Madhesi</i> women. • Program for recording and documentation of obstacles to <i>Madhesi</i> women and men (lingual, regional, class, and caste). • Capacity enhancement program for the <i>Madhesi</i> women for the post of women child workers and auxiliary health workers. • Program for compulsory and free education with scholarship upto secondary level. • Program for reservation in enrollment and scholarship in national and foreign educational institutes. • Primary level curriculum development program in <i>Madhesi</i> languages. | <ul style="list-style-type: none"> • Conflict resolution in the <i>Madhesh</i>. • Political commitment will continue. • Necessary policy and legal arrangement will be made. • Expected participation of concerned ministry and other sectoral ministries. • Expected level of participation of <i>Madhesi</i> communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|---|--|---|
| Organizations of <i>Madhesi</i> communities developed and the institutional capacity enhanced. | <ul style="list-style-type: none"> • Policy to develop and strengthen <i>Madhesi</i> community organizations will be adopted. • Organizations of <i>Madhesi</i> community will be taken as partners in development process after increasing their work competence. • Special awareness programs will be conducted on topical subjects including human rights. | <ul style="list-style-type: none"> • Formation, capacity enhancement and active participation of organization working for <i>Madhesi</i> community. | <ul style="list-style-type: none"> • Annual reports of DDCs. • Publication of MoF. • Reports of Social Service Coordination Council • Publication, report of NGOs | <ul style="list-style-type: none"> • Development/formation of organization of <i>Madhesi</i> community. • Capacity development program of related NGOs and deprived <i>Madhesi</i> community. • Special awareness programs. | <ul style="list-style-type: none"> • Conflict resolution in the <i>Madhesh</i>. • Political commitment will remain. • Necessary policy and legal arrangement will be made. • Expected level of participation of concerned ministry and other sectoral ministries. • Expected level of participation of <i>Madhesi</i> communities. |
| Cultural and lingual heritage of the <i>Madhesi</i> community protected and promoted. | <ul style="list-style-type: none"> • Policy to formulate and implement the Master Plan for the protection and promotion of <i>Madhesi</i> language and culture will be adopted. • Policy to use the current main languages of <i>Madhesh</i> region will be adopted • In the local bodies and in the curriculum of primary schools, <i>Madhesi</i> languages with tradition of writing will be used. | <ul style="list-style-type: none"> • Comprehensive profiles prepared for the protection of language, culture, and heritage of the <i>Madhesi</i> community. • Curriculum in <i>Madhesi</i> languages for primary schools developed and in use. • <i>Madhesi</i> language started to be used in local bodies and curriculum of primary level. | <ul style="list-style-type: none"> • Reports of the Ministry of Tourism and Culture. • Reports of the Ministry Education and Sports. • Reports of the MoIC. • Special survey reports. | <ul style="list-style-type: none"> • Annotated Bibliography preparation program for the protection and promotion of religion, culture, and heritage of the <i>Madhesi</i> community. • Construction and publication program of script, grammar, dictionary of the <i>Madhesi</i> languages. • Protection and development program for of Cultural legacy of the <i>Madhesi</i> community and tourism sector. | <ul style="list-style-type: none"> • Adequate budget to be available • Expected level of participation of concerned ministry and other sectoral ministries • Necessary policy and legal reforms made. • Expected level of participation of <i>Madhesi</i> communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|--|---|
| | | <ul style="list-style-type: none"> Master plan for preservation and development of the cultural heritage of the <i>Madhesi</i> community prepared. | | <ul style="list-style-type: none"> Art and craft village and museum establishment program. | |
| Improvements in discriminatory behaviors within the <i>Madhesi</i> community | <ul style="list-style-type: none"> Policy to formulate and enforce acts to remove gender, age, caste, and cultural discrimination within the <i>Madhesi</i> community. Policy to make monitoring and penalty arrangements effective to remove violence and exploitation against women and backward class <i>Madhesies</i>. | <ul style="list-style-type: none"> Reduction in incidents like dowry (<i>dahej</i>), witchcraft, child marriage. Necessary laws formulated to remove discrimination against <i>Madhesi</i> women. | <ul style="list-style-type: none"> Base line survey and evaluation reports. Opinion poll reports. Various reports. | <ul style="list-style-type: none"> Various programs to be run jointly with <i>Madhesi</i> organization for ending violence and exploitation against <i>Madhesi</i> women like dowry (<i>Dahej</i>), child labor, <i>Burkha</i> system, and domestic violence. Targeted programs for education, health and income generation. Awareness generating programs to remove discrimination present in <i>Dalit</i> and other backward classes. | <ul style="list-style-type: none"> Necessary policy and legal arrangement will be made. Expected participation of <i>Madhesi</i> communities. Participation of local bodies as expected. |

3.8: Development of Muslim Community

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|---|
| To increase the representation of the Muslim community in the state structure in proportion to their population along with an increased access to social and economic resources. | <ul style="list-style-type: none"> • To increase the access of the Muslim communities to resources • To ensure proportionate representation of Muslim communities in decision making and state structure. | <ul style="list-style-type: none"> • Improvement by 10% in HDI of the Muslim community. • Improvement by 10% in EI of Muslim community. • Improvement by 10% in the gender index of Muslim women. | <ul style="list-style-type: none"> • Human development reports. • Report of election commission. • Economic survey report. • Opinion polls report. • Special survey reports. | <ul style="list-style-type: none"> • Program related to studies on socio-economic conditions of the Muslim community. • Protection program of language, culture and heritage of the Muslim community. | <ul style="list-style-type: none"> • Government's commitment regarding the inclusion of the Muslim community and formulation and implementation of the necessary policy. • Awareness of the Muslim community raised and necessary participation obtained. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|---|---|
| The participation of the Muslim community increased at all levels of the state structure. | <ul style="list-style-type: none"> • To encourage the Muslim communities towards their progressive transformation by removing hurdles in their development. • Institutional arrangement will be made for the upliftment of the Muslim community. | <ul style="list-style-type: none"> • Increased participation of the Muslim community at all levels of the state machinery. • Establishment of Commission for Muslim Upliftment. | <ul style="list-style-type: none"> • Report of the election commission • Report of MoGA • Special survey reports. | <ul style="list-style-type: none"> • Study and research programs on the conditions of the Muslim community. • Muslim Commission formation program. • Programs related with the progressive transformation of the Muslim community. | <ul style="list-style-type: none"> • Government's commitment regarding the inclusion of the Muslim community and formulation and implementation of the necessary policy. • Awareness of the Muslim community raised and necessary participation obtained. • Establishment of Commission for Muslim Upliftment. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|--|
| Economic, social and educational status of the Muslim communities improved. | <ul style="list-style-type: none"> • Formulate and implement special targeted programs according to need of the Muslim community. • To adopt the policy of preferential differentiation (reservation) in the provision of economic, social, educational, health and governmental services. | <ul style="list-style-type: none"> • Status of improvement in social, economic and educational index of the Muslim community. • No. of Muslim families participated in targeted programs. | <ul style="list-style-type: none"> • Annual reports of MLD • Annual reports of the Ministry of Education, Culture and Sports. • Budget details of the Government. • Human development report. | <ul style="list-style-type: none"> • Business and technical training program for the Muslim community. • Free education program for the Muslim girl students. • Reservation programs for the Muslim community in higher education. • Awareness raising program on health education and sanitation promotion. • Program to run primary schools in mother tongues of the Muslim community. • Arrangement of female teachers in primary schools in Muslim villages. • Up to date documentation of the <i>Madarasas</i> throughout the country. • Improvement programs for the curriculum of <i>Madarasas</i> to make it compatible with the present school curriculum. • Programs for accreditation of degrees of <i>Madarasas</i> in the country and abroad. | <ul style="list-style-type: none"> • Government's commitment regarding the inclusion of the Muslim community and formulation the preparation and implementation of the necessary policy. • Awareness of the Muslim community raised and necessary participation obtained. • There will be necessary support and active participation of the <i>Madarasas</i>. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|---|---|
| The language, culture, and cultural heritage of the Muslim community protected and promoted. | <ul style="list-style-type: none"> To adopt policy to protect and promote language and culture of the Muslim community. | <ul style="list-style-type: none"> Status of protection of language and cultural heritage. Feelings of the Muslim community on the improvement in the status of their language, culture and cultural heritage. | <ul style="list-style-type: none"> Reports of the Ministry of Education, Culture and Sports. Nepal gazette Special survey report. | <ul style="list-style-type: none"> Policy formulation on language and culture of the Muslim communities. Programs for protection and promotion of language and cultural heritage of Muslim communities. | <ul style="list-style-type: none"> Government's commitment regarding the inclusion of the Muslim community and formulation and implementation of the necessary policy. Awareness of the Muslim community raised and necessary participation obtained. |

3.9 People with Physical Disabilities

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|--|--|
| For a just, dignified and free living of people having any sort of disabilities, favorable and accessible amenities and obstacle free environment would be made available. | <ul style="list-style-type: none"> To prepare necessary legal, institutional and economic infrastructure To promote coordination and joint works among government, non-government and other development partners. Targeted programs based on rights and needs of persons with disability, will be implemented through economic, social and political empowerment. | <ul style="list-style-type: none"> Proportion of the participation of persons with disability in political, administrative, and economic institutes. Services and facilities provided for the empowerment of the persons with physical disability and their number. | <ul style="list-style-type: none"> Publications and records and publication of MoWCSW and other concerned ministries National Handicap Federation, Social Welfare Council Economic survey and budget booklet | <ul style="list-style-type: none"> Infrastructure including legal and institutional strengthening program Programs based on needs and rights | <ul style="list-style-type: none"> Expected improvement in the overall economic growth rate Commitments of the Government reflected in budget. Increase in the investment from the private sector and NGOs. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|---|
| Policy, legal, institutional as well as physical and economic infrastructure concerned with the persons with disability will be strengthened. | <ul style="list-style-type: none"> To mainstream the rights and other related agenda of the persons with disability in all the sectoral policy and programs. To make institutional arrangement from the central level to the district level for empowerment of persons with physical disability and to strengthen interlinkages and coordination. To establish model resource and empowerment centers for persons with disability. | <ul style="list-style-type: none"> Allocated budget amount, information available in the database, use of dictionary of standardized sign language. No. of incidents related with violation of rights or inhuman behavior. | <ul style="list-style-type: none"> Records and publications of MoWCSW and sectoral ministries. Records and publications of Social Welfare Council and federation of disabled people. Communication media. Survey reports. | <ul style="list-style-type: none"> Programs for formation of persons with disability and Senior Citizen Coordination Committee. Refinements in the policy and laws. Formation of National Disabled Empowerment Commission and development committees in districts and provision of focal points in the departments. | <ul style="list-style-type: none"> There will be coordinated efforts from all the concerned sectoral ministries. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|---|-----------------------|---|-----------------------|
| | <ul style="list-style-type: none"> • To update the dictionary of sign (Sankatik) language and ensure uniformity in this respect. • To strengthen the inter-linkages, joint programs and coordination among organizations of persons with disability with government and non-government sectors. • To empower organizations run by persons with disability themselves. • To review and refine the policies and laws related with human rights and empowerment of persons with disability in order to remove the discriminatory legal provisions. • To obtain land ownership certificates for the model resource and empowerment centre and to initiate the construction of buildings for the centers. • To make provision for reservation for the persons with disability in civil services. • To deposit instead of freezing the allowance for persons with disability in a separate fund under DDCs. | <ul style="list-style-type: none"> • No. of resource and empowerment centers in operation and beneficiaries, available rehabilitated services. • No. of trained volunteers in service and office bearers. | | <ul style="list-style-type: none"> • Capacity enhancement program for institutions, office bearers, assistants and volunteers. • To prepare database of up-to-date information and statistics. • To make dictionary of sign language dictionary updated standardized and uniform. • To organize and run interactive seminars. • To conduct basic pilot survey on rights infringement or inhuman behavior. • To prepare data for persons with disability according to definition and classification. • To prepare database of up-to-date statistics and information related to persons with disability at the central level. • To regularize the monitoring activities. • Assistance program for construction of buildings and resources for the regional model resource and empowerment centre and its management. • To provide assistance in the establishment and operation of schools and other institution to provide educational and other services and to the mentally disabled children. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|--|--|
| Appropriate mechanism, opportunities and obstacle free environment created with increased access to services and facilities for persons with disability. | <ul style="list-style-type: none"> • To run targeted empowerment programs for persons with disability. • To gradually ensure physical access by rendering roads, transport, public places, government building, hospital and schools handicapped-friendly according to the international standards. • To extend the special education program and to ensure access of persons with disability. • To make arrangement for separate service provision in service providing agencies for persons with disability. • To increase access to persons with different types of disabilities in information and communication. • To raise awareness on the rights and needs of persons with disability and enhance their access in information and communication services. • To run special programs for the rehabilitation of persons with disability due the conflict. • To bring about improvements in the health of persons with disability, boost up their morale and enhance social inclusion, through special sports. | <ul style="list-style-type: none"> • Services and facilities provided through handicapped-friendly targeted programs and no. of beneficiaries. • Proportion of buildings and structures with easy physical access. • No. of amended curriculum for persons with disability. • No. of persons with disability employed. | <ul style="list-style-type: none"> • Records and publications of MoWCSW, sectoral ministries and Federation of Handicapped. • Monitoring Reports of media. • Special survey reports. | <ul style="list-style-type: none"> • Programs for health test and identification of persons with disability by hospitals, heath posts, sub-health post and mobile health camps. • Special education and sports programs. • Special programs for conflict affected, disabled women and with mental or physical disabilities. • To provide full disability allowance to persons with disability. • To extend health treatment services for the deprived persons with disability. • Community-based rehabilitation service for persons with disability. • To enforce accessibility code in public buildings and structure. • Employment – based training programs. • Civic awareness programs to include topics on disabilities in the curriculum. • To make supporting materials available. • Training and awareness program for leadership development and fertility health of the disabled women. • Special program for conflict affected and physically or mentally disabled women. | <ul style="list-style-type: none"> • Support from the concerned ministries to be available • Investment in this sector to increase from the private sector, NGOs and community enterprises. • Statistics and database to be prepared soon. • Social security programs to receive priority. |

3.10 Agriculture

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|---|--|
| <p>To increase the production of food grains, cash crops, livestock and fish production as well as to ensure nutrition; and to provide support to the overall social/economic development by increasing agriculture employment through the modernization and commercialization of agricultural occupation and the protection of agriculture bio-diversity.</p> | <ul style="list-style-type: none"> • To improve technology, seed quality, livestock, artificial insemination service, irrigation extension services and agricultural credit available in a simple and accessible manner in order to enhance the competitive capacity of agriculture and livestock production. • To encourage commercial agriculture through the establishment development and strengthening of the comprehensive production sector on the basis of geographic, technical and economic possibilities. • To run programs by bringing coherence between the government and private sector investment in agriculture development and commercialization in such a way as to make them complementary to each other. • To promote export promotion by establishing reliability on the quality of the goods produced in Nepal in the national and international market keeping Nepal's identity. • To make agriculture and livestock research and | <ul style="list-style-type: none"> • The annual growth rate of GDP in the agriculture sector to reach minimum of 3.6%. • The ratio of food grain crops to be reduced from the current 36% and to have a balanced increase in the weight age of cash crops, fruits, vegetables, meat, milk etc. • The volume of import of agricultural goods to be reduced by 20% from the base year 2006/07 and to increase the volume of export by at least 15%. • Increase in foreign exchange earnings with the increase in the export of agriculture good in comparison to the base year 2006/07. • Per capita production and consumption of agricultural and livestock goods to be increased in comparison to the base year of 2006/07. | <ul style="list-style-type: none"> • CBS (National Accounts Statistics). • MoAC (Statistical Information on Nepalese Agriculture). • Department of Agriculture, agriculture marketing directorate (agriculture market and price information magazine special edition). • Reports of the Federation of Industry and Commerce. • Reports of NRB. • Economic Survey | <ul style="list-style-type: none"> • Study and research program along with the strengthening of agriculture research. • Technology dissemination program along with service extension strengthening. • Program related with quality control of food and livestock materials and technology development. • Production mission program. • Program related to self-reliance on necessary raw materials for agro-industries. • Production-Processing –market management program for agriculture crops/commodity production based on the Value Chain. • Irrigated area extension program • Agriculture | <ul style="list-style-type: none"> • Continuity of investment and policy based on priority. • Favorable weather (no negative impacts due to heavy rain or scarce rain). • Extension of the irrigated areas by the Dol and irrigation management in an effective manner. |

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|-----------|--|------------|-----------------------|--|-----------------------|
| | <p>extension service demand-oriented, inclusive and results oriented.</p> <ul style="list-style-type: none"> • Based on the specialization of the agriculture and livestock production with comparative advantage, to establish a value chain of competitive agriculture products. • To enhance the marketizing capacity of farmers through research and infrastructure development related to agricultural market processing and post-production activities. • To attract rural youth towards self-employment, creating opportunities in the village itself through the running of rural agriculture programs. • To ensure agriculture bio-diversity protection and primitive and sustainable use and to make arrangements for a judicious distribution system of the opportunities and benefits created by the same. • To implement agricultural Perspective Plan and national Action Plan in an effective manner. • To develop and utilize competent human resources in the government and to the private sector related to the agriculture sector. | | | <p>dependent on rain water program.</p> <ul style="list-style-type: none"> • Agri-production material supply facilitation Program. • Rural Youth self-employment promotion program. • Agriculture human resources development program. • Agriculture bio-diversity protection program. | |

| Outcome/Result/ | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|---|--|
| Related institutional strengthening of agriculture research and environment friendly technologies on food grains crops, horticulture and fishery developed. | <ul style="list-style-type: none"> • Agriculture research system will be rendered practical, accountable and results oriented by giving a high priority to agriculture research under the government investment. • Agriculture research extension and education will be operated in a coordinated and integrated manner. • Agriculture research will be decentralized upto the field level (work place) in order to establish the predominant sovereignty of the farmers in the decision making-process related to the section, implementation and evaluation of agri-research subjects. • Effectiveness in service delivery will be brought about by strengthening coordination between the government, non-government, cooperatives, community organizations and institutions and local bodies. • Structural and managerial reforms will be brought about in Nepal Agricultural Research Council in order to develop agriculture research and agriculture production as a major base. | <ul style="list-style-type: none"> • Minimum of 690 agriculture related studies/research • Of the overall agriculture growth rate of 3.6 per year, food gains to be 2%, cash crops 3.53%, fruits 6.46%. Vegetables 8.82%, fish 16%, under livestock, meat 4.42%, eggs 5.17%, and milk 4.6%. | <ul style="list-style-type: none"> • Annual report and publication of the NARC. • Annual report of the MoAC. | <ul style="list-style-type: none"> • Institutional strengthening of the Nepal Agriculture research Council • Crop research testing program. • Horticulture research testing program. • Fish research testing program. • Multi-sector technology development testing program. • Source seed and materials production program. • Reconstruction and maintenance of physical infrastructure and re-management of research based biological heritages. | <ul style="list-style-type: none"> • Vacant posts to be filled on time. • Conflict and the political problem in the Terai will end. • Investment and policy continuity will remain. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|---|---|
| Agri- and livestock extension service strengthened and utilization of environment-friendly improved technologies increased. | <ul style="list-style-type: none"> • Agriculture production system will be made more competitive and commercialized through an appropriate agricultural technology extension. • Nepal Agriculture Policy 2005, National Fertilizer Policy 2001, National Agriculture extension Strategy 2006, Agriculture enterprise promotion policy 2006 and Agriculture bio-diversity Policy 2006 will be implemented in an effective way in order to make extension services results oriented inclusive and accountable. • The participation of the farmers in decision-making processes related to the approval, implementation and monitoring of annual programs. • Effectiveness in the social mobilization of the targeted groups will be brought about by strengthening coordination among the agencies of the government, non-government and the private sector, related to agriculture development. • Rural agricultural/livestock service workers will be utilized in availing technical service in an extensive manner for agriculture/livestock extension at the rural level. | <ul style="list-style-type: none"> • Living standard of at least 20% targeted groups improved from inclusive agriculture development. • At least 25% farmers (women, disadvantaged, <i>Adibasi Janajatis</i>, <i>Dalits</i> and <i>Madhesis</i> in a proportional manner) to have direct access and control. • At least 10,000 farmers to have established direct telephone contact with high-level agriculture experts. • At least 300 community agriculture and livestock centers established. | <ul style="list-style-type: none"> • Annual report of the Department of Agriculture • Annual report of the department of Livestock. • Field inspection tour, special survey report. | <ul style="list-style-type: none"> • Program related to community agriculture and livestock services center establishment. • Program related to the establishment of farmer telephone. • Agriculture and livestock production services (Central level) program. • Crops/commodity development programs (central level) program. • Agriculture extension program (district level). • Livestock service extension program (district level). • Reconstruction and maintenance program of physical structures destroyed in the conflict. | <ul style="list-style-type: none"> • Vacant posts to be filled on time. • Conflict and the political problem in the Terai will end. • Investment and policy to be continued. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|--|
| | <ul style="list-style-type: none"> Active participation of all the groups (disadvantaged, backward, <i>Janajatis, Dalits</i>, occupational groups) will be ensured by ensuring their access and control in agricultural extension. | | | | |
| Food and livestock material quality control and technology development increased. | <ul style="list-style-type: none"> Necessary human resources and other supervision infrastructure will be managed / mobilized for regularizing Genetically Modified Organisms. Support will be provided to agriculture production and export by availing the service of accredited food laboratories. The participation of even the private sector will be enhanced in the operation of Food analysis Laboratory and the development of Food Technology. Improvements will be made in the standards and quality by making timely revisions in the regularization of agriculture and livestock goods and services through maintaining coherence and compatibility with international acts, rules, agreements and conventions. Human resources will be developed and extended for enabling to face the increasing challenges of quality control. | <ul style="list-style-type: none"> Standards for 30 more goods adopted. At least 1,600 food/feed analyzed Scientific standard to be used in the quality determination of food industries. At least 3,400 food inspection/samplings collected. Minimization of milk and food adulteration. At least 10 technologies in food industries developed. Modern equipments in food laboratories to be used. WTO standards to be used in export/import of food commodity. | <ul style="list-style-type: none"> Progress description of the Department of food technology and quality standards. Field inspection report. Special survey report. WTO reports. | <ul style="list-style-type: none"> Analysis Program. Nutrition improvement program. Food industrialization and Poverty alleviation support program. Sampling collection testing. Training and publicity program. Quarantine, laboratory and quality management strengthening program. | <ul style="list-style-type: none"> Continuity of coordination among the responsible agencies. Investment and policy to be continued. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|--|-----------------------|
| | <ul style="list-style-type: none"> The organizational structure of the Department of Food Technology and Quality Standard will be extended to the 75 districts in order to provide services all over the country to maintain food hygiene. Support will be provided for the promotion and diversification of the production by availing technical services at the commercial level to sick food-processing industries. Well-equipped national Nutrition Laboratory will be established and hygiene certification Lab will be strengthened. | | | | |
| Production of goods with comparative advantage to be increased in a commercial way. | <ul style="list-style-type: none"> Agro-based Special Economic Zones will be developed. Commodity development, establishment of Processing centre, market infrastructure and market promotion programs will be launched. Interrelation between agriculture research, agriculture production, agro processing industries and domestic and external markets will be established, On the basis of comparative and competitive advantages in order to make specialization of crops and commodities and | <ul style="list-style-type: none"> Notable increases in commodities with comparative advantage such as tea, coffee, cardamom, yak cheese, milk products, <i>Junar</i>, <i>Lapsi</i>, rainbow trout, fish, <i>bel</i>, apple etc. compared to 2006/07 | <ul style="list-style-type: none"> Annual report of Agriculture department Annual report of Livestock department MoAC (Statistical Information on Nepalese Agriculture). Annual report of concerned agencies. Special study report. | <ul style="list-style-type: none"> Production mission program for crop/material of Nepal having comparative advantages. One village one product program. Organic farming agricultural enterprise promotion program. Silk farming development the program, Commercial insect development | |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| | <p>their production, the program of “one village one product” will be extended.</p> <ul style="list-style-type: none"> Technical assistance will be provided to all the stakeholders and partners of agriculture commercialization according to the need and their capacity will be enhanced. Direct telephone contacts free of cost will be established between the farmers and competent agriculture specialists located at the designated places. | | | <ul style="list-style-type: none"> Commercial agriculture development and trade promotion project. Tea development promotion program. Urban oriented fresh vegetables and fruits. | |
| The production of necessary raw materials for agro-based industries increased and self-sufficiency enhanced. | <ul style="list-style-type: none"> Agro-based Special Economic Zones will be developed for the promotion of commodities of agricultural and live stock production. Commodity development, establishment of Processing centre, market infrastructure and market promotion programs will be launched. In the development and extension of agriculture related enterprises foreign direct investment will be encouraged on the basis of feasibility. Programs to enhance the production of raw materials necessary for agro based industries will be conducted in joint collaboration of the government, cooperatives and | <ul style="list-style-type: none"> Self-sufficiency on at least five of the necessary raw materials for agro and livestock industries. | <ul style="list-style-type: none"> MoAC (Statistical Information on Nepalese Agriculture). Annual reports of related industries. Reports of the Federation of Industry and commerce. | <ul style="list-style-type: none"> Self-sufficiency of raw materials for agro and livestock industries program. | <ul style="list-style-type: none"> The political problem in the terai will end. No negative impact from extreme climate (heavy rain, scarce rain etc). Participation of cooperatives and the private sector to remain. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Conditions of storage, processing and market management of agri and livestock goods improved based on value addition. | <p>the private sectors.</p> <ul style="list-style-type: none"> • Regular and reliable agriculture market information will be made available to the farmers, • Collaboration and coordination among the concerned agencies and NGOs will be done for the development of market infrastructure, bridges, culverts, roads in order to increase the access to agriculture and livestock. • Improvements will be made for the strengthening and management of rural agricultural market and <i>Haat bazaar</i>. • Arrangements will be made to operate production, processing programs at the rural areas. • Necessary technical assistance will be provided by organizing the market commodity related materials like carpet, wood, live animals. • The damage to food grains and fruits will be minimized by conducting post harvest study program with due attention to the established pocket package area of agriculture food production. | <ul style="list-style-type: none"> • 15 wholesale markets developed 6 agri market cooperatized, 80 collection centers constructed and 500 Km of agri roads constructed and maintained. • Storage capacity of agro produce increased. | <ul style="list-style-type: none"> • Department of Agriculture, agriculture marketing directorate (agriculture market and price information magazine special edition). • Reports of the Federation of Industry and Commerce. • MoAC (Statistical Information on Nepalese Agriculture). • Special study reports. • Field inspection reports. | <ul style="list-style-type: none"> • agriculture marketing and industry promotion program, • livestock market and industrial promotion programs, • Quarantine, laboratory, quality management strengthening program. • Milk holiday problem mitigation/management program. | <ul style="list-style-type: none"> • The political problem in the terai will end. • Investment and policy to be continued. • Participation of the cooperatives and the private sector. • Participation of local bodies and NGOs. |
| Extension of the irrigated land area. | <ul style="list-style-type: none"> • Investments on underground and surface irrigation in the terai, surface irrigation in the hills, limit irrigation, micro | <ul style="list-style-type: none"> • Minimum of 1,900 projects will be launched and additional irrigation facilities to at | <ul style="list-style-type: none"> • Annual report of Dept. of Irrigation. • Annual report of | <ul style="list-style-type: none"> • Cooperatives irrigation projects. • Small irrigation projects | <ul style="list-style-type: none"> • Irrigation facilities will be made available as |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| | <p>irrigation and technology to harvest rain water and service delivery will be enhanced.</p> <ul style="list-style-type: none"> Small irrigation special program and cooperative farming based small irrigation schemes will be extended, In order to increase the productivity of water, agri water utilization integrated project will be launched in irrigated and semi irrigated areas. | least 19,000 ha. to be provided. | <p>department of Agriculture.</p> <ul style="list-style-type: none"> MoAC (Statistical Information on Nepalese Agriculture). Field tour report. | <p>(construction and protection)</p> <ul style="list-style-type: none"> Agriculture development project Janakpur (underground irrigation). | <p>per the target with the completion of irrigation projects as proposed by Ministry of Water Resources.</p> <ul style="list-style-type: none"> Continuity of investment and policy to remain. |
| The production and productivity of the crops depending on rain increased | <ul style="list-style-type: none"> Conservation technology for agriculture land and water resources will be developed and extended at the local level in order to ensure sustainable development of the land area with farming based on rainwater. Special concessionary facilities will be made available based on predefined standards in tasks like the management of farmyard manure, compost manure, <i>giti</i> manure, for the deprived farmers below the poverty line. Targeting the un irrigated and marginal land, projects depending on rainwater will be conducted. | <ul style="list-style-type: none"> At least 200 agriculture development projects dependent on rain. At least 2,000 sustainable geo management related projects launched. At least 10 organic farming programs run in at least 10 districts. Production and productivity of crops dependent on rain increased. | <ul style="list-style-type: none"> Annual report of department of Agriculture. MoAC (Statistical Information on Nepalese Agriculture). Special survey report. | <ul style="list-style-type: none"> Sustainable soil management program. Organic farming agriculture enterprise promotion program. | <ul style="list-style-type: none"> No negative impact from extreme climate (over-pouring, draught etc). Continuity of investment and policy to remain. Active participation of the Private sector to remain. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| The supply of agro production inputs to be reliable and self-sufficient. | <ul style="list-style-type: none"> • Priority will be accorded to the necessary fertility for the production of source seed and the production of the primary seed. • Tasks related with seed quality and standards will be carried out in accordance with national and international standards. • Programs to become self-reliant in one or more crop foundation seeds, fruits, vegetable seeds, fingerlings, chicks etc. in every districts • Government agriculture and livestock development farmers will be strengthening. • Farmer's credit card will be arranged for reducing the transaction costs in getting agriculture credit for the farmers to receive agri loans according to their needs in an accessible way. • Community and private agri and livestock resource centers will be established and strengthened. • Financial subsidy and technical service will be ensured in a just pattern under group-based system for a predefined period for the deprived conflict affected and backward Janajatis. • Related acts and regulation will | <ul style="list-style-type: none"> • At least 300 private and community resource centers established, • To be identified as a resource for the neighboring districts after declaring to be self-sufficient in foundation seeds, vegetable seeds, and fruits plants, improved livestock and fingerlings necessary for agri production in at least 25 districts. • Import of seeds reduced by at least 25%. • Agriculture credit cards distributed to at least 50,000 farmers. | <ul style="list-style-type: none"> • Annual report of department of Agriculture. • Annual report of department of Livestock • Publications of the directorates of Department of Agriculture and Department of Livestock. • MoAC (Statistical Information on Nepalese Agriculture). | <ul style="list-style-type: none"> • Private and community resource centre establishment program. • Grazing and livestock feed development program. • Monitoring program for the quality, supply, and distribution system of chemical fertilizers. • Remote area chemical fertilizer and seed transport grant program. • Plants, fingerlings, chicks, production materials, self-sufficiency program. • Seeds promotion and quality control program. | <ul style="list-style-type: none"> • Continuity of investment and policy to remain. • Active participation of the Private sector to remain. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| | be revised and implemented in order to strengthen the supply system of quality production materials. | | | | |
| Opportunities of self-employment for the rural youth increased | <ul style="list-style-type: none"> • Entrepreneurial training and service providing training will be made available to the rural youth. • After the training, technical service support, own and assistance in the supply of essential materials will be followed. • Necessary budget will be allocated to enable farmers to purchase servers local agriculture and livestock. • In order to assimilate rural employment into the mainstream of agriculture development employment programs will be conducted. | <ul style="list-style-type: none"> • At least 12,000 youths receiving partial or full time employment from agriculture. | <ul style="list-style-type: none"> • Annual reports of related department. • Annual report of MoAC. • Special study report. | <ul style="list-style-type: none"> • Orientation training program for the mobilization for agri-clinic, community agri-livestock service centre and resource centre. • Local agriculture service leader development program. • Agriculture entrepreneurial training program. • Agri services supply training program. | <ul style="list-style-type: none"> • The political problem in the terai will end. • Continuity of investment and policy to remain. • Active participation of the private sector to remain. |
| Competence and efficiency of human resources in agriculture, livestock and fishery sector enhanced. | <ul style="list-style-type: none"> • Human resource development strategy contributing to capacity enhancement of staff, farmers and other stakeholders will be prepared and implemented. With the establishment of HRD section or focal point in the Ministry and the departments and agencies under it. • Accredited university will be developed to produce high level agriculture experts inside the country. | <ul style="list-style-type: none"> • At least 450 junior level technologists to receive opportunities for higher studies (post graduate and Ph. D.). | <ul style="list-style-type: none"> • Annual report of MoAC | <ul style="list-style-type: none"> • Agriculture human. • Resources development program Agriculture and forestry University Program. • Accredited university establishment. | <ul style="list-style-type: none"> • Investment in and policy on institutional development to remain. |

| Outcome/Result | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| | <ul style="list-style-type: none"> At the national level agricultural and forestry university will be established. By continuously updating the technical knowledge and social skills of workers, they will be made active, encouraged and disciplined. | | | | |
| In-situ seed bank to be extended at the farmers' level. | <ul style="list-style-type: none"> Study research and dissemination programs will be conducted. The seed exchange will be encouraged between the farmers and the traditional seed distribution system arrangements will be made to place the rights on the farmers as to their traditional and local knowledge, skill, exploration, technology, and expertise. | <ul style="list-style-type: none"> Bio-diversity of at least 10 agri crops/goods to be identified and protected. At least 10 seed banks extended. Pasture area bio-diversity protection program extended in at least 10 districts. | <ul style="list-style-type: none"> Annual report of NARC. Annual reports of related departments. Annual report of MoAC. Special study report. | <ul style="list-style-type: none"> Agriculture bio-diversity protection program. Gene bank establishment program. Bio-diversity protection program in the grazing areas. Animal bio-diversity protection program. | <ul style="list-style-type: none"> Continuity of investment and policy to remain. Active participation of the farmers to remain |

3.11 Co-operatives

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|--|
| To develop Co-operativeness as the foundation pillar of the economy by small savings mobilization, operation of agriculture and micro enterprises and development of the concept of co-operatives in the general public. | <ul style="list-style-type: none"> • To develop regulatory and monitoring mechanisms by carrying out reforms on legal framework and institutional aspects. • Provisioning of facilities and concessions for promotion and development of the co-operatives sector will be ensured. • Inclusiveness of the co-operatives sector and provisioning of facilities on tax and customs will be ensured. • To expanding co-operatives education, training and information system. | <ul style="list-style-type: none"> • Contribution of co-operatives sector to the GDP will be doubled (from 1% estimated as of now to 2.0%). • Increase in employment and income of members of co-operatives. • Increase in direct employment from 15,000 to 50,000. | <ul style="list-style-type: none"> • Progress reports of ministry and department. • Publication of National Co-operative Association. • Publication of National Co-operative Bank. • Publication of National Co-operative Development Board. | <ul style="list-style-type: none"> • Management Program of Co-operatives. • Co-operative Education Training and Information System Development Program. • Social Inclusiveness Program. • Government - Co-operatives Partnership Program. • Enterprise Promotion Program. | <ul style="list-style-type: none"> • Provision of supply of human resources and budget. • Appropriate coordination among concerned government agencies, private sector, donor agencies, co-operatives and NGOs. • Formulation and implementation of a clear strategy by the government on partnership and competitiveness among government, private sector and co-operatives. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
|--|--|--|---|---|---|
| Development of institutional capacity of co-operatives and operation of programs in accordance with co-operative principles. | <ul style="list-style-type: none"> • Existing legislation, rules and circulars related to the co-operatives sector will be reviewed and or new legislation and rules will be formulated. • Regulation and monitoring system of the co-operatives sector will be reviewed. • Organizational system of the co-operatives sector will be reviewed. • Scope of work of the co-operatives will be fixed to match with principles and spirit of co-operatives. | <ul style="list-style-type: none"> • Increase in operational effectiveness in the co-operatives sector. • Situation of adoption of principles of co-operatives. | <ul style="list-style-type: none"> • Progress reports of the Ministry and department. • Publication of concerned agencies. • Special study reports. • Field visits. | <ul style="list-style-type: none"> • Classification of co-operatives. • Registration of new co-operatives based on feasibility. • Program to increase members in co-operatives. • "Co-operatives Development Fund" Strengthening Program. | <ul style="list-style-type: none"> • Strengthening of organizational structure of co-operatives within the government mechanism. • Appropriate coordination among ministries, <i>Nepal Rastra Bank</i>, banks and financial organizations projects. • Support of the private sector. |
| Strengthened situation of supply of human resources and information dissemination. | <ul style="list-style-type: none"> • Arrangements will be made for information dissemination for transparency and self-regulation. • To extend co-operative trainings through the Co-operatives Training Center. • Development of human resources and development and extension of co-operatives education will be conducted by all the three sectors - government, private and co-operatives. | <ul style="list-style-type: none"> • 60,000 trained co-operatives workers. • 150 co-operatives trainers. • Establishment of Co-operatives Information and Dissemination Center. | <ul style="list-style-type: none"> • Progress reports of ministry and department. • Publication of concerned agencies. • Special study reports. • Field visits. | <ul style="list-style-type: none"> • Development of effective monitoring mechanism. • Incorporation of co-operatives in formal education. • Extension of co-operative trainings. | <ul style="list-style-type: none"> • Appropriate coordination among ministries, <i>Nepal Rastra Bank</i>, banks and financial organizations projects. • Support of the private sector. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
|--|--|--|---|---|--|
| Increase in involvement of deprived groups and communities in co-operative programs and increase in level of awareness and income. | <ul style="list-style-type: none"> • Special concession program for the establishment and capacity development of co-operatives will be carried out for deprived persons, communities and geographical regions. | <ul style="list-style-type: none"> • Increase in female membership from 33% to 42% • Increase in female participation in executive committees from 15 to 25%. • Increase in participation of disadvantaged communities. | <ul style="list-style-type: none"> • Progress reports of the ministry and department. • Publication of concerned agencies. • Special study reports. • Field visits. | <ul style="list-style-type: none"> • Social Inclusion Program. • Gender Empowerment Program. • Targeted Program for disadvantaged communities. | <ul style="list-style-type: none"> • Appropriate coordination among ministries, Nepal Rastra Bank, banks and financial organizations projects. • Support of the private sector. |
| Increase in activities and effectiveness of the co-operatives sector through partnership program. | <ul style="list-style-type: none"> • Development works and service delivery to be carried out by different ministries, will also be carried out under government and co-operatives partnership program. | <ul style="list-style-type: none"> • Establishment and operation of, by numbers of enterprises under government-co-operatives partnership. | <ul style="list-style-type: none"> • Progress reports of the ministry and department. • Publication of concerned agencies. • Special study reports. | <ul style="list-style-type: none"> • Government-Co-operatives Partnership Program. | <ul style="list-style-type: none"> • Development of adequate economic, physical and human resources by strengthening of the institutional framework of co-operatives within the government mechanism. • Appropriate coordination among ministries, <i>Nepal Rastra Bank</i>, banks and financial organizations projects. • Support of the private sector. • Formulation of clear strategy on partnership and competitiveness among the government, private sector and co-operatives. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| Increase in production activities at personal and community levels and increase in incomes of participating members through market reforms. | <ul style="list-style-type: none"> • Co-operatives bank will be developed as a retail investor to co-operatives. • Retail lending will be provided to co-operatives from banks and financial organizations. • Arrangements will be made to conduct the programs through co-operatives in coordination with poverty alleviation programs including Poverty Alleviation Fund. • Programs on production, processing and marketing of agricultural and other commodities will be carried out through co-operatives in a simple manner. • Programs will be carried out to increase use of commodities and services produced by co-operatives and or loans provided by co-operatives in governmental and government owned agencies. | <ul style="list-style-type: none"> • Increase in amount of loan disbursements through co-operatives bank. • No. of families involved in co-operative farming. • Volume of production from organic farming. • Increase in employment and income of members through businesses run by co-operatives. • Situation of markets operated by co-operatives. | <ul style="list-style-type: none"> • Progress reports of the ministry and department. • Publication of concerned agencies. • Special study reports. • Field visits. | <ul style="list-style-type: none"> • Coordinated program among co-operatives bank, banks, financial organizations, government and donor agencies. • Co-operative farming program. • Organic farming. • Co-operative marketing program. | <ul style="list-style-type: none"> • Development of adequate economic, physical and human resources by strengthening of institutional framework of co-operatives within the government mechanism. • Appropriate coordination among ministries, Nepal Rastra Bank, banks and financial organizations projects • Support of the private sector. |

3.12: Land Reform and Management

| Objective | Strategy | Indicator | Means of Verification | Major Programs | Assumptions and Risks |
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| To contribute to the enhancement of the land productivity by the formulating long-term land policy and land use policy and to contribute to poverty alleviation by rehabilitation of landless, unmanaged dwellers and freed bonded laborers through equitable distribution of land. | <ul style="list-style-type: none"> • To develop policy, legislation and institutional framework required for providing land to landless, tenants, unmanaged dwellers and families. • To rehabilitate freed bonded laborers. • To formulate the bases for new land ceiling with the management of the existing land ceiling. • To formulate land use and national land policy. • To formulate legislation for contract and cooperative farming ensuring the landholding and utilization. • To encourage land consolidation, discouraging land fragmentation. • To modernize record system updating the record of government/public and trust land. • To conserve and protect by proper maintenance of ancient religious and cultural heritages such as <i>Maths</i>, temples. • To implement the existing legal provisions effectively to stop encroachment and to | <ul style="list-style-type: none"> • Reduction in the number of landless and tenant and related problems having been resolved. • Settlements of freed bonded laborers being well managed and skill development trainings imparted. • Framework for new land ceiling having been prepared. • National land policy formulated and being implemented. • Increase in contract and cooperative farming. • Policy and legal framework in place for reducing land fragmentation. • Records of government/public and trust land computerized and brochure of such records having been published. • Trust management being undertaken, also with peoples' participation. | <ul style="list-style-type: none"> • Quarterly and annual reviews and reports of the Ministry. • Land use maps and guidelines. • Reports on timely studies. • Progress and evaluation reports and brochures/journals of the department/projects. • Other studies/reports | <ul style="list-style-type: none"> • Programs related to Land Reform. • Land Revenue Records Security and Strengthening Projects. • National Land Use Project. • Trust Strengthening Program. • Land Management Training Development Program. • Geo-information and Archive (Records) Program. • Cadastral Map and National Geographic Information Infrastructure Development Program. | <ul style="list-style-type: none"> • Supply of required human resources is assured. • Coordination between different entities involved in the sector of Land Management. • Political stability to exist. • Necessary Acts/Regulations are passed in time. |

| Objective | Strategy | Indicator | Means of Verification | Major Programs | Assumptions and Risks |
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| | <p>conserve and protect the government and public land.</p> <ul style="list-style-type: none"> • To develop skilled human resources in the field of land management. • To strengthen land holding, land use and land resource database system through geographic information infrastructure. • To update existing map sheets with the application of modern technology. • To prepare a basis for developing integrated information system of landholding of any single individual throughout the country. • To solve the land disputes through the formation of land tribunal in those districts having more land related disputes by studying the nature of land disputes. | <ul style="list-style-type: none"> • Reduction in encroachment of the government and public land. • Increase in the number of staff having received the training/acquired the degree. • Increase in use of land by agriculture, forest, housing and industry sectors. • Reductions in conflicts/problems related with cadastral maps/survey. • Framework for availability of computerized land records and 'one person one land ownership certificate' having been prepared. • Number of resolved court cases related to land. | | | |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
|--|--|---|--|---|---|
| Land rights to landless rural families, tenant and unmanaged dwellers will be assured, Dual ownership of land will see an end, Rehabilitation of freed bonded laborers will be completed | <ul style="list-style-type: none"> • Land distribution and management will be carried out with top priority in order to make access of landless and unmanaged dwellers to land including agricultural labor, <i>Dalits, Adibasi Janjatis, Madhesis</i> and women. • Action plan will be designed to clear applications to terminate the dual ownership of land in certain duration of time. • Land will be distributed to rehabilitate the freed bonded laborers. | <ul style="list-style-type: none"> • Reduction in the number landless households from 200,000 households. • Around 33 thousand applications for terminating dual landownership to be sorted out. • Rest of 13,244 freed bonded laborers having been rehabilitated. | <ul style="list-style-type: none"> • Progress reports of the Ministry of Land Reform and Management. • Progress report of the freed bonded laborers Rehabilitation Program. • Site Supervision. | <ul style="list-style-type: none"> • Program for scientific land management. • Program for rehabilitation of freed bonded laborers. | <ul style="list-style-type: none"> • Political commitment for formulation of necessary policy and laws. • Expected participation of the concerned people. • Positive participation by the freed bonded laborers. |
| Central archive will be developed with scientific management of land ownership record | <ul style="list-style-type: none"> • Land archives will be maintained and strengthened at the central level as well. Similarly, land use will be managed through land information. | <ul style="list-style-type: none"> • Land administration services being delivered through 'Single Window System' by the Land Revenue Offices in the Kathmandu Valley and certain other urban areas. | <ul style="list-style-type: none"> • Progress reports of the Ministry/ department. | <ul style="list-style-type: none"> • Geo-information and Archive (Record) Program. | <ul style="list-style-type: none"> • Improvements in the mind-set and working style of the government staff. • Adequate resources are made available. |
| Land use program will be implemented in certain areas | <ul style="list-style-type: none"> • Land use programs will be implemented in certain pockets through local bodies/User Committees in the areas where the land use maps are already prepared. | <ul style="list-style-type: none"> • Land administration services being delivered • Land Use Program being implemented in certain selected wards of the Lekhnath Municipality. | <ul style="list-style-type: none"> • Progress reports of the concerned agencies. • Site Supervision. | <ul style="list-style-type: none"> • National Land Use Project. | <ul style="list-style-type: none"> • Expected peoples' participation will be realized. • Necessary policy and legal reforms will take place. |

| Result/Outcome | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| Property of trust will be protected with the strengthening of Trust Corporation | <ul style="list-style-type: none"> Public participation will be mobilized in order to focus Trust Corporation towards protection of property of trust. | <ul style="list-style-type: none"> Peoples' participation being mobilized for the management of trust. Administration of trust land being undertaken by the concerned Land Revenue Offices. | <ul style="list-style-type: none"> Report of the Trust Corporation. Progress reports of the Department of Land Revenue/Offices. | <ul style="list-style-type: none"> Trust Strengthening Program. | <ul style="list-style-type: none"> Necessary amendments in the acts and laws. |
| Skilled human resources will be produced in the area of land management and employment opportunity will be increased | <ul style="list-style-type: none"> Academic degree courses will be conducted by affiliating the high and mid level survey training courses conducted by Land Management Training Center with universities and education institutes in order to supply the skilled human resources required in the field of land management. | <ul style="list-style-type: none"> 72 students enrolled for BE courses in Geomatics Engineering and 355 persons having received the long-term and short-term trainings in the field of land management. | <ul style="list-style-type: none"> Progress reports of the Department of Land Revenue/Offices. Progress report of the Land Management Training Center. Progress report of the other related agencies/entities. | <ul style="list-style-type: none"> Land Management Training Center Development Program. | <ul style="list-style-type: none"> Necessary policy reforms take place. |
| Service delivery will be improved by completion of re-surveying for reconstruction of destroyed offices and maps/sresta during the conflict | <ul style="list-style-type: none"> New survey programs will be conducted for construction and rehabilitation of damaged office buildings and land records during the conflict. | <ul style="list-style-type: none"> Reconstruction and rehabilitation of buildings damaged/destroyed during conflict and preparation of new maps/sresta. | <ul style="list-style-type: none"> Progress reports of the Ministry/department. | <ul style="list-style-type: none"> Program for reconstruction of damaged buildings. Physical Facility Development Program for Cadastral Survey Offices. Re-survey Program | <ul style="list-style-type: none"> Timely availability of adequate resources. |
| Central archive will be developed with scientific management of land ownership record (Geographic information system) | <ul style="list-style-type: none"> Service will be rendered through computerized system by updating land information. National geographic information infrastructure will be further strengthened and | <ul style="list-style-type: none"> Development of infrastructure for Geographic Information System and its operational status. Perception of good governance and | <ul style="list-style-type: none"> Progress reports of the Ministry/department. | <ul style="list-style-type: none"> Geographic Information Infrastructure Development Program. Geo-information System | <ul style="list-style-type: none"> Availability of necessary trained human resources. Coordination between concerned entities/agencies |

| Result/Outcome | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
|-----------------------------------|--|---|------------------------------|---|--|
| infrastructure will be developed) | <p>made effective and access of consumers will be ensured.</p> <ul style="list-style-type: none"> • All the types of map sheets will be updated with the use of modern technology assigning top priority to economically more valuable and high transaction area. | <p>security towards land ownership.</p> <ul style="list-style-type: none"> • Construction of central archive and being well managed. • Necessary legal framework in place for effective service delivery through Geo-Information System (GIS). • Number of VDCs/Municipalities with updated survey/maps. | | <p>Development Program.</p> <ul style="list-style-type: none"> • Cadastral Survey Program. • Geodetic Network Strengthening Program | involved in the sector of Land Management. |

3.13: Forests and Soil Conservation

| Objective | Strategy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| To maintain balanced environment by sustainable management of forests, plants, watershed and bio-diversity, generation of additional income generating opportunities through the supply of forests products and promotion of forests based entrepreneurship and to support reduction of human and economic poverty of poverty stricken families. | <ul style="list-style-type: none"> • To conserve and develop bio-diversity and genetic resources including forests, plants, wildlife. • To increase sustainable supply of forest products. • To strengthen soil and watershed management program. • To ensure the involvement of the government, private sector, co-operatives and non-government organizations to develop forest based industry. • To arrange the system of market mapping for value addition of herbs, timber and non-timber forest products and other forest based products. • To make optimum use of opportunities emerged by the World Trade organization and other regional trade agreements. • To assign priority to implement various Forests based social and economic programs directly supporting in reducing human and economic poverty. • To ensure access of poverty | <ul style="list-style-type: none"> • Increase in conservation of bio-diversity and genetic resources including forests plants, wildlife. • Increase in sustainable supply of forests products. • Increase in productivity of land. • Situation of utilization of advanced technology of various species by forests users. • Situation of proportionate gender and social inclusiveness in forest groups and decisive positions. • Benefits to 228,000 poverty-stricken households through forests based industry, Leasehold Forests and Community Forests. • Deposit of Rs. 150 million in Forests Conservation and Development Fund and its utilization for sustainable forests | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation. • Progress and Evaluation Reports of Projects. • Reports of Forests Researches, Studies and Surveys. • Collection, Processing and Sales Reports of Herbs Industries. | <ul style="list-style-type: none"> • Community and Private Forests Development Program. • National and Leasehold Forests Development Program. • Genetic/Plant Resource Development, Bio-diversity Conservation, Bio Safety and Research Program. • Herbs and Non Timber Forests Management Program. • Soil Conservation and Watershed Management. • Research and Communication Program. • Human resource Development Program. • Policy and Legislation Reform Program. • Monitoring and Evaluation | <ul style="list-style-type: none"> • Continuity of foreign assistance and grants. • Policy, legislation and institutional reforms. • Interest and participation of the private sector in running of industry. • Positive change in working style of personnel. • Maintaining political stability and the law and order situation. |

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| | stricken men and women in all programs of the forestry sector. | <ul style="list-style-type: none"> management and poverty reduction Benefits to 0.5 million poverty stricken households of local forests users' groups. | | <ul style="list-style-type: none"> Program. Program on Collection of Timber from National Forests Area. Forests Certification Program. Pilot Program. Infrastructure Development and Institutional Strengthening. Herbs and Aromatic Oil Processing Program. | |
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| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| Productivity of forests through community and private forests development program increased and livelihood opportunities of poverty stricken families enhanced. | <ul style="list-style-type: none"> To reform policy and increase livelihood opportunities of poverty stricken families from community forests getting more rights and benefits. To increase in co-ordination and partnership with local bodies. Utilize at least 35 percent of total income of community forests in poverty reduction. To undertake regular monitoring through all party mechanism. Provision of proportionate representation of all economic classes including all ethnic groups and gender in the executive committee will be made. | <ul style="list-style-type: none"> Involvement of 1.9 million households in 15,837 forests users' groups. Increased participation of men and women of disadvantaged communities and poverty stricken families in forest related activities and decision-making process. Establishment of equal rights of men and women in opportunities from the forestry sector. Increased area of private forests. Substantial contribution to livelihoods of poverty stricken families from community and private | <ul style="list-style-type: none"> Reports of the Ministry of Forests and Soil Conservation. Reports of District Forests Offices and Forests Users' Groups. Progress Reports of Projects. Special study Reports. | <ul style="list-style-type: none"> Community and Private Forests Development Program. | <ul style="list-style-type: none"> Policy, legislation and institutional reforms. Preparedness of groups. Budgetary provision according to projection. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| | <ul style="list-style-type: none"> • To mobilize local resource persons in forests development programs. • To enhance capacity of group members of the forestry sector and ensuring membership of one male and one female from every household. • Reform and launching of policy, rules and acts for the establishment and promotion of forests based industry. | forests development. | | | |
| Increase in livelihood opportunities of poor class families through national and leasehold forests development | <ul style="list-style-type: none"> • To encourage to conduct all programs of forestry sector through groups and conduction of all programs of the forestry sector in transparent way by creating all party committee at the local level. • To utilize certain portion of revenue from government managed forests for the upliftment of poverty stricken families. • To identify and launch appropriate system for forests management of the Terai region. • To formulate and implement long-term plan for forests of high hills. • To implement dynamic forests management system in partnership with private entrepreneurs. | <ul style="list-style-type: none"> • Direct benefit to 38,800 households affiliated to 4,771 groups living below the poverty line from 31,735 hectare forests land. • Improvement in forests management of the Terai and high hills. • Increase in employment of the local people. • Increase in transparency of activities of the forestry sector. • Improvement in livelihoods of poverty stricken families. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation. • Reports of District Forests Office and Forests Users' Groups. • Progress Reports of Projects. • Special study Reports. | <ul style="list-style-type: none"> • National and Leasehold Forests Development Program. | <ul style="list-style-type: none"> • Improvement in thought and working style of the bureaucracy. • Participation of the local community as expected. • Policy, legislation and institutional reform. • Availability of required means and resources. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| Development of genetic/ plant resource development, bio-diversity conservation and bio safety and appropriate technology | <ul style="list-style-type: none"> • Terai Arc Landscape Program in additional areas as per public aspirations will be expanded. • Institutional and infrastructural development for bio-safety will be ensured. • To design and launch programs for the fulfillment of liability of Convention on Bio-diversity. • To advocate on securing resources under international pollution agreement according to the contribution made by Nepal to the global environment. • To develop nature conservation oriented community tourism. • To expedite the registration of bio-diversity. • To utilize at least half of the 30 to 50 percent of revenue income of national parks and reserves for economic and social upliftment of poverty stricken families of the buffer zone area. | <ul style="list-style-type: none"> • Improvement in the bio-diversity situation through implementation of parks and wildlife reserves in 13 locations. • Economic and social upliftment of poverty stricken families of the buffer zone area through employment opportunities. • Securing resources under the international pollution agreement according to the contribution made by Nepal to the global environment. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation and concerned departments. • Progress reports of projects. • Reports published by study and research institutes. | <ul style="list-style-type: none"> • Genetic/ Plant Resource Development, Bio-Diversity Conservation, Bio Safety and Research Program. | <ul style="list-style-type: none"> • Policy, legislation and institutional reform. • Adequate involvement of the groups. • Involvement of the public community in bio-conservation. |
| Creation of additional employment opportunities to men and women of poverty stricken families through | <ul style="list-style-type: none"> • To place special focus on research, cultivation, production, collection, processing and marketing of herbs. • National Herbs Development Program will be furthered with | <ul style="list-style-type: none"> • Development of cultivation and processing technology of 6 species of herbs. • Increase in collection, processing and export of herbs. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation. • Progress reports of projects. • Reports published | <ul style="list-style-type: none"> • Herbs and Non Timber Forests Management Program. | <ul style="list-style-type: none"> • Policy, legislation and institutional reform. • Involvement and Cooperation from non- |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| increase in herbs and non-timber forest products and development of forests based industry | <p>the participation of NGOs and the private sector.</p> <ul style="list-style-type: none"> • To implement programs focusing on production, processing and marketing of products with comparative and competitive advantage. • To establish Nepalese products in the world market and make it further qualitative. • To avail the services of phytosanitary and quality certification for promotion of exports of forest products. • To involve poverty stricken families in forest products based micro entrepreneurship. | <ul style="list-style-type: none"> • Development of forest products based entrepreneurship. • Employment for men and women of poverty stricken families in forest products based micro entrepreneurship. • Conduction of Herbs Development Program in 4 locations of mid and far west. | <p>by study and research institutes.</p> <ul style="list-style-type: none"> • Progress reports of the Herbs Company. | | government, cooperative, government and private sector as expected. |
| Reduction in landslides and strengthening of the watershed management system | <ul style="list-style-type: none"> • Extension of services of soil and watershed management programs will be made through basin approach throughout the country. • Institutional and management reform of the Department of Soil Conservation and Watershed Management will be made. • To establishment of the Emergency Natural Disaster Relief Fund in the department level for immediately addressing the natural disasters such as floods and landslides. • To conduction of programs of forests, plants, bio-diversity | <ul style="list-style-type: none"> • Expansion of soil and watershed management program in 34 sub-basins. • Establishment of the Emergency Natural Disaster Management Fund. • Identification of 5 numbers of watershed areas with national importance. • Direct benefits to poverty stricken families and land conservation through soil and watershed management programs. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation and the Department of Soil Conservation and Watershed Management. • Progress reports of projects. • Reports published by study and research institutes. | <ul style="list-style-type: none"> • Soil Conservation and Watershed Management Program. | <ul style="list-style-type: none"> • Policy, legislation and institutional reforms. • Preparedness and participation of groups as expected. • Budgetary provision according to projection. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| | conservation, water storage, conservation of productive land and income generation in the Chure region. | | | | |
| Development of technology of forests, plants, watershed management and sustainable development of the forestry sector | <ul style="list-style-type: none"> • To conduct study, research and survey programs for development of forests, plants, watershed management. • To conduct action research programs on conservation, cultivation technology, promotion and marketing of <i>yarchagumba</i> and high value non-timber forest products. • To enhance awareness and promotion of technology related to forests use. | <ul style="list-style-type: none"> • Dissemination of results 30 researches based on <i>yarchagumba</i> and high value non-timber forest products. • Forests Survey in 15 districts, development of inventory and harvesting of 3 species of non-timber forest products and 4 numbers of economic and social studies. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation and concerned department. • Progress reports of projects. • Reports published by study and research institutes. | <ul style="list-style-type: none"> • Research and Communication Program. | <ul style="list-style-type: none"> • Policy, legislation and institutional reforms. • Budgetary provision according to projection. • Involvement of the local community. |
| Development of human resources related to different aspects of the forestry and soil conservation sector | <ul style="list-style-type: none"> • To make improvement in the organization, management and physical infrastructures of the forestry sector. • Timely enhancement of skill, capability and knowledge of human resource will be ensured. • Human resources available in the private sector and NGOs will be used in an optimal way. • To mobilize local resource persons in forests development programs. • To mobilize governmental organizations and local bodies, NGOs and FECOFUN for capacity enhancement of group members of the forestry | <ul style="list-style-type: none"> • Design and manual preparation of 18 courses and conduction of capacity building training for forestry related human resources of the government and non-government and private sector. • Increase in level of awareness on gender equity and social inclusive through establishment of information centers. | <ul style="list-style-type: none"> • Reports of the Ministry of Forests and Soil Conservation. • Progress reports of projects. • Reports published by study and research institutes. | <ul style="list-style-type: none"> • Human Resources Development Program. | <ul style="list-style-type: none"> • Budgetary provision according to projection. • Participation of the private sector and NGOs as expected. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| Smooth conduction of programs through policy and legislation reform | <ul style="list-style-type: none"> To revise acts, regulations and guidelines related to the forestry sector. To formulate strategy related to the forestry sector. | <ul style="list-style-type: none"> Improvements of CITES Act, Plant Resources Act, Soil and Watershed Conservation Act and National Parks and Wildlife Conservation Act and related regulation. Provision of Gender and Social Inclusion Strategy, forests research and survey, Chure region program and national policy and strategy on bamboo and <i>bet</i>. | <ul style="list-style-type: none"> Reports of the Ministry of Forests and Soil Conservation. Progress reports of projects Reports published by study and research institutes. | <ul style="list-style-type: none"> Policy and Legislation Reform program | <ul style="list-style-type: none"> Policy, legislation and institutional reforms. |
| Effective Monitoring and Evaluation System | <ul style="list-style-type: none"> To revise and implement monitoring and evaluation strategy. Issues such as -natural resource conservation, management, poverty reduction, gender equality, economic empowerment, social inclusion will be incorporated while setting the indicators for monitoring. To develop implement participatory monitoring and evaluation system in an effective way. | <ul style="list-style-type: none"> Formation of level wise peoples' representative and all party committee. Carrying out annual program formulation, implementation and evaluation in accordance with the provision of the Local Self Governance Act and Regulation. Updating the database and analysis and publication of annual booklet covering the disaggregated data. | <ul style="list-style-type: none"> Reports of the Ministry of Forests and Soil Conservation. Progress reports of projects. Reports published by study and research institutes. | <ul style="list-style-type: none"> Monitoring and Evaluation Program. | <ul style="list-style-type: none"> Policy, legislation and institutional reforms. Budgetary provision according to projection. |
| Increase in collection of timber from national forests area and improvement in supply situation | <ul style="list-style-type: none"> To provide employment to women of poverty stricken families by producing briquette from forest products by providing training, technology and equipment and making | <ul style="list-style-type: none"> Generation of employment to women of poverty stricken families equivalent to 10,000 person days by producing 150,000 briquette through | <ul style="list-style-type: none"> Reports of the Ministry of Forests and Soil Conservation and TCN. Reports published | <ul style="list-style-type: none"> Program on collection of timber from national forests area. | <ul style="list-style-type: none"> Policy, legislation and institutional reforms. Participation of local |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| | <p>arrangement of alternative energy.</p> <ul style="list-style-type: none"> • To establish Forests Conservation and Develop Fund and utilizing the fund for sustainable forests management and poverty reduction. • Improvement in existing structure of the forestry sector. • Enhancing skills of women of poverty stricken families on producing briquette. | <p>TCN.</p> <ul style="list-style-type: none"> • Utilization of the Forest Conservation and Development Fund of Rs. 150 million (10 percent of the total revenue from sales of 6.5 million c.ft. <i>golia</i> timber and 20,000 <i>chatta</i> timber and 5 percent of buying price from the buyer) for sustainable forest management and poverty reduction. | by study and research institutes. | | community as expected. |
| Forests Certification | <ul style="list-style-type: none"> • Orientation will be given to stakeholders of all levels on criteria and indicators of sustainable forests management. • Preparation of preface and mechanism of forests certification will be done. | <ul style="list-style-type: none"> • Trained stakeholders at all levels through 6 numbers of regional and central level orientation trainings. | <ul style="list-style-type: none"> • Progress reports of the Ministry of Forests and Soil Conservation. • Progress reports of District Forests Offices. | <ul style="list-style-type: none"> • Forests Certification program. | <ul style="list-style-type: none"> • Policy, reforms. • Budgetary provision according to projection. |
| Development of bases for formulation of forthcoming program and operation | <ul style="list-style-type: none"> • To conduct pilot testing program as a model for strengthening the relationship between groups and VDCs and development of bases for forthcoming planning. • To conduction model program for improvement in livelihoods of poor households. | <ul style="list-style-type: none"> • Conduction of pilot program on livelihood plan formulation and implementation for poverty stricken households in 74 districts. • Conduction of pilot program in 300 VDCs on VDC level plan formulation and community forest plan formulation and implementation. | <ul style="list-style-type: none"> • Progress reports of the Ministry of Forests and Soil Conservation. • Progress reports of DDCs. • Progress reports of District Forests Offices. | <ul style="list-style-type: none"> • Pilot Program. | <ul style="list-style-type: none"> • Policy, legislation and institutional reforms. • Budgetary provision according to projection. |

| Outcome/Result | Policy/Working Policy | Indicators | Means of Verification | Major Programs | Assumptions and Risks |
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| <ul style="list-style-type: none"> • Infrastructural development and institutional strengthening • Improvement in the operational situation by reconstruction of infrastructure and rehabilitation of field offices | <ul style="list-style-type: none"> • To reconstruct and hand over physical structures damaged during the conflict with priority. • Rehabilitation of field offices displaced during the conflict with priority will be done. • Physical infrastructure occupied by other agencies during conflict the including office buildings of the forestry sector will be handed over to forestry organizations. | <ul style="list-style-type: none"> • Reconstruction of all damaged physical infrastructures. • Rehabilitation of all displaced field offices. • Handing over of all physical infrastructures occupied by other agencies including office buildings of the forestry sector to concerned forestry organizations. | <ul style="list-style-type: none"> • Progress reports of the Ministry of Forests and Soil Conservation and Ministry of Peace & Reconstruction. • Progress reports of District Forests Offices. | <ul style="list-style-type: none"> • Infrastructure Development and Institutional Strengthening Program. | <ul style="list-style-type: none"> • Budgetary provision according to projection. |
| Increase in production of herbs and aromatic oil | <ul style="list-style-type: none"> • To strengthen Herbs Production and Processing Company Limited. | <ul style="list-style-type: none"> • Availability of 2 nos. of machines. | <ul style="list-style-type: none"> • Annual report of the Herbs Production and Processing Company Limited. • Progress reports of the Ministry of Forests and Soil Conservation. | <ul style="list-style-type: none"> • Herbs Production and Processing program. | <ul style="list-style-type: none"> • Budgetary provision according to projection. |

3.14: Culture, Tourism and Civil Aviation

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| To enhance the image of the country by preserving, conserving and promoting cultural, archeological and intellectual heritage. | <ul style="list-style-type: none"> ● To prepare inventory of nationwide tangible and intangible cultural heritages for their preservation, conservation and promotion. ● To achieve specialization in the sector of language, literature, art, and performing art; and protect and safeguard copyrights in these subjects. ● To preserve and conserve World Heritage Sites, and take initiative to list other possible places as World Heritage Sites. ● To ensure partnership and participation of the public and private sectors in the development of cultural and archaeological areas. | <ul style="list-style-type: none"> ● Recorded number of protected heritages. ● Archives of intellectual property. ● Number of complaints and cases on copyrights. ● Establishment of separate academy each for language, literature, art and performing art. | <ul style="list-style-type: none"> ● Progress Reports of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of Department of Archeology. ● Data of Nepal Copyrights Office of Registrar. ● Annual Report of UNESCO. | <ul style="list-style-type: none"> ● Program for preservation and promotion of heritages of cultural and archeological importance. ● Program for preservation and conservation of language, literature, art, culture, traditional dances, festive processions, festivals, etc. ● World Heritage Site Improvement and Development Program. ● Program to develop Copyrights Office of Registrar as a study and information center on intellectual property. | <ul style="list-style-type: none"> ● Public awareness will rise. ● There will be coordination among concerned entities. ● Modern technology and resources will be applied. ● Economic resources will be adequate. ● Capable experts will be available. |

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| To develop the tourism sector as a major segment of the national economy by developing Nepal as a major attractive tourist destination in the world. | <ul style="list-style-type: none"> ● To re-establish the image of Nepal through tourism promotion in the feasible tourism markets. ● To promote and differentiate the tourism sector through the development of tourism infrastructure by giving high priority to the tourism sector and by considering regional balance as well, ● To attract maximum number of internal and foreign tourists by preserving, conserving and developing religious and cultural tourism sites, and by promoting rural tourism. ● To carry out policy-related and institutional improvement, and develop human resources for the overall development of tourism industry. | <ul style="list-style-type: none"> ● The number of tourist arrival to reach 700 from 375 (in thousands). ● The duration of Tourist stay to reach 13 days from 9.1. ● Foreign exchange earning to reach 300 million U. S. dollars from 148 million U. S. dollars, ● Per tourist per day expense to reach 63 US dollars from 58.5 US dollars. ● Contribution to the GDP to increase to 3% from 2%. ● Direct employment to reach 100 thousands from 83 thousands. | <ul style="list-style-type: none"> ● Reports of the Ministry of Culture, Tourism and Civil Aviation, and the Nepal Tourism Board. ● Report of the Department of Immigration. ● Publication report of Nepal Rastra Bank. | <ul style="list-style-type: none"> ● Tourism Promotion and Infrastructure Development Program. ● Sustainable Tourism Development Program. ● Mountain Tourism and Tourism Industry Management Program. ● Institutional Strengthening Program. | <ul style="list-style-type: none"> ● Law and order situation will be favorable. ● Adequate seats will be available in international flights. |

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| To contribute towards economic development by making civil aviation and air service safe, organized, trustworthy and quality-based, and by making aviation industry market-friendly and competitive through accessibility expansion of domestic and international air service. | <ul style="list-style-type: none"> ● Institutional capacity of Civil Aviation Authority of Nepal will be strengthened and enhanced. ● To promote healthy and competitive air service by encouraging national and foreign private investors for the expansion and operation of international and domestic air network. ● To improve flight safety status through the application of Safety Management System (SMS) by utilizing advanced technology of international standard in the civil aviation sector. ● In order to increase opportunities for tourism development and economic activities, the second interanional airport in Nijgadh and regional (international) airports at Pokhara and Bhairahawa will be developed with priority along with the strengthening of Tribhuwan Airport. ● Improvements will be made in the strengthening and conditions of operation of damaged airports and airports that are important from the perspective of regional and toruistic point of view. | <ul style="list-style-type: none"> ● Number of international airlines services coming to Nepal to increase from 17 to 25. ● One-way air seat capacity in international sector to reach 3250 from 2850 (in thousands). ● Reconstruction and reestablishment of damaged airports. ● Strengthening of the regionally and culturally important 8 airports. | <ul style="list-style-type: none"> ● Progress Review Reports of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Civil Aviation Authority of Nepal. | <ul style="list-style-type: none"> ● Institutional Improvement Program. ● Aviation Safety and Air Transport Management Program. ● Tribhuvan International Airport Expansion and Improvement Program. ● Second International Airport Construction Program in Nijgadh, and Regional Hub Airport Construction Program in Pokhara, and Bhairahawa. ● Program for strengthening of important airports from regional and tourism perspectives. ● Program for reconstruction and reestablishment of damaged airports. | <ul style="list-style-type: none"> ● Expected foreign aid will be received. ● Private sector will be attracted. ● Nepal's ties with foreign airlines companies will increase. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| <p>Culture Due to the preservation and conservation of heritages of cultural and archaeological importance, internal and foreign tourists are attracted.</p> | <ul style="list-style-type: none"> • Historical palaces and other culturally important structures will be reconstructed and re-established. • By updating records of nationwide tangible and intangible heritages, an integrated inventory will be prepared. • Master plan of important heritage and heritage sites will be prepared and progressively implemented. • National Archives and museums will be strengthened, and museums will gradually be made self-dependent. • For cultural promotion, cultural exchange with different countries will be carried out | <ul style="list-style-type: none"> • Reconstruction and reestablishment of 4 historical palaces and other culturally important structures. • Preparation of integrated inventory of nationwide tangible and intangible heritages. • Release of culture policy. • Increase in the number of internal and foreign tourists. | <ul style="list-style-type: none"> • Progress Report of the Ministry of Culture, Tourism and Civil Aviation. • Progress Report of the Department of Archeology. | <ul style="list-style-type: none"> • Program for renovation and reconstruction of physical structures damaged during the conflict. • Program for integrated listing of nationwide tangible and intangible heritages, and for study and research of heritages of national importance. • Program for upgradation and modernization of Regional and Central Museum, Central Cultural Heritage Preservation Laboratory, and National Archives. • Pashupati, Lumbini, and Greater Janakpur Area Development Master Plan Implementation Program. | <ul style="list-style-type: none"> • Local entities and community will participate in cultural heritage preservation. • Environment will be favorable for tourist visit. • Necessary resources will be available. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| Languages, literature, art, culture, traditional dances, festive processions, festivals, etc., are preserved and conserved. | <ul style="list-style-type: none"> • By establishing a separate academy in the sector of language and literature, art, and performing art, these sectors will be developed in a specialized way. • Local indigenous traditions, art, literature, costumes of <i>Adibasi Janajatis, Madhesis, Dalits</i> will be protected, and a new culture policy will be brought into action to encourage inclusive culture. | <ul style="list-style-type: none"> • Number of study and research on endangered languages, literature, art and culture. • Number of felicitated national talents. | <ul style="list-style-type: none"> • Progress Report of the Ministry of Culture, Tourism and Civil Aviation. • Special Study Reports. | <ul style="list-style-type: none"> • Programs for the protection of original culture and traditions of different <i>janajatis</i>. • Program for the felicitation of national talents, and for providing inspiration and encouragement to emerging talents from <i>Dalits, Janajatis</i> and backward communities. • Program for study and research on endangered languages, literature, art, and culture. • Establishment and strengthening of the Academy of Fine Arts, and the Academy of Performing Arts. • Preparation of a dictionary of national languages, and publication of literature of distinguished writers and authors. • Program for study, protection and preservation of traditional knowledge, culture, language, scripts and creations of different ethnic groups, languages, religions and | <ul style="list-style-type: none"> • Concerned communities will actively participate. • Government policy and priority will receive continuity. • Cooperation will be received from local entities and the private sector. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| | | | | <p>sects.</p> <ul style="list-style-type: none"> ● Preparation of dictionary of national languages and publication of the works of renowned authors. | |
| World Heritage Sites of the country are preserved and developed. | <ul style="list-style-type: none"> ● For the preservation and conservation of World Heritage Sites, coordinated programs will be launched with the participation of local agencies and community. | <ul style="list-style-type: none"> ● Status of conformity to specified byelaws on preservation of World Heritage Sites | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Department of Archaeology. ● Progress Report of UNESCO. | <ul style="list-style-type: none"> ● Program for protection, renovation and publicity of different monuments enlisted as World Heritage Sites. | <ul style="list-style-type: none"> ● Cooperation from UNESCO will continue. ● Necessary resources will be available. |
| Copyrights Office of Registrar is developed as the study and information center on copyrights and intellectual property. | <ul style="list-style-type: none"> ● Public awareness on copyrights will be increased on a broad scale; agencies involved in the implementation of law on copyrights will be made capable; and Copyrights Office of Registrar will be developed as the information center of intellectual property. ● As per the commitment expressed in the pretext of joining the World Trade Organization, Nepal, as a supporter of international system of copyrights protection, will approve requisite international treaty and convention. | <ul style="list-style-type: none"> ● Increase in the registration of copyrighted materials at the Copyrights Office of Registrar. ● Signature of approval by Nepal in all international treaties on copyrights. | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Copyrights Office of Registrar. | <ul style="list-style-type: none"> ● Program for development of the Copyrights Office of Registrar as the study and information center on copyrights and intellectual property. ● Program for enhancement of institutional capacity and awareness, and for monitoring and evaluation, for the protection and preservation of copyrights. | <ul style="list-style-type: none"> ● Government policy on copyrights will continue. ● Public understanding of copyrights will be enhanced. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| | <ul style="list-style-type: none"> Processes will be developed for the creators to receive royalty and benefits through categorized institutions for the use of their creations. | | | | |
| Tourism Through tourism promotion, the number of tourists is increased, and quality tourism services are available. | <ul style="list-style-type: none"> Special tourism promotion programs will be launched, targeting neighboring countries, especially friendly countries India and China. Based on the notion of international, regional and sub-regional cooperation through organizations such as World Tourism Organization, BIMSTEC, SASEC, SAARC, and COSCAP, common programs in the sectors of culture, tourism and civil aviation will be launched in a coordinated manner. Through the application of modern information technology and through tourism code of conduct, tourism service will be further enhanced. Tourism sector of Nepal will be differentiated and developed on the basis of additional tourist activities including mountain tourism, educational tourism, health tourism, wildlife tourism, agro-tourism and eco-tourism. | <ul style="list-style-type: none"> Large growth in the number of tourists from neighboring countries. Differentiation of tourism industry and status of infrastructural development. Increase in hotel business following the restoration of worsening hotel business. Implementation status of tourism code of conduct. Number of programs launched in partnership with international and regional organizations. | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Nepal Tourism Board Progress Reports of other concerned entities. Progress Report of the Department of Immigration. | <ul style="list-style-type: none"> Special tourism promotion program in neighboring countries- China and India. Tourism Differentiation and Infrastructural Development Program. Promotion of internal tourism. Restoration program for worsening hotels. Program for preservation and conservation of important religious and cultural heritages from tourism perspective. | <ul style="list-style-type: none"> Concerned international institutions will participate. Necessary resources will be available, Cooperation and participation of the private sector will be as expected. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| In the tourism sector, infrastructure development, income generating skill development, and enhancement in public understanding is achieved. | <ul style="list-style-type: none"> In the promotion of environment-friendly tourism activities, and while searching for new possibilities in eco-tourism and sustainable tourism, programs will be launched in coordination with local agencies, private sector and non-government organizations. Backward groups and regions, poverty stricken people and women will be encouraged with priority to participate in tourism related awareness and employment generation programs, and in training and skill development programs. | <ul style="list-style-type: none"> Participation of marginalized groups and women in public awareness and employment generating trainings. Increase in job opportunity. Increase in public understanding of tourism. Increase in direct and indirect revenue from the tourism sector. | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Nepal Tourism Board Progress Reports of other concerned entities. | <ul style="list-style-type: none"> Formation of Tourism Development Committee under the direct participation of local entities in the district; skill-oriented and income-generating trainings; infrastructure development activities; environmental improvement activities; environment and tourism public awareness programs. Program for development of e-tourism, rural community tourism, agro eco-tourism, wildlife tourism, and religious tourism. Branding of Nepal, and publicity of sustainable tourism products of Nepal in possible tourism market. Rural tourism promotion through Inclusive Capacity Enhancement Program. | <ul style="list-style-type: none"> Necessary resources will be available. Effective coordination and cooperation will be achieved from local entities, the private sector and NGOs. Public participation will be achieved. |
| Improvement and enhancement of effectiveness is achieved in mountain tourism and tourism industry management | <ul style="list-style-type: none"> Mountain Academy Nepal will be developed as a training institute at par with international standard, and will gradually be made self-reliant. | <ul style="list-style-type: none"> Improvement status in the management of mountain tourism industry. Increase in the number of mountain | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Nepal Tourism | <ul style="list-style-type: none"> Program for the improvement of trekking routes and building of new routes. Program for environmental | <ul style="list-style-type: none"> Effective coordination and cooperation will be achieved with |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| | <ul style="list-style-type: none"> In order to realize direct and indirect revenue from the tourism sector, effects of this sector on different groups and communities, and the exact contribution of this sector to the national revenue, Satellite Accounting system will be brought into implementation. | <p>tourists.</p> <ul style="list-style-type: none"> Use of Satellite Accounting. | <p>Board</p> <ul style="list-style-type: none"> Progress Reports of other concerned entities. | <ul style="list-style-type: none"> improvement in mountainous regions, and public awareness program. Program for rescue, welfare and felicitation of mountaineers. Tracking system for trekkers and mountaineers. Mountain Cleaning Program. | <p>other concerned entities.</p> <ul style="list-style-type: none"> Government policy and priority will continue. Private sector will actively participate. |
| Tourism sector institutionally strengthened with the development of capacity. | <ul style="list-style-type: none"> Through the reassessment of Development Committees established by the government under the Ministry, tasks that could be handed over to other organizations or local agencies will be gradually done so. Policy, legal and organizational improvement necessary for the promotion of the tourism industry will be carried out. The code of conduct related to the operation of tourism business will be implemented effectively. | <ul style="list-style-type: none"> Number of other entities involved in the tasks of different Development Committees. Formulation of new Tourism Policy and Culture Policy. Number of capable and trained human resources in the tourism sector. | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Nepal Tourism Board Progress Reports of other concerned entities. Special Study Reports. | <ul style="list-style-type: none"> Program for monitoring of code of conduct for tourism business operation. Program for monitoring private tourism service providers. Tourism Human Resource Development Program. Policy-related, Legal and Organizational Improvement Program. Nepal Academy of Tourism and Hotel Management Program | <ul style="list-style-type: none"> Private sector will participate. Necessary policy-related and legal improvement will be achieved. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| Civil Aviation <ul style="list-style-type: none"> Civil Aviation Authority of Nepal is institutionally strengthened, and the management of Nepal Airlines Corporation improved. | <ul style="list-style-type: none"> Civil Aviation Policy 2006, approved by the Government of Nepal, will be effectively implemented. By involving private airlines companies in the operation and extension of internal and international air services, contribution will be made towards tourism development and economic development. Necessary policy-related, legal and structural system will be built in order to attract private investment in the air transport sector. Under the guidance and assistance of the International Civil Aviation Organization (ICAO), necessary improvement and amendment will be carried out in the Civil Aviation Authority of Nepal through reassessment of its organizational structure. Institutional and legal improvement will be carried out to make Nepal Airlines Corporation capable, reliable, trustworthy commercial service provider, and in this, private investment will also be encouraged. | <ul style="list-style-type: none"> Enhancement in the improvement of organizational structure of the Civil Aviation Authority of Nepal, and effectiveness in its operation. Status of improvement in the organizational set-up of the Civil Aviation Authority of Nepal as per the guidelines of ICAO. | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Civil Aviation Authority of Nepal. Progress Report of Nepal Airlines Corporation. | <ul style="list-style-type: none"> Program for institutional strengthening for air transport management, international contact and participation enhancement, study and research, and monitoring and evaluation. Nepal Airlines Corporation Management Improvement Program. | <ul style="list-style-type: none"> Government policy on institutional strengthening will continue. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| Aviation safety and air transport management improved. | <ul style="list-style-type: none"> ● In order to enhance air flight safety, modern technology including communication equipments will be used in various airports, and Safety Management System will be implemented through qualified human resources. ● Recommendations of the audit programs of the International Civil Aviation Organization on global flight safety and air safety will be implemented. ● In order to enhance air safety level at par with the international standard, requisite safety equipments and system will be developed in airports. | <ul style="list-style-type: none"> ● Implementation status of recommendations by ICAO. ● Enhanced effectiveness in the management of air transport. | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Civil Aviation Authority of Nepal. | <ul style="list-style-type: none"> ● Safety Management and Aviation Safety Enhancement Program. ● Program for installation of communication equipments at different airports; restoration of existing communication and aviation facilities, and new installation; and Aviation Safety Program. | <ul style="list-style-type: none"> ● Necessary resources will be made available on time. |
| Through the expansion and improvement of Tribhuvan International Airport, operating status and capacity enhanced. | <ul style="list-style-type: none"> ● By taking Tribhuvan International Airport Master Plan into consideration, physical capacity and facilities will be expanded, necessary improvement tasks including physical facilities expansion and information system, will be carried out with priority. ● Managerial capacity of Tribhuvan International Airport will be made more effective and robust in coordination with concerned entities. | <ul style="list-style-type: none"> ● Extension of airport, improvement in communication system, strengthening of radar equipment, and status of growth in the operating capacity of Tribhuvan International Airport. | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Civil Aviation Authority of Nepal. ● Field supervision. | <ul style="list-style-type: none"> ● Program for land acquisition, extension and improvement of Tribhuvan International Airport. ● TIA Communication System Strengthening Program; Aviation Equipment Upgrading Program; strengthening of radar equipment and management of alternate system; strengthening of aviation safety system; and International and Domestic Terminal Building Improvement Program. | <ul style="list-style-type: none"> ● Necessary resources will be available on time. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| Construction of second international airport and two international hub airports commenced. | <ul style="list-style-type: none"> ● For the construction of second international airport at Nijgadh, Bara, preliminary tasks for necessary infrastructural development will be carried out. ● Infrastructure development and expansion works will be initiated to develop Pokhara and Gautam Buddha Airport as regional international hub airports. | <ul style="list-style-type: none"> ● Status of infrastructure development for the second international airport at Nijgadh. ● Smooth progress in the construction work for regional hub airports in Pokhara and Bhairahawa. | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Civil Aviation Authority of Nepal. ● Field supervision. | <ul style="list-style-type: none"> ● Infrastructural Development Program for the second international airport at Nijgadh. ● Program for construction of regional hub airports at par with the international standard at Chhininedada, Pokhara and Bhairahawa. | <ul style="list-style-type: none"> ● Necessary resources will be available on time. |
| Important airports from the regional and tourism perspective are strengthened, and the operating status improved. | <ul style="list-style-type: none"> ● Domestic airports, which are important from regional and tourism perspectives, will be enhanced through capacity expansion, and will be developed as service centers. ● Airports in remote areas and other local airports will be reestablished and strengthened by prioritizing on the basis of tourism promotion, economic outcome, geographical remoteness, and the availability of other alternative transport facilities. | <ul style="list-style-type: none"> ● Status of strengthening and operation of concerned airports. ● Status of development in fire preventing capacity. | <ul style="list-style-type: none"> ● Progress Report of the Ministry of Culture, Tourism and Civil Aviation. ● Progress Report of the Civil Aviation Authority of Nepal. | <ul style="list-style-type: none"> ● Program for strengthening of important airports from regional and tourism perspectives, including Chandragadhi, Janakpur, Simara, Gautam Buddha, Dhangadhi, Simikot, Tumlingtar and Taplejung airports. ● Program for necessary fire-prevention equipments and physical infrastructural development at TIA, Nepalganj, Gautam Buddha, Pokhara, Simara and Biratnagar. | <ul style="list-style-type: none"> ● Necessary resources will be available on time. |

| Outcome/Result | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
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| Damaged airports are in the condition of operation after getting reconstructed and reestablished. | <ul style="list-style-type: none"> 12 airports with their machinery and equipments, damaged during the conflict, will be reconstructed, restored, and will be brought into operation. | <ul style="list-style-type: none"> Status of improvement in 12 damaged airports with their machinery and equipments following reconstruction, and status of improvement in operation. | <ul style="list-style-type: none"> Progress Report of the Ministry of Culture, Tourism and Civil Aviation. Progress Report of the Civil Aviation Authority of Nepal. Field supervision. | <ul style="list-style-type: none"> Program for reconstruction and reestablishment of airports damaged in the conflict. Program for reconstruction of physical structure of airports with the restoration of communication and aviation supporting equipments, and program for physical infrastructure construction for airports under construction and new airports. | <ul style="list-style-type: none"> Necessary resources will be made available on time. |

3.15: Industry

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
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| To contribute to poverty alleviation by creating employment opportunities and increasing contribution to national income through the promotion of mini, cottage, small and big industries | <ul style="list-style-type: none"> • To refine the current policy and laws with a view to promote industrial competitiveness. • To develop and extend industrial infrastructure with participation of private and foreign investments, and to strengthen management system of industrial asset protection. • To establish a single point service center by adopting easy process for industrial establishment, operation and exit. • To ensure inclusive participation in different training programs conducted in different districts. • To promote mini, cottage and small industries with due emphasis on inclusiveness for the improvement of the living standard of the people living below poverty line. • To promote and implement the slogans "Let us be industrious and reduce the youth unemployment" and "one village one production" as a campaign for employment promotion. • To provide infrastructure and necessary assistance to industries run by the private sector by making the private sector more participatory in the industrial development of the nation. | <ul style="list-style-type: none"> • Necessary amendment in laws. • Improvements made in industrial infrastructure. • No. of single point service center established. • No. of trained human resources. • Percentage increase in industrial employment. • Percentage increase in the involvement of the private sector. • Quality of competitive goods and services. • Establishment of special economic zones and status of their operation. • No. of industries established with the investment of NRNs. • No. of industries run with foreign investment. • Safe industrial environment. | <ul style="list-style-type: none"> • Progress reports of MoIICS, Industry Department, and Commerce Department. • Progress report of industrial offices. • Progress reports of corporations under Industry Ministry. • Progress reports and publication of local bodies. • Reports of the Consumer Associations. • Report of SAARC • Laws, rules policy and gazettes. | <ul style="list-style-type: none"> • Physical infrastructure development program. • Investment and export promotion program. • Capacity building program. • Development programs for cottage, small, medium and big industries. • Industrial assets protection program. • Institutional and policy development program. • Study and research programs. • Rehabilitation program for the sick industries. | <ul style="list-style-type: none"> • Initiative and involvement of the private sector, cooperative, and beneficiary groups. • Nature of political commitments and help. • Status of physical infrastructure and availability of other materials. • Amendment of laws and rules and status of their implementation. • Condition of inter-ministerial coordination. |

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|------------------|---|-------------------|------------------------------|-----------------------|------------------------------|
| | <ul style="list-style-type: none"> • Competitive capacity will be developed in order to increase the access of Nepalese products and services in the international market by identifying and promoting industries having comparative advantages and competitive capacity. • Investment will be increased through the establishment of special economic zones and the development of capital markets based on the feasibility of export-oriented industries. • Conducive environment will be created to attract NRN and foreign investments. • Mechanisms will be developed to manage industrial peace, and security and protection of interests of the consumers. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|--|
| Industrial physical infrastructure developed and damaged physical infrastructure rehabilitated. | <ul style="list-style-type: none"> • Necessary incentive system will be adopted in order to attract foreign investment in industrial infrastructure development and extension. • Industrial sites and industrial business centers will be managed on the basis of the land use project. • Damaged physical infrastructure during the conflict will be reconstructed on a priority basis. | <ul style="list-style-type: none"> • Condition of development of physical infrastructure included in the programs. • Condition of rehabilitation of damaged physical infrastructure. | <ul style="list-style-type: none"> • Progress reports of Ministry of ICS, Industry Department, Commerce Department. • Progress reports of industry offices. • Progress reports of corporations under the Ministry of Industry. • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Physical infrastructure development program. • Reconstruction of offices, geo-mapping, and relay stations. | <ul style="list-style-type: none"> • Timely availability of necessary resources. • Participation of the private sector as expected. • Participation of the local bodies and communities as expected. |
| Export promoted with an increase in domestic and foreign investment. | <ul style="list-style-type: none"> • To run programs to attract the investments from NRN. • To prepare and implement working guidelines in order to make domestic and foreign investments simple, convenient and transparent. • To manage the services and incentives related to investment also considering services and incentives being provided by neighboring countries and competitive countries. | <ul style="list-style-type: none"> • No. of industries running with investments of NRNs. • Guidelines adopted after being formulated. • No of industries in operation with domestic and foreign investment. • Percentage increase in exports. | <ul style="list-style-type: none"> • Progress reports of the MoIC, departments of Industry and Commerce. • Progress of industry offices. • Progress reports of corporations under Ministry of Industry. • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Program to attract investments from NRN. | <ul style="list-style-type: none"> • Condition of timely availability of necessary resources. • Nature and form of the participation of the private sector. • Nature and form of the participation of the local bodies and communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|---|--|
| Entrepreneurial and managerial capacity developed. | <ul style="list-style-type: none"> • To enhance capacity through entrepreneurial and skill development training. • To run skill and entrepreneurial and managerial capacity development programs. | <ul style="list-style-type: none"> • No. of trained human resources in different aspects. • No. of human resources engaged in various industries. | <ul style="list-style-type: none"> • Progress reports of the MoIC, departments of Industry and Commerce. • Progress of industry offices. • Progress reports of corporations under Ministry of Industry and Commerce. • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Entrepreneurial and skill development training program. • Skill and entrepreneurship and managerial capacity development program. • Foreign employment oriented training program. | <ul style="list-style-type: none"> • Condition of timely availability of necessary resources. • Nature and form of the participation of the private sector. • Nature and form of the participation of the local bodies and communities. |
| Small, medium and big industries developed and industrial production increased. | <ul style="list-style-type: none"> • To manage and promote cottage, small, medium and big industries. • To run small industry development program. • To run one “village one production program”. • To establish rural development industry center and industrial village. • To establish rural industry development fund. • To run matching programs designed to encourage domestic production. • To simplify and make convenient industrial exit. | <ul style="list-style-type: none"> • Percentage increase in industrial production. • No. of operated cottage, small and medium industries. • Establishment and the condition of operation of industrial villages. • Establishment and level of utilization of Rural Industry Fund. | <ul style="list-style-type: none"> • Progress reports of the MoIC, departments of Industry and Commerce. • Progress of industry offices. • Progress reports of corporations under Ministry of Industry and Commerce. • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Cottage and small industry development program. • Mini, cottage and small industry loan flow program. • Industrial village and industry development program. • “One village one production” development program. • Formation of Village Industry Development Fund program. • Program to encourage domestic production. | <ul style="list-style-type: none"> • Condition of timely availability of necessary resources. • Nature and form of the participation of the private sector. • Nature and form of the participation of the local bodies and communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| The condition of industrial assets improved with increase in public awareness relating to their protection. | <ul style="list-style-type: none"> • To run awareness programs related to industrial assets. • To establish and operate information centre related with industrial assets. • To protect and appropriate utilization of industrial assets. | <ul style="list-style-type: none"> • Establishment and operation of industrial asset information center. • Condition of the protection of industrial assets. | <ul style="list-style-type: none"> • Progress reports of the MoIC, departments of Industry and Commerce. • Progress of industry offices. • Progress reports of corporations under Ministry of Industry and Commerce. • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Public awareness generation program related with industrial and intellectual property. • Industrial Property Information Centre establishment program. | <ul style="list-style-type: none"> • Condition of institutional and policy improvements. • Level of public awareness. |
| Capacity enhancement and appropriate policy environment made available with institutional and policy improvements. | <ul style="list-style-type: none"> • To prepare a policy framework for bringing about compatibility between the existing industrial policy and legal provisions and for the promotion of mini, cottage and small industries. • To enhance the institutional capacity for the protection of intellectual property rights. | <ul style="list-style-type: none"> • Increase in investments. • Necessary policy and legal provisions in place. • Experience of the presence of the protection of intellectual property rights | <ul style="list-style-type: none"> • Progress reports of the MoIC, departments of industry and commerce. • Progress of industry offices • Progress reports of corporations under Ministry of Industry and Commerce • Progress reports and publications of local bodies. | <ul style="list-style-type: none"> • Regional level office establishment program. • Program related with capacity enhancement for quality certification and laboratory. • Program related with Industrial Development Institute. • Program to strengthen the office of the Company Registrar. • Intellectual Property Protection Program. | <ul style="list-style-type: none"> • Condition of institutional and policy improvements. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| New Technology developed in research aspects and information made available. | <ul style="list-style-type: none"> Identification of industries with comparative advantages and competitive capacity. And to conduct studies on Effective Protection Rate (EPR) in accordance with goods. Mineral search in different parts of the country, also with the participation of the private sector and to emphasize the establishment of potential industries. | <ul style="list-style-type: none"> Nature and number of new technologies developed. Clear information on the availability of minerals and petroleum products. | <ul style="list-style-type: none"> Progress reports of the MoIC, departments of Industry and Commerce. Progress of industry offices. Progress reports of corporations under Ministry of Industry and Commerce. Progress reports and publications of local bodies. | <ul style="list-style-type: none"> Mineral exploration and development project. Petroleum exploration project, Geo-scientific survey and research project. Effective Protection Rate for goods with comparative advantage and competitive capacity related studies program. | <ul style="list-style-type: none"> Condition of timely availability of the necessary resources. Nature of the private sector participation. |
| Operation capacity of sick industries enhanced after being reestablished. | <ul style="list-style-type: none"> Assistance will be provided for the reestablishment of industries damaged during the conflict. Arrangements will be made for the provision of leasing out the industries, which are either sick or not operating in full capacity. | <ul style="list-style-type: none"> Number of sick industries or industries not operating with full capacity. Number of damaged industries reestablished. | <ul style="list-style-type: none"> Progress reports of the MoIC, departments of industry and commerce. Progress of industry offices. Progress reports of corporations under Ministry of Industry and Commerce Progress reports and publications of local bodies. | <ul style="list-style-type: none"> Sick industry rehabilitation program. Assistance program for industries damaged due to conflicts. | <ul style="list-style-type: none"> Condition of timely availability of the necessary resources. Condition of the participation of industrial business men. |

3.16: Commerce

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|---|---|
| To contribute in poverty alleviation through the development of the physical and institutional structures of the commerce sector and by reaching the outcomes to people's level obtained from the development and trade promotion of goods having comparative advantages. | <ul style="list-style-type: none"> • To give policy improvement works. • To develop commerce related physical infrastructure. • To adopt measures of export promotion, market access and simplification. • To give emphasis on the production and import of goods of traditional skill and handicrafts. • To develop skilled human resources in the field of commerce along with institutional improvements. • To strengthen supply aspects by enhancing production and productivity. • To develop and promote trade of goods of comparative advantage. | <ul style="list-style-type: none"> • Percentage of the contribution of the commerce sector in the GDP. • No. of jobs created. • Percentage increase in the quantity and price amount of goods exported. • Percentage reduction in trade deficit. • Status of export, market and goods diversification. • Percentage of the contribution from export earnings to foreign exchange deposits. | <ul style="list-style-type: none"> • Reports of the ministry and department. • Publication and reports of CBS. • Reports of MoF and NRB. • Reports of the Export and Trade Promotion Centre. • Other survey reports. | <ul style="list-style-type: none"> • Improvement programs on policy, legal, physical and institutional structure. • Program to increase production and productivity in order to strengthen and simplify supply aspects. • Market simplification, facilitation, convenience, and increase in the access to market program for export promotion. • Programs to modify traditional skills and to promote the production and import of handicrafts. • Institutional improvement and skilled human resource development program in this sector. | <ul style="list-style-type: none"> • Status of policy and legal improvements. • Structure/form of fluctuation in international trade. • Condition of development of necessary institutional and physical structures. • Quantity of supply of petroleum products. • Condition of availability of necessary resources. • Condition of coordination with other concerned agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|--|--|
| Necessary improvement achieved in policy, legal, physical and institutional frameworks. | <ul style="list-style-type: none"> • To prepare and implement new commerce policy for making export promotion clean and for the development of competitive environment and to modify to industrial policy and foreign investment policy and related laws. • To implement enforce integrated custom inspection system by making improvements in custom system and procedures and by coordinating with neighboring countries. • To implement the Competition Act effectively and to make timely relevant improvement in the Consumers Protection Act. • To make legal provisions related to the protection and promotion of intellectual rights. • To improve physical infrastructure related to commerce, customs and shipping and bring simplification in the development and operation export processing zones. • To conduct feasibility studies on additional dry ports and construction of special economic zones. | <ul style="list-style-type: none"> • Industrial policy favorable to the commerce sector and necessary improvement in laws. • Percentage reduction in custom duties • Percentage reduction in unauthorized trade. • Feeling of consumer welfare • Condition of improvement in physical infrastructure • Appropriate structure of the Department of Commerce developed. • Condition of development of appropriate structure of the Department of Commerce • Commerce policy enforced after being prepared. | <ul style="list-style-type: none"> • Progress report of the concerned Ministry. • Nepal gazette. • Reports of the Ministry and Department. • Reports of MoF, Department of Customs, and NRB. • Reports of Export and Trade Promotion Centre. • Other survey and reports. | <ul style="list-style-type: none"> • Program to formulate new commerce policy. • To initiate the construction works of an international level, exhibition ground. • To restructure Department of Commerce. • Establishment of special economic zones like garment processing area, carpet-processing area. • Strengthening and establishment of export promotion fund and export oriented industrial development fund, establishment of dry port. | <ul style="list-style-type: none"> • Condition of political situation. • Status of policy improvement. • Level of private sector involvement, active/inactive. • Condition of the availability of necessary resources and means. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
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| Supply conditions made strong and convenient with the increase in production and productivity. | <ul style="list-style-type: none"> • To give priority to the identification, selection and production of new exportable goods having comparative advantage with participation of the private sector. • To make the value addition rate high in the exportable production within the country by establishing forward links and parallel interrelationship of the exportable industries related to agriculture, forest and tourism. • To encourage (incentives) principal exporters, and foreign importers of Nepali goods as well as local consumer organizations or agencies by giving continuity to the encouragements being provided to export-oriented industries. | <ul style="list-style-type: none"> • Percentage increase in the number of exportable goods • Percentage increase in the number, production and supply of exportable goods • Percentage of marginal rate of increase in the rate of value addition. • Formation and modification (refinements) in the necessary laws. | <ul style="list-style-type: none"> • Reports of the Ministry and Department. • Reports of MoF, Department of Customs, and NRB. • Reports of Export and Trade Promotion Centre. • Other survey and reports. | <ul style="list-style-type: none"> • New law formation program. • Necessary improvement program in existing laws and acts. • Identification of and studies on exportable goods program. • Commodity Production Program in line with the concept of "one village one commodity" | <ul style="list-style-type: none"> • Favorable/unfavorable political condition. • Condition of improvement in policies. • Involvement of the private sector, active/inactive. • Condition of the availability of necessary resources and means. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|--|---|
| Export promoted due to market simplification and increase in the access to international markets. | <ul style="list-style-type: none"> • To make information collection, processing and distribution works for trade promotion effective through the national and intentional networks. • To appoint co-consulates in consular missions located in principal importing countries and countries having trade relations with Nepal. • To make a coordinated effort on the establishment of geographical indexing of exportable consumer goods. • To construct a separate mechanism related to the protection of intellectual property rights with the participation of the private sector. • To conduct collaborative joint works with countries sharing common interest and concerns on the opportunities created through the international and regional agreements. | <ul style="list-style-type: none"> • Identified additional measures of trade promotion. • Timely availability of necessary information • Appointment of co-consulates. • Establishment of geographical indexing. • Constructed mechanism for the protection of intellectual property rights. • Relation established • Countries for joint/collaborative works. • Established processing zone for valuable handicrafts. • Expediency in performance. • Uniformity of customs, transit and quality certification and reduction in disputes. • Percentage reduction in international trade investment. | <ul style="list-style-type: none"> • Reports of the Ministry and Department. • Reports of MoF, Department of Customs, and NRB. • Reports of Export and Trade Promotion Centre. • Other survey and reports. | <ul style="list-style-type: none"> • Programs related with trade promotion fund. • Integrated custom check post formation program. | <ul style="list-style-type: none"> • Favorable/unfavorable political condition. • Condition of improvement in policies. • Involvement of the private sector, active/inactive. • Condition of the availability of necessary resources and means. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|---|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • To make procedural simplifications by establishing a separate processing zone for the promotion of export of valuable handicrafts. • To make necessary amendments in policies and rules made for market establishment/simplification and the promotion of export. • To bring uniformity in the process, basis and policy and rules related to custom, shipping and quality certification with SAARC member countries/nations. • To make initiation on the improvement of transit routes by making studies on alternate transit routes of countries providing transit facilities and neighboring countries. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|--|---|
| Modification in the traditional skills and increased production and export of handicrafts. | <ul style="list-style-type: none"> • To provide assistance in the development and quality improvement of exportable goods with the support of the local government and through the cooperatives by using skills and special abilities based on different communities. • To make arrangement to ensure the involvement of partners associated with industrial village infrastructure and cooperative organizations involved with marketization and export promotion houses. • To make arrangements to provide incentives of duty drawback on exported handicrafts from the trade promotion house. • To conduct a study and preliminary works for the establishment of a separate export promotion centre near the international airport for the production, processing and export of precious, semi-precious stones, gold and silver jewelry. | <ul style="list-style-type: none"> • Development status of exportable goods of the communities. • Percentage increase in the involvement of cooperatives. • Improvement in local tax laws. • Provision of duty drawback facility after amendments in the laws. • Export promotion zones established and operational. | <ul style="list-style-type: none"> • Nepal gazette. • Reports of the Ministry and Department. • Reports of MoF, Department of Customs, and NRB. • Reports of Export and Trade Promotion Centre. • Reports of concerned ministries and other agencies. | <ul style="list-style-type: none"> • Community-based skills and expertise development program. • Development of exportable goods and quality improvement program. • Revision of local tax laws program. | <ul style="list-style-type: none"> • Favorable/unfavorable political condition. • Condition of improvement in policies. • Involvement of the private sector, active/inactive. • Condition of the availability of necessary resources and means. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|--|--|---|
| Institutional improvement and Necessary skilled human resources developed. | <ul style="list-style-type: none"> • Training programs for human resources engaged in the trade sector on different subjects including business agreements, identification of export oriented goods and markets, development and promotion, quality improvement, rules of origin, custom procedures, negotiating skills, intellectual property rights, sanitary and phytosanitary. • To establish integrated technical institute related with quality improvement of main export oriented-goods and commodity development and diversification in collaboration with the private sector. | <ul style="list-style-type: none"> • No. of trained human resources • Establishment and condition of operation of integrated technical institute. • Level of awareness of the community. • Progress status of the construction work of exhibition ground. | <ul style="list-style-type: none"> • Reports of the Ministry and Department. • Reports of MoF, Department of Customs, and NRB. • Reports of Export and Trade Promotion Centre. • Reports of concerned ministries and other agencies. | <ul style="list-style-type: none"> • Construction program of international level trade exhibition ground. • Training program. • Awareness raising program. • Program related to the effective management of information. | <ul style="list-style-type: none"> • Favorable/unfavorable political condition. • Condition of improvement in policies. • Involvement of the private sector, active/inactive. • Condition of the availability of necessary resources and means. |

3.17: Supply Management

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|--|--|--|
| To protect consumers' rights by improving the existing legal and fiscal framework in accordance with the market system and ensuring the supply of standardized goods and services in a regular and easy manner. | <ul style="list-style-type: none"> • To make the supply of essential goods in remote and backward districts also with participation of the private sector and DDCs. • Arrangements will be made to make essential standardized goods for the protection of consumers' rights in a convenient, accessible and regular manner. • To establish effective coordination among agencies concerned with the supply sector in order to manage the supply of essential goods in the remote districts in an integrated manner. • Necessary encouragement will be given for the development of commercial farming of goods produced and consumed at the local level for their sustainable supply in remote and backward areas. • National food security storage of necessary food grains for the country will be managed also in view of the SAARC food storage. • Arrangements will be made to the gradual supply of goods now supplied by government - owned corporations according to the free market policy. • In the context of making the supply of services convenient, the Competition Act will be implemented in an effective manner. | <ul style="list-style-type: none"> • Competitive market system developed. • Condition of receiving quality goods and services in convenient and reasonable prices. • Reduction in workload of the government in supply related aspects. • Condition of implementation of acts and rules. • Quantity of food grains and other materials stored. • No. of food stores and cold stores formed. • Quantity of essential goods supplied in remote districts. • No. of consumer courts formed. • Quantity of local production, consumption and external transportation. | <ul style="list-style-type: none"> • Progress report of MoICS, Department of Commerce. • Report of Nepal Food Corporation. • Progress reports of Commerce Offices and corporations under Industry Ministry. • Progress reports and other publications of local bodies. • Reports of the consumers' organizations. • Report of SAARC. | <ul style="list-style-type: none"> • Integrated supply system model program. • Village supply program targeted for the backward and disadvantaged groups. • Consumers' awareness enhancement program. • Institutional strengthening and amendment of laws and rules. | <ul style="list-style-type: none"> • Initiation and involvement of the private sector, cooperative organizations and consumer groups, available. • Political support and assistance received for the revision and implementation of the acts and rules. • Coordination between infrastructure and other ministry-wise subjects established. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|---|--|
| The supply of essential goods in 10 remote and hill districts to be convenient, accessible and well managed. | <ul style="list-style-type: none"> • To ensure the supply system by making the supply of essential goods convenient and accessible and to make necessary intervention of the State in abnormal conditions. • To ensure the food security system by conducting programs related to rural supply. • To make arrangements for integrated supply system and to run programs by making a coordinating mechanism in inter-ministerial subjects. | <ul style="list-style-type: none"> • Transport of 29,151 MT of food made. • 80,000 quintal of salt transported in 22 districts. | <ul style="list-style-type: none"> • Progress report of MoICS, Department of Commerce. • Report of Nepal Food Corporation. • Progress reports and other publications of local bodies. • Reports of the consumers' organizations. | <ul style="list-style-type: none"> • Integrated supply program | <ul style="list-style-type: none"> • Availability of vehicles. • Condition of road. • Budget system. |
| Access of the poor and deprived population in remote and hill districts to services in a convenient and easy manner increased. | <ul style="list-style-type: none"> • Cold storage will be provided in districts to store local production. • To make provisions for storing minimum stock in the national food security store. • To run special programs in partnership with the private sector and with the participation of local bodies. • To manage the supply system by opening fair price shops with the participation of the private sector and cooperatives. • In the designated remote districts, additional programs targeting the disadvantaged population, related to rural supply will be run. | <ul style="list-style-type: none"> • 40,000 M.T. food grains in stock. • Construction and utilization of 30 cold storages. • No. and condition of operation, of community and consumer groups formed. • No. of fair price shops and their operation status. | <ul style="list-style-type: none"> • Progress report of MoICS, Department of Commerce. • Report of Nepal Food Corporation. • Progress reports and other publications of local bodies. • Reports of the consumers' organizations. | <ul style="list-style-type: none"> • Rural supply program. • Fair Price operation program. • Cold storage and other infrastructure development programs. | <ul style="list-style-type: none"> • Form of initiation and participation of the private sector and community. • Form of the participation of the private sector and cooperatives. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|---|
| Positive changes in the food habit with increase in the awareness of the people in hills and remote districts made. | <ul style="list-style-type: none"> • Necessary action will be taken for the formation of consumer courts and provision of supply commissioners. | <ul style="list-style-type: none"> • Formation of consumers courts in five development regions and the condition of their operation. • Provision of consumer commissioners in five development regions. • Change in food habits. | <ul style="list-style-type: none"> • Progress report of MoIICS, Department of Commerce. • Report of Nepal Food Corporation. • Progress reports and other publications of local bodies. • Reports of the consumers' organizations. | <ul style="list-style-type: none"> • Consumers' awareness raising program. • Awareness enhancement program on food habits. • Level of public awareness. • Institutional conditions. | <ul style="list-style-type: none"> • Consumer courts program. • Institutional conditions. |
| Appropriate policy environment made for supply management with necessary amendments in laws and rules. | <ul style="list-style-type: none"> • Necessary legal and institutions reforms carried out, monitoring works made effective. | <ul style="list-style-type: none"> • Condition of the revision in laws and rules. • Development of information system and condition of utilization. | <ul style="list-style-type: none"> • Progress report of MoIICS, Department of Commerce. • Nepal gazette. | <ul style="list-style-type: none"> • Revision of laws and rules. • Information system developed. | <ul style="list-style-type: none"> • Condition of institutional strengthening. • Structure of acts. |

3.18: Labor Management and Employment Promotion

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|---|--|---|
| To support poverty alleviation by promoting safe, dignified, income –oriented employment and self-employment in domestic and the international labor market. | <ul style="list-style-type: none"> • To create an environment to ensure employment by launching vocational and skill development training programs based on the demand of the labor market in joint collaboration with the local bodies, NGOs and the private sector. • To restructure and strengthen acts and mechanisms related with foreign employment. • To manage policy and legal provisions on labor relations in the informal sector in a gradual manner. • To promote tripartite mechanism and collaboration for the promotion of industrial peace, strengthening labor administration, business oriented security and health. • To ensure occupational security and health through standardization and regular monitoring. • To run targeted programs for youths with no access to opportunities. • To make necessary arrangements for the management of employment promotion and labor management through diplomatic missions abroad. | <ul style="list-style-type: none"> • Percentage reduction in unemployment. • No. of trainees involved in employment and self-employment. • No. of workers affiliated with social security program. • No. of workplace accidents. • Increment rate in remittance. | <ul style="list-style-type: none"> • Labor survey report. • Labor market bulletin. • Records and publications of the NRB. • Records and publications of the CBS. • Accident reports. | <ul style="list-style-type: none"> • Business, skill development and entrepreneurial development training programs. • Social security programs. • Employment generation programs. • Business related security and health promotion programs. | <ul style="list-style-type: none"> • Matching labor demand and supply. • Investment-friendly environment created. • Demand of Nepalese workers in international labor market. • Necessary acts regarding employment will be in place. |

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|--|--|
| To get rid of exploitation by abolishing child labor. | <ul style="list-style-type: none"> • To run targeted programs by giving priority to children at risk and in difficult conditions. • To undertake partnership and collaborative works with the government, private and non-government sectors, trade unions and the donor community. • To make improvements in policy, legal and institutional arrangements. • To enhance the responsibility and consciousness of families on children's rights. | <ul style="list-style-type: none"> • Reduction in the number of children at work. • School enrollment rate and completion rate. • Rate of returning of children at risk to their families. | <ul style="list-style-type: none"> • Labor survey report. • Data and reports of the Ministry of Education. • Reports of NGOs. | <ul style="list-style-type: none"> • Child Labor control program. | <ul style="list-style-type: none"> • Increase in the initiative and commitment of all the stakeholders regarding child labor. • Education system will be attractive and effective. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|--|--|
| Substantial increase in the number of people in employment and self-employment, after obtaining trainings in vocational skill development and entrepreneurship. | <ul style="list-style-type: none"> • To prepare qualified and skilled human resources in accordance with the market demand. • To reduce the gap between demand and supply. • In accordance with the changing technology and demand, training and job opportunities to youths belonging to deprived groups like <i>Dalits</i>, <i>Adibasi Janajatis</i>, Muslims, <i>Madhesis</i>, conflict affected, disadvantaged communities, will be provided. • To provide legal, technical and practical training to make good use of the opportunities in the foreign labor market. • To provide productive training and soft loans to unemployed youth and school drop outs. | <ul style="list-style-type: none"> • No. and proportion of those trained and those getting employment or self-employment from the targeted, as well as other communities. • Total no. of individuals obtaining employment from the employment exchange service. | <ul style="list-style-type: none"> • Progress report of the Ministry/ Department. • Labor market bulletin. • Special study report. | <ul style="list-style-type: none"> • Business, skill development and entrepreneurial development training programs. • Skill-oriented training program for the targeted groups. | <ul style="list-style-type: none"> • Continuity of the government policy and priority on employment promotion. • Participation of the government, private sector and other stakeholders. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|---|---|
| Reduction in poverty and risk of workers and their families by introducing programs on security and safety for improvement in health and social security. | <ul style="list-style-type: none"> • To promote business related security and health as an integral part in all the industrial enterprises. • To implement programs on accidents, risk management and social security through a separate fund and also the welfare fund. • To undertake collaborative works with trade unions on social security programs in the informal sector. • To provide gradually the experience of minimum employment with labor power survey and identification of the unemployed. • To revise the legal process in order to create an environment to make it possible to organize the labor in the informal sector. • To construct opinion poll on business related security and health. • To run micro financing programs separately in the mountain, hills and the Terai for income generation of the target groups. | <ul style="list-style-type: none"> • No. of accidents and injuries occurred in work places. • No. of workers and families affiliated with social security program. • No. of workers in the informal sector affiliated with organizations. | <ul style="list-style-type: none"> • Accident reports. • Records of welfare and social security funds. • Publications of trade unions. • Progress reports of the Ministry and Department. | <ul style="list-style-type: none"> • Social security programs. • Business related security and health promotion programs. | <ul style="list-style-type: none"> • Establishment of local agencies for business related security and health. • Assistance to be received from other concerned agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|--|--|
| Improvement in domestic and international labor market and increase in remittance rate due to improvements in institutional conditions. | <ul style="list-style-type: none"> • To develop diplomatic mechanism and to make labor agreements with countries receiving more than a predetermined number of laborers for the protection of welfare of Nepalese in foreign employment. • To enhance employment opportunities in the country and abroad through the provision of skill development training and also women-friendly legal and social provisions. • To encourage <i>Dalits, Adibasi Janajatis</i>, disadvantaged communities by providing appropriate skill development trainings. • To encourage the productive use of remittance by making the system simple and strengthened. • To arrange accident and life insurance for the entire contract period for those going for foreign employment. • To include foreign employment subject in the curriculum of training institutes to enhance awareness on legal, social and security aspects in order to protect the welfare of individuals going for foreign employment. | <ul style="list-style-type: none"> • Complaints and decisions related to foreign employment. • No. of workers receiving service from labor "sahachari". • No. of individuals affiliated with remittance investment package. • Remittance rate. • No. of individuals benefiting from insurance. | <ul style="list-style-type: none"> • Labor market bulletin. • Records of MoLTM • Publications of NRB. • Reports of agencies related with foreign employment. | <ul style="list-style-type: none"> • Foreign employment promotion program • Package program for productive investment of remittance. • Policy and institutional improvement program. • Pre-employment program. | <ul style="list-style-type: none"> • Designated countries would have agreed to make labor agreement. • Demand for Nepalese laborers will increase in the international labor market. • Legal and institutional system will be improved. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|---|
| Effectiveness in the protection of the rights of workers, labor administration and services achieved, and condition of business related security and health improved. | <ul style="list-style-type: none"> • To improve existing legal and institutional provisions. • To construct flexible laws assimilated with social security for the creation of investment-friendly environment. • To gradually strengthen the tripartite relations in order to make industrial relations amicable and transparent. • To make arrangements to resolve labor disputes at local level. • To establish labor commission, labor judiciary, and business related security and health council. • To gradually replace foreign laborers. • To make workplace and working environment favorable and convenient for women, persons with disability and people with special needs. • To ensure effective implementation to fight against misbehaviors to sexually oppressed women, <i>Dalits</i>, persons with disability and sexual harassment. | <ul style="list-style-type: none"> • No. of labor disputes resolved locally. • Labor judiciary in operation after being established. • Expected legal and institutional improvements in place. • No. of replacement of foreign laborers. | <ul style="list-style-type: none"> • Progress report of MoLTM and the concerned agencies. • Special survey report. | <ul style="list-style-type: none"> • Labor administration strengthening program. • Social facilitator's capacity enhancement program. • Labor judiciary formation and operation programs. • Labor survey. | <ul style="list-style-type: none"> • Expected institutional reforms. • Receiving active participation from the social sector. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|---|---|---|
| Substantial reduction in the use of child labor. | <ul style="list-style-type: none"> • To make timely relevant amendments in acts and institutions related with child labor, and strengthen them. • To coordinate poverty alleviation programs and other sectoral programs related with child labor. • To make inspection, coordination, monitoring and evaluation of child labor effective. • To run informal education and employment oriented programs for child laborers and their guardians. • To undertake collaborative works with stakeholder agencies and to establish a nationwide network and pressure groups. • To run awareness oriented programs from family level to the national level against all types of child labor. • To run special programs related with education and business skill development for child laborers. • To arrange infrastructure for the relief, rehabilitation and reunion of children at risk. • To prepare and implement targeted programs on the basis of priority in predetermined areas, for the rescue of child laborers. | <ul style="list-style-type: none"> • No. of children benefited from different programs including re-establishment. | <ul style="list-style-type: none"> • Child labor inspection report. • Reports of sectoral surveys. • Progress Reports of the Ministry and Departments. • Reports of NGOs. | <ul style="list-style-type: none"> • Child laborers re-establishment program. • Child labor information management and monitoring. • Awareness raising program. • Informal education and self-employment training program. • Special program for children at risk, conflict affected, and internally displaced. • Law formation, implementation and coordination program • Child labor inspection programs. • Feedback, network and social mobilization programs. • Collaboration promotion program. | <ul style="list-style-type: none"> • Investment of international organization in this sector to increase. • Assistance and coordination of all the sectoral ministries to be maintained. • Networks and Pressure groups against child labor to be extensive and effective. |

3.19: Transport Management

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|--|--|
| To support economic development of the country by making transport system less costly, safe, pollution free, convenient, competitive, self reliant, service oriented and also to make transport management effective. | <ul style="list-style-type: none"> • To make legal, institutional, policy improvement and to enhance participation of the private sector in transport management. • To use modern technologies for driving license, number plate and pollution checking test. • To enhance the capacity of the concerned agency and human resources. • To implement the third party insurance provision in an effective manner. | <ul style="list-style-type: none"> • No. of crimes related with vehicles. • Change in the number of vehicular accidents. • Change in the emission level and pollution rate. | <ul style="list-style-type: none"> • Reports of the Department of transport management and traffic police. • Pollution measurement report. | <ul style="list-style-type: none"> • Transport sector-strengthening program. • Transport management modernization program. • Legal and institutional development program. | <ul style="list-style-type: none"> • Commitment and active participation of the private sector to be received. • Necessary improvement in the capacity of the road network. • Necessary assistance from the concerned agencies will be received. • Increase in public awareness. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|---|
| Transport administration improved, reduction in road accidents and reduction in pollution from the vehicles. | <ul style="list-style-type: none"> • To gradually strengthen the transport management by making the private sector competitive, attractive and responsible towards the transport sector and to do away with polluting vehicles. • To manage the necessary mechanism for pollution control and to enhance awareness on it. • To adopt the necessary precaution by identifying the causes of accident through research and studies related to road accidents. • To ensure coordination among agencies concerned with transport management. | <ul style="list-style-type: none"> • No. of vehicles older than 20 years. • No. of actions against vehicles not complying with the standard norms. • Change in the rate of accidents. | <ul style="list-style-type: none"> • Reports of DoTM and traffic police. | <ul style="list-style-type: none"> • Monitoring system strengthening program. • Master Plan formulation for the strengthening of the transport sector. • Awareness raising program on road accidents. | <ul style="list-style-type: none"> • Assistance and effective coordination between concerned agencies to remain. • People's support received as expected. |
| Reduction in transport accidents by making vehicular inspection and record system sound and effective. | <ul style="list-style-type: none"> • To adopt scientific number plate system in vehicles and secure card system instead of driving license. • To construct national network by computerizing the record system. | <ul style="list-style-type: none"> • Average Time spent by the service taker to receive the service. • Change in the number of transport accidents. | <ul style="list-style-type: none"> • Reports of MoTM and traffic police. • Reports of site surveys | <ul style="list-style-type: none"> • Number plate modernization program. • Driving license modernization program. | <ul style="list-style-type: none"> • Along with the new system, management process and overall system will be improved. • Awareness increased among drivers. • Awareness among the general public. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|---|---|
| Competitive and economical transport management developed with improvement in the policy, legal and institutional pattern related to transport. | <ul style="list-style-type: none"> • To make highways safe, reliable, effective and modern by improving policy, legal, institutional management and technology related to transport management. • To intensify partnership and collaboration with the private sector through institutional reforms and the establishment of an autonomous National Transport Board. • To end the syndicate system by operating the means of public transportation in a competitive environment. • To give priority to public transport system. • To make transport management office well equipped with means and resources through construction and repair works. • To develop a decentralized service system by extending transport management offices. • To provide concessions in transport fare to senior citizens and persons with disability. | <ul style="list-style-type: none"> • New concepts and proposals prepared for transport management. • Increase in joint or private sector investment. • No. of transport offices. • Reduction in the number of complaints. • No. of women, persons with disability, and laborers receiving the training. • Concession received by senior citizens and persons with disability. | <ul style="list-style-type: none"> • Reports of MoLTM and traffic police. • Reports of site surveys. | <ul style="list-style-type: none"> • Legal and institutional improvement program. • Building construction program. • Transport management offices extension and strengthening program. • Training programs related with driving and transport service for the women and persons with disability • Training program for transport laborers. | <ul style="list-style-type: none"> • Increase in coordination and assistance among all the concerned agencies. • Initiative of the private sector on coordination and assistance. • Formulation of necessary legal policy, and improvement in institutional pattern. |

3.20: Education and Sports

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|---|---|
| <p>To make all the citizens of the country gradually literate and to extend access of primary and higher education. To provide quality as well as employment oriented education.</p> | <ul style="list-style-type: none"> • To run literacy, post literacy, income generating and useful informal education program as a campaign. • In order to ensure the educational rights of the children, to gradually make primary level education compulsory and secondary education free. • To get the feeling of equal level of primary education after ascertaining the minimum basis and the achievement of teaching quality education. • To bring comprehensiveness and diversification in training in order to supply basic and mid level human resources through technical and vocational education and also by allocating reservation of seats (quota) to the targeted groups. • To establish universities also on a regional basis and to provide autonomy to universities. • To incorporate programs related with sports and youth development right from the school level. | <ul style="list-style-type: none"> • Literacy rate (age 6+) to increase from 63 to 76 percent. • Literacy rate (age 15+) to increase from 52 to 60%. • Literacy rate on the basis of gender equality index to increase from 0.7 to 0.9. • Net enrollment rate at the primary level to increase from 87.4% to 96%. | <ul style="list-style-type: none"> • Education Management Information System. • NLSS. | <ul style="list-style-type: none"> • Literacy, post literacy and income generating programs. • Pre-primary education/primary Child Development Centre program. • Basic education program. • Secondary education programs. • Technical education and vocational training program. • Higher education program. • Quality improvement in education program. • Sports development program. • Youth development and scouting program. • Physical construction program. | <ul style="list-style-type: none"> • Continuity of policy related with education and sports. • Active participation of local bodies and the private sector. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|--|--|
| Literacy, post-literacy and income generating informal education programs extended. | <ul style="list-style-type: none"> • To run literacy program with involvement of NGOs, schools, and the private sector targeting groups including women, <i>Dalits</i>, <i>Adibasi Janajatis</i>, <i>Madhesis</i>, persons with disability. • To mobilize practical parties in literacy programs to undertake joint works with agencies like health, forestry, agriculture, cooperatives, women development, etc. • To provide education to those compelled to leave schools through alternative education program. | <ul style="list-style-type: none"> • Increase in literacy rate. • Access of all the groups to literacy program. | <ul style="list-style-type: none"> • Educational Management Information System (EMIS). • Reports of DDC, VDC. | <ul style="list-style-type: none"> • Basic literacy program. • Post-literacy program. • Skill development and income generating program. • Alternate school education program. • Education program for school dropouts. • Women education program. | <ul style="list-style-type: none"> • Participation of local bodies, NGOs and local community in literacy program. |
| Early childhood development center and pre-primary education extended. | <ul style="list-style-type: none"> • Continuity in the form of programs to community-based child development centers in order to make their daily life compatible after identifying the location of the target group will be provided and extended on demand. • To make local bodies mainly responsible in operation of Community Child Development Center. | <ul style="list-style-type: none"> • Gross enrollment rate in child development center. • No. of students in child development centre and pre-primary level to class 1. • Access of the targeted group to the program. | <ul style="list-style-type: none"> • EMIS • Various reports. | <ul style="list-style-type: none"> • Community identification and awareness raising program. • Child Development Centres based on the targeted group program. • New pre-primary education and Early Childhood Development Center operation program. | <ul style="list-style-type: none"> • Active participation of local bodies, NGOs and local community. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|---|------------------------------|
| Availability of equal level, qualitative basic education for all, ensured. | <ul style="list-style-type: none"> • To establish a network from the center to the local level in order to make basic education compulsory. • To distribute scholarships and other incentives through the integrated network in an organized way to disadvantaged communities in order to raise the enrollment rate and reduce the drop out rate. | <ul style="list-style-type: none"> • Net enrollment rate at the primary level, sustainable rate, completion of the level rate. • Percentage of the targeted groups receiving the scholarship. | <ul style="list-style-type: none"> • Site study, observation. • EMIS. | <ul style="list-style-type: none"> • Scholarship for the <i>Dalit</i> children. • 50 % scholarship to poor and disadvantaged groups. • Lump sum grant to schools per student on the basis of school improvement program. • Food for education program. Distribution of lunch, edible oil. | |
| | <ul style="list-style-type: none"> • To adopt the policy of trilingual education along with the provision of education in their mother tongue to the children. • To implement the concept of one school in one village by school mapping. • To accredit traditional education like <i>gurukul, madarasa, gumba, ashram</i> with the regular formal education • To run alternate education program. | <ul style="list-style-type: none"> • Legal provision to make primary education compulsory. • Access to school education ensured for all communities. | | <ul style="list-style-type: none"> • Scholarship for students with disability under inclusive education program. • Resource class operation. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|---|---|
| Access for all to quality secondary education ensured. | <ul style="list-style-type: none"> • To gradually establish the right of each and every citizen to free education upto the secondary level. • To give continuity to in-service training program in order to enhance the work competence of teachers. • To provide special assistance to transfer learnt skills to the classroom. • To make arrangements to avail the lump sum grant on the basis of local level education plan and school improvement project directly to schools. | <ul style="list-style-type: none"> • Free secondary education. • Participation of women teacher of all groups. • Percentage of teachers trained. • No. of <i>Dalit</i> students receiving grants. | <ul style="list-style-type: none"> • EMIS. • Various reports related to education. | <ul style="list-style-type: none"> • Scholarship program at the secondary school level. • Teachers grant program for community higher secondary schools. • Karnali zone special program. • In-service and demand-driven teacher training program. • Program to provide grant to schools for providing free education to <i>Dalit</i> students. | <ul style="list-style-type: none"> • Continuity to education policy and their priority. |
| Technical education and vocational training well managed and extended. | <ul style="list-style-type: none"> • Quota reservation in technical education and vocational trainings, scholarships, hostel facility, fee concession etc. for the targeted group. • To bring comprehensiveness and diversity in trainings according to demand to supply basic and mid-level skilled technical human resources. • To extend public investment on the basis of performance contract with PPP for technical education and vocational training. | <ul style="list-style-type: none"> • No. of students receiving short-term and long-term trainings. • Participation of the targeted group in technical and vocational trainings. | <ul style="list-style-type: none"> • EMIS. • Various reports related to education. | <ul style="list-style-type: none"> • Regular training, short-term training, school skill certification • Training scholarships for women, <i>Dalits</i>, children with disability, <i>Adibasi Janajatis</i>, <i>Madhesis</i>, conflict affected and the displaced. | <ul style="list-style-type: none"> • Notable participation of the private sector in technical and vocational training. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|--|---|
| Quality and institutional management of higher education improved and extended. | <ul style="list-style-type: none"> • To adopt the concept of "one development region one university". • To encourage the running of new universities as technical universities. • To establish Science and Technology University. • To open 'Open University' and to provide scholarships and soft student loans to the targeted groups. | <ul style="list-style-type: none"> • No. of new universities and nature of diversification. | <ul style="list-style-type: none"> • EMIS. • Various reports. | <ul style="list-style-type: none"> • Scholarship, loan and grant programs for the disadvantaged groups. • T.U. Faculty autonomy program. • 'Open University' establishment and operation. • Physical and educational capacity enhancement program for campuses receiving community affiliation. | <ul style="list-style-type: none"> • Positive cooperation of teaching institutes in structural improvements. |
| Educational quality right from primary level to higher education improved. | <ul style="list-style-type: none"> • To increase quality by improving educational structure from the primary to higher education level. • To make institutional development of research system at all levels of education for quality improvement. • To fix the minimum learning condition for quality education. • To give continuity to in-service training program for the teachers. • To make examination, monitoring and evaluation system effective. | <ul style="list-style-type: none"> • Fixing the Standard of learning achievement of quality education. • Learning achievement of the students. • Rate of students completing the level. • No. of teachers trained. • Increase in access of the targeted group, communities. • Examination system improvement. | <ul style="list-style-type: none"> • EMIS. • Reports of study and research. | <ul style="list-style-type: none"> • Modification of curriculum, teaching materials, development, awareness and orientation in the preparation of local curriculum and teaching materials. • Establishment of resource centers for study and research on curriculum and teaching materials. • Training (including management) program for school level teachers. • Educational research system development program. • Library improvement program. • Capacity enhancement program from the center to local levels. | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|--|
| Players motivated along with the development of sports. | <ul style="list-style-type: none"> To provide cash prizes and jobs for players receiving international medal. Provide a sports teacher in each secondary school. | <ul style="list-style-type: none"> Participation and success in international sports programs. No. of schools with a sports teacher. | • Various reports. | <ul style="list-style-type: none"> Sports tourism program. Players' capacity enhancement program. Sports teacher provision program. | <ul style="list-style-type: none"> Participation of the private sector in the development of sports. |
| Active participation of the youth in social development and transformation of the country, ensured. | <ul style="list-style-type: none"> To run programs like youth parliament, exchange of youth experience. To increase the participation of children and youth in educational processes by making them organized through children and youth clubs. To prepare national mechanism in order to make the youth and the children participate in a meaningful way in the process of national policy formation. | <ul style="list-style-type: none"> No. of youths with empowerment training. No. of youth volunteers. No. of youth parliament projects and participating youths. | • Various reports. | <ul style="list-style-type: none"> Youth empowerment program. Increase in participation of the targeted youth in social and development construction. Youth auditing, youth parliament, youth experience exchange programs. Mobilization of youth volunteers in community development. Special program to integrate the youth in scouting. | <ul style="list-style-type: none"> Active participation of the youth in the programs to continue. |
| Physical infrastructure of schools improved. | <ul style="list-style-type: none"> To make improvements in physical infrastructure in schools and to reconstruct damaged infrastructure due to conflict. | <ul style="list-style-type: none"> No. of new classrooms and toilets. No. of schools with drinking water facility. No. of re-established schools. | <ul style="list-style-type: none"> EMIS. Records of educational institutes. Reports of site inspection. | <ul style="list-style-type: none"> New classrooms and toilet construction programs. Drinking water extension in schools programs. Construction of <i>samahit</i> resource class program. School re-establishment programs. | <ul style="list-style-type: none"> Pledges for infrastructure development to be available continuously. |

3.21: Health

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|---|---|
| To increase access to quality health services by giving priority to marginalized groups on social and economic terms. | <ul style="list-style-type: none"> • To gradually increase the level of health institutes up to the local level according to need for making free health service program effective. • Preventive, diagnostic, curative, promotive, control-oriented health services (including <i>ayurvedic</i> and other alternate health services) will be provided in accordance with the principle of primary health service. • The use of modern information technology will be made comprehensive in health services. • To reform health related policy and legal system. • Additional development and extension will be done in the health research system. | <ul style="list-style-type: none"> • Increased average life expectancy. • Reduced crude death rate. • Reduction in maternal mortality ratio. • Reduction in neo-mortality rate. • Reduction in child mortality rate. | <ul style="list-style-type: none"> • Reports of NPC and CBS. • Annual report of the Department of Health. • HMIS reports. • Study/research report. | <ul style="list-style-type: none"> • Special health service, infant and child health, reproductive health and essential health service program • Communicable and non-communicable disease control program. • Government, non-government, community and private sector cooperation and decentralized health management capacity enhancement program. • Human, financial, and physical resources (medicine and equipments included) management program • Health research development and extension program • Alternate health service development program. | <ul style="list-style-type: none"> • Consensus on health service delivery. • Assistance from the donor agencies as committed <p>Risks -</p> <ul style="list-style-type: none"> • Huge investment necessary in case of natural and manmade epidemics. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|--|
| Health condition of the targeted groups, communities, including the general public improved. | <ul style="list-style-type: none"> • Sub- health posts will gradually be upgraded to health posts according to population density and geographical remoteness, and the health institutions located in the constituencies without primary health centre will be upgraded to primary health centers. • To give special priority to the health service for the socially and economically deprived, women, <i>Adibasi Janajatis</i>, Muslims, <i>Dalits</i>, senior citizens, persons with disability. To establish and ensure the rights of the citizens to basic health services, free of cost. • Priority will be given to telemedicine services. | <ul style="list-style-type: none"> • 1000 sub-health posts upgraded. • Provision of a fund for providing health service to the conflict affected and to run free health camps. • Establishment of FCHV fund. • No. of individuals benefited by telemedicine. • People of Karnali area receiving training. | <ul style="list-style-type: none"> • Quarterly and annual reports of the Health Ministry. • HMIS. • Special study report. • On site inspection visit. | <ul style="list-style-type: none"> • Health institutes upgrading programs. • Free health service program for the poor, deprived and helpless. • Uterus Collapse program. • Programs for the conflict affected people. • Preventive and curative program for persons with disability. | <ul style="list-style-type: none"> • Cooperation and participation of local bodies • Necessary technology to be available. • Participation of the private sector as expected. |
| Infant and child health condition improved. | <ul style="list-style-type: none"> • To give emphasis on infant and health related programs. • To increase the access of health services in order to bring improvement in the health conditions of children at risk. | <ul style="list-style-type: none"> • Percentage of malnourished children aged below three years. • Vaccination services for children under age five and the children affected by pneumonia and dehydration. | <ul style="list-style-type: none"> • Annual reports. • HMIS. • Survey. | <ul style="list-style-type: none"> • Safe motherhood reproductive health and neo-natal health program. • Expanded program of immunization, diarrhea, respiratory disease, control program. • Community-based integrated management of child disease, nutrition, and school health program. | <ul style="list-style-type: none"> • Cooperation and participation of local bodies and communities to be available. • Participation of the private sector as expected. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|---|--|---|
| Safe motherhood and reproductive health improved and the population growth rate reduced. | <ul style="list-style-type: none"> Family planning and fertility control for reducing population. To ensure the availability of safer motherhood services with the participation of the government, non-government and the private sector. To operate special service with priority to pregnant women at risk. | <ul style="list-style-type: none"> Percentage of maternity services from the trained health workers. No. of women receiving pre-maternity services more than four times. Total fertility rate. Maternity death rate. | <ul style="list-style-type: none"> Annual reports. HMIS. Survey. | <ul style="list-style-type: none"> Safe Motherhood Health Program. Youth Reproductive Health Program. Family Planning Program. Women Community Health Volunteer Programs. | <ul style="list-style-type: none"> Cooperation and participation of local bodies and communities to be available. Participation of the private sector as expected. |
| Infectious and non-infectious diseases prevented effectively. | <ul style="list-style-type: none"> To make treatment of all types of infectious diseases effective. Curative service and other auxiliary services will be strengthened. To give emphasis on the prevention of drug abuse and HIV/AIDS and necessary rehabilitation. To make treatment services of non-communicable diseases related to modern lifestyle effective. Urban health, old age health etc., programs will be launched on the basis of priority. To extend preventive and promotive health services. | <ul style="list-style-type: none"> Epidemic rate of TB, malaria, yellow fever, leprosy etc. Level of awareness raising related to HIV/AIDS, new infectious diseases like bird flu, dengue etc. and types of services available in the districts. Investment in EHCS increased and condition of urban health, health of senior citizens, mental health etc. improved. | <ul style="list-style-type: none"> Annual reports. HMIS. Survey. | <ul style="list-style-type: none"> TB and leprosy control program. Sexual disease, HIV/AIDS control and rehabilitation program. Malaria, yellow fever control program. Japanese encephalitis control program, mental health program. Vector-borne disease control program. Modern lifestyle related disease control program. Geriatric program. | <ul style="list-style-type: none"> Cooperation and participation of local bodies and communities to be available. Necessary technology to be available. Participation of the private sector as expected. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|---|
| Cooperative and decentralized health management with government, non-government, community and private sector cooperation enhanced. | <ul style="list-style-type: none"> • To conduct special health program in an integrated manner by the government, NGO and private sector. • Referral system will be developed in district health system in an integrated way • To strengthen inclusive participation and management frameworks at all levels. • To formulate and implement government, NGOs, private sector and cooperative policy. | <ul style="list-style-type: none"> • No. of health institutes transferred to community. • Health sector decentralization strategy and plans prepared. • Referral system operated with PPP. | <ul style="list-style-type: none"> • Annual reports. • HMIS. • Survey. | <ul style="list-style-type: none"> • Necessary policy formulation and strengthening of institutional structure program. • Decentralized health management capacity enhancement program. • Cooperative plan and management system strengthening program. • Referral system network establishment program. | <ul style="list-style-type: none"> • Cooperation and participation of local bodies and communities to be available. • Continuity of government policies and priority. |
| People's access to essential health services increased. | <ul style="list-style-type: none"> • Mobile health camps will be run on subject- wise basis (surgery, gynecology etc.). • Health insurance program will be managed after being extended. • Basic health services will be provided free of cost. | <ul style="list-style-type: none"> • 90 percent of the population to have received health services. • The disadvantaged and backward communities of 25 districts to have been provided with basic health service free of cost. • No. of health institutions upgraded. | <ul style="list-style-type: none"> • Annual reports • HMIS. • Survey | <ul style="list-style-type: none"> • Free basic health service program • Treatment service program for conflict affected and injured during the movement. • Establishment of regional and zonal hospitals. • Community/social insurance programs. • Outdoor health service strengthening program. | <ul style="list-style-type: none"> • Cooperation and participation of local bodies and communities to be available. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|--|
| Human, financial and physical resource management made effective. | <ul style="list-style-type: none"> Posts of health workers will be added as per the need after the review of the posts. Medicine, equipments and other appropriate facilities necessary for health institutions will be managed. Human resources will be developed and managed. Policy will be revised considering quality, price, availability, and level of service, production of medicine and equipments. | <ul style="list-style-type: none"> Percentage of health workers trained. Essential medicines made available to 95 percent of the health institutes round the year. Medicine policy adopted. | <ul style="list-style-type: none"> Annual reports. HMIS. Survey. | <ul style="list-style-type: none"> Human resource management program. Medicine and equipment procurement and supply management improvement program. Quality testing of medicines and equipments program. | <ul style="list-style-type: none"> Necessary resources to be available. |
| Health research system and technology developed and extended. | <ul style="list-style-type: none"> The development and extension work of health research system will be encouraged. | <ul style="list-style-type: none"> 15 health management research and technology development institutions. | <ul style="list-style-type: none"> Annual reports. HMIS. Survey. | <ul style="list-style-type: none"> Health research program. | <ul style="list-style-type: none"> Necessary resources to be available. |
| Institutional strengthening and extension of health services in alternate health service sector achieved | <ul style="list-style-type: none"> Along with the development of natural and <i>ayurvedic</i> medical system as a supplement to modern medical system, development of other alternate health services will be carried out. In this process, local and traditional knowledge will be encouraged and utilized. | <ul style="list-style-type: none"> No. of people receiving <i>ayurvedic</i> and other alternate medical services. Rate of use of <i>ayurvedic</i> medicine. | <ul style="list-style-type: none"> Annual reports. HMIS. Survey. | <ul style="list-style-type: none"> Development and extension program of <i>ayurvedic</i> and other alternate health systems. Programs related to the establishment of <i>ayurvedic</i> research centre. | <ul style="list-style-type: none"> Continuity of government policies. People's Awareness on alternate health services increased. |

3.22: Population Management

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|--|--|
| To help alleviate poverty by integrating population with development programs and by managing migration. | <ul style="list-style-type: none"> • Programs will be made accessible to rural population by preparing action plan related with population on the basis of Population Perspective Plan. • To conduct population related programs up to the local level in a coordinated manner through government, non-government and private agencies. • Institutional reforms related with information and statistics will be carried out to emphasize study and research related to population. Capacity of the related human resources will be enhanced. At the same time population unit will be established at the local level to look after different aspects of population. • Appropriate policy and programs will be formulated to manage migration. | <ul style="list-style-type: none"> • Preparation of action plan and effectiveness of plan implementation. • Migration policy formulation and implementation of programs. • Reduction in population growth rate. | <ul style="list-style-type: none"> • Annual progress report of MoHP. • Special study report. • Progress reports of related local and central agencies. | <ul style="list-style-type: none"> • Awareness-oriented programs. • Capacity enhancement programs. • Incentive-oriented programs. • Targeted programs. • Policy and institutional strengthening programs. | <ul style="list-style-type: none"> • Population management policy and program to be taken to local level in an effective manner. • Might be difficult to create interest for small family in remote rural communities. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|---|--|---|
| Capacity enhancement of the human resources engaged in population management and institutions for the target group. | <ul style="list-style-type: none"> Population policy will be integrated with MDG to banish poverty and hunger. To integrate population management programs from the centre level to local level and also integrate with other development programs. Promotional measures will be adopted to reduce population growth rate in rural areas. | <ul style="list-style-type: none"> Fertility rate of rural areas. Increase in awareness related to population. No. of individuals using contraceptives. | <ul style="list-style-type: none"> Progress report of MoHP. Special study report. | <ul style="list-style-type: none"> Awareness programs related to population for the targeted program. Capacity enhancement program for human resources related to the population sector. Strengthening of local body units related with population. | <ul style="list-style-type: none"> Due to the creation of demand from local bodies, possibilities of effectiveness of program operation/participation of local agencies and NGOS. |
| Effectiveness of population management increased with the increase in the capacity of the institutions looking after population aspects. | <ul style="list-style-type: none"> Emphasis will be given to make the targeted programs result-oriented. Data system of population will be strengthened. | <ul style="list-style-type: none"> No. of targeted program. Institutional empowerment. | <ul style="list-style-type: none"> Progress report of MoHP. Special survey report. | <ul style="list-style-type: none"> Provision of focal point and unit at the local level related with population and orientation program. | <ul style="list-style-type: none"> Spontaneous participation of targeted youth community in the programs. Increase in the participation of the local bodies. Increase in the participation of the private sector,NGOs. |
| Quality of the results of the programs enhanced with the strengthening of population information system. | <ul style="list-style-type: none"> Access of the targeted groups to population management programs will be made convenient. | <ul style="list-style-type: none"> Level of information with the target community in basic matters related to population. | <ul style="list-style-type: none"> Annual progress report of the concerned ministry. Opinion of the local communities. Special survey report. Reports of the local bodies/NGOs. | <ul style="list-style-type: none"> Encouragement programs also in local language related to delayed marriage, importance of family planning, breast-feeding, encouragement on educating daughters, etc. | <ul style="list-style-type: none"> Need for new measures likely in conducting programs in all the local languages. Expected participation of the targeted community. Participation of local bodies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|--|---|
| High quality population management with increased access of the target community to population related programs and information. | <ul style="list-style-type: none"> Priority will be accorded to the necessary study and research related to population. Institutional development will be carried out to bring study and research related to population conducted by the private sector and NGOs under one umbrella. | <ul style="list-style-type: none"> Form and nature of the related studies and reports. | <ul style="list-style-type: none"> Progress report of the concerned agencies. Progress report of local bodies. Reports of MoHP. Special survey report. | <ul style="list-style-type: none"> Youth program. Advocacy program. Programs related to family planning. Program to coordinate with population sector. | <ul style="list-style-type: none"> Cooperation and participation of the private and non-government sector to be received as expected. Continuity of the government policy related with urban area management. Lack of adequate document on migration acceptable at the national level. |
| Population and migration management policy, legal and institutional strengthening related with population and migration. | <ul style="list-style-type: none"> Effectiveness of information centre of local bodies related with population will be enhanced. Forward and backward linkages between population and other aspects related to it will be established. Institutional basis for urban population management will be made strong. A feeling of ownership by all the stakeholders in different aspects of population will be created. | <ul style="list-style-type: none"> The level and condition of population information center of districts. Condition of change in the migration trend. Act, rules, action plan related with urban management prepared and implemented effectively. Urban and rural density. | <ul style="list-style-type: none"> Progress report of the concerned agencies. Progress report of local bodies. Reports of MoHP. Special survey report. | <ul style="list-style-type: none"> To integrate population management information system with HMIS. To make necessary data and IEC materials available to information centers, which are to be established in the districts. To conduct studies on migration. To conduct studies on international migration. Study to control unorganized settlements. To carry out awareness and dissemination related works. | <ul style="list-style-type: none"> Difficulty in getting necessary technical cooperation in the expected form by PMIS. Difficulty for related study report to have the national form. Obstacles and hurdles in towns managed, due to political instability. |

3.23: Water Supply and Sanitation

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|--|--|---|---|
| <p>To contribute towards uplifting the living standard and public health status of the people by making available sustainable and equitable water supply and sanitation services.</p> | <ul style="list-style-type: none"> • To Execute simple technology based water supply schemes for extending the basic drinking water supply services. • To Ensure sustainable water supply services through rehabilitation and extension of previously executed old and damaged water supply schemes. • To Gradually improve the quality of drinking water in accordance with the Drinking Water Standards, 2006. • To Gradually extend the service standards as per the Water Supply and Sanitation Policy, 2003. • To Promote and extend the sanitation facilities through public awareness in rural and urban areas with the participation and contribution of the local government and Users' communities. • To adopt necessary policy, institutional and legal reforms for adopting the Sector Wide Approach (SWAP) through effective coordination among the the stakeholder agencies. • To Strengthen organizational capacity for effective and result oriented plan implementation, monitoring and evaluation. • To Update and arrange for dissemination of data and information of population with or without having access to water supply services. | <ul style="list-style-type: none"> • Reduction in per capita cost of medical treatment. • Reduction in the number of patients with water borne diseases (Children below 5 years of age). • Reduction in the time of fetching water. • Level of people's participation. • Proportion of women in the leadership level (decision making body) of the users' committees. | <ul style="list-style-type: none"> • Periodic progress reports of the MoPPW. • District Health Statistics. • Progress reports of other stakeholder agencies. • Special survey and investigation reports. | <ul style="list-style-type: none"> • Programs for providing basic water supply services in the urban and rural areas. • Programs for rehabilitation and improvement of damaged and old projects. • Programs for improvement in water supply service and water quality standards. • Programs for improvement in sanitation facilities and service standards. • Programs for institutional strengthening and capacity improvement. | <ul style="list-style-type: none"> • Continuity of the contribution and participation of the local bodies and communities. • Effective coordination among the stakeholder agencies. • Increase in public awareness. • Peoples' cooperation for reducing pollution of the natural water sources. |

| Outcomes/Results | Policy/Working Policy | Indicators | Source of Information | Major Programs | Assumption and Risk |
|--|--|--|--|---|---|
| Basic water supply services made available in the rural and urban areas. | <ul style="list-style-type: none"> • Basic drinking water supply service will be provided by executing simple technology based drinking water schemes that are within the operational and management capacity of consumers' groups and by employing the local technology and resources in an optimal manner. • Mandatory provisions will be made to ensure that only those prioritized schemes that are enlisted within the District Master Plan are executed. • Preparatory stage activities will be compulsorily undertaken prior to the commencement of construction works. • The use and harvesting of rain water will be encouraged in areas of inadequate water source and low population density. • The responsibilities for operation, management and repair maintenance of all the completed schemes will be handed over to the concerned users' committees. | <ul style="list-style-type: none"> • Population (rural and urban combined) benefitted by the basic water supply services to reach 85%. • Level of peoples' participation. • Duration of water supply per day. | <ul style="list-style-type: none"> • Periodic progress reports of the DWSS. • Progress reports of the DDCs • Reports of the associated stakeholder agencies. • Special investigation reports. • Field Inspection/supervision. | <ul style="list-style-type: none"> • Updating the operational and water supply delivery status of the projects • Programs for completion of on-going water supply projects within three years. • Programs for mobilizing alternative water sources like. rainwater harvesting • Community based water supply projects • Program for construction of new water supply projects. • Water Supply Source Yield Improvement Program. • Program for policy reforms related to transfer of schemes. | <ul style="list-style-type: none"> • Continuity in the contribution and participation of the local bodies and communities. • Expected improvements in the capacity of the local bodies. • Source related disputes • Pollution of the natural water sources. |
| Capacity of old schemes will be enhanced and sustainable | <ul style="list-style-type: none"> • The completed & old drinking water schemes that are presently rendered non-operational due to lack of proper | <ul style="list-style-type: none"> • Additional HHs benefitted by the rehabilitated schemes. | <ul style="list-style-type: none"> • Updated annual progress report of the DWSS. • Annual progress | <u>Repair Maintenance and Rehabilitation Programs</u> <ul style="list-style-type: none"> • Repair, maintenance & rehabilitation of | <ul style="list-style-type: none"> • Continuity in the participation of the communities. |

| Outcomes/Results | Policy/Working Policy | Indicators | Source of Information | Major Programs | Assumption and Risk |
|---|---|---|--|---|---|
| operation will be ensured. | <p>repair and maintenance will be rehabilitated with the initiation and participation of the users' communities.</p> <ul style="list-style-type: none"> • The users' committees will be made responsible for O&M of the schemes, and appropriate trainings will be imparted to enhance their capacity. | <ul style="list-style-type: none"> • R & M of the rehabilitated schemes and activeness of the users communities. • Increase in water delivery capacity of the rehabilitated schemes. • Proportion of users community's share of contribution. | <ul style="list-style-type: none"> • report of the DDCs. • Reports of the associated stakeholder agencies. • Special investigation reports. • Field Inspection/supervision. | <ul style="list-style-type: none"> • previously implemented schemes. • Deep Tube-well Program • Other repair, maintenance program | |
| Improved water supply service and water quality standards | <ul style="list-style-type: none"> • Quality Improvement Programs will be gradually implemented in drinking water projects of urban areas and emerging towns to ensure water supply in accordance with the National Water Supply Quality Standard. • The principle of cost recovery will be given continuity for programs implemented to improve service level and quality standard in urban areas and emerging towns. • Water treatment facilities will be constructed to improve the quality standard of the surface water sources. Similarly, the water available from the ground water sources will be gradually treated before being distributed. • The investigations pertaining to Arsenic will be made effective and measures for minimization and mitigation of Arsenic problem will be adopted. | <ul style="list-style-type: none"> • Population benefitted from high and medium level water supply services to reach 15 percent. • Reliability and continuity in daily time schedule of water supply delivery. • Population benefitted from Quality Improvement program. • Households benefitted from shallow tubewells that were treated with Arsenic minimization and eradication measures. • Quality standards of the supplied water. • Proportion of HHs having private water | <ul style="list-style-type: none"> • Updated annual progress report of the DWSS. • Reports of the entities involved in service level improvement programs. • Quality test reports of the distributed water. • Statistical reports of health institutions. • Special investigation reports. • Field Inspection/supervision. | <ol style="list-style-type: none"> 1. <u>Improvement of water supply service standard</u> <ul style="list-style-type: none"> • Melamchi Project • Kathmandu Valley Water Supply Improvement Project. • Urban and Emerging Towns Water Supply Project • Kathmandu Valley Computerized Billing and Account System Improvement Program 2. <u>Improvement of water quality standard</u> <ul style="list-style-type: none"> • Melamchi Water Supply Project • Water Supply Quality Improvement Program • Small Towns Water Supply Project • Arsenic Minimization and Eradication Program | <ul style="list-style-type: none"> • Continuity in the contribution and participation of the local bodies and communities. • Operation of the principle of Cost Recovery. • Initiatives and interests of the private sector for the management of water supply. • Peoples' support in preventing pollution of water sources. • Increase in public awareness. |

| Outcomes/Results | Policy/Working Policy | Indicators | Source of Information | Major Programs | Assumption and Risk |
|---|--|--|--|--|---------------------|
| | <p>Besides, alternate sources of water will also be explored.</p> <ul style="list-style-type: none"> Special programs will be launched to improve the service level of drinking water supply in the major cities including Kathmandu. | <p>connections.</p> <ul style="list-style-type: none"> Increase in private sector's involvement in urban water supply management. | | | |
| Designated sanitation facilities and service standards ensured. | <ul style="list-style-type: none"> Sanitation programs will be implemented as an integral part of the drinking water supply projects. Through the participation of stakeholders and optimal utilization of local resources, public awareness and school/community led 'Total Sanitation' programs will be implemented and expanded. The 'Total Sanitation Program' will be implemented and expanded through school/ community led public awareness, participation of stakeholders and optimal utilization of local resources. Treatment facility inclusive sewerage system will be constructed in the urban, small and emerging towns with the active participation of the community. For areas where sewerage system is non-existent, consumers will be motivated to construct toilets using appropriate technology. Emphasis will be given on | <ul style="list-style-type: none"> Population having access to minimum sanitation services to reach 60 percent. Population using private toilets. Household using public toilets. No. of VDCs having Total Sanitation without open defecation. Households availing Treatment inclusive Sanitary Sewerage Service. | <p><u>Improvement in sanitation facilities and service standards</u></p> <ul style="list-style-type: none"> Periodic progress reports of the DWSS. Reports of the entities involved in sanitation programs. Reports of the National Sanitation Central Coordination Committee. Special investigation reports. Field Inspection/supervision. | <p>• Continuity in the contribution and participation of the local bodies and communities</p> <p>• Increased awareness of local communities on sanitation and improved living standard.</p> <p>• Coordination between the sectoral entities.</p> | |

| Outcomes/Results | Policy/Working Policy | Indicators | Source of Information | Major Programs | Assumption and Risk |
|---------------------------------|---|---|---|--|---|
| | ensuring distribution of purified and good quality drinking water at the point of delivery. | | | | |
| Institutional capacity improved | <ul style="list-style-type: none"> • The organizational structure of the DWSS will be improved. • The M&E unit established at the MoPPW will be strengthened. • Conducive environment will be created for adopting the RWSS M&E National Strategy, 2005, by all the sectoral entities. • Increase in proportional representation of women in the decision making (leadership) level of the UC's will be emphasized. • Appropriate capacity enhancement and human resource development activities will be carried out. • The skill and capacity of local bodies, UC's, CBOs and NGOs will be enhanced. | <ul style="list-style-type: none"> • Proportion of projects completed on time. • Increase in projects operated by the Users' Committees. • Realized effectiveness in project monitoring. • Proportion of women in the leadership status of Users' Groups • Activeness of female volunteers. • Activeness of trained Users and R&M Workers in the operation and maintenance of the projects. | <ul style="list-style-type: none"> • Reports of the associated stakeholder agencies. • Special monitoring and investigation reports. • Field Inspection/supervision. | <ul style="list-style-type: none"> • Institutional strengthening of DWSS • MIS and Monitoring Program • Capacity development of local bodies, CBOs/NGOs/UCs • Program for capacity development of female volunteers. • Workshop, Seminar and Training Programs. • Data management programs in M&E unit at MoPPW. | <ul style="list-style-type: none"> • Cooperation and Coordination between the concerned entities. • Continuity in the contribution and participation of the local bodies and communities. |

3.24: Children

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|--|--|
| To end all types of exploitation, abuse, violence, risk and discrimination against the children by promoting favorable child-friendly environment for the physical, emotional, mental and intellectual development and the protection of child rights. | <ul style="list-style-type: none"> • To increase access to programs by making them transparent and through policy, legal and institutional reforms for the promotion of children's rights. • To make the efforts of the government and non-government sectors intense, coordination, mutually integrated, and effective by giving priority to cooperation and coordination. • To run targeted programs for children affected by the conflict, of the marginal community and with disabilities and at risk. • To enhance the capacity of agencies related to children and human resources by giving emphasis to the development of children network, child participation promotion, and decentralization. | <ul style="list-style-type: none"> • Reduction in the exploitation of the children. • Percentage increase in school enrollment rate • No. of policies and acts newly formed. • Rights violation complaints and decisions. • Proportion of child labor. | <ul style="list-style-type: none"> • Records and publication of concerned agencies. • Records of the children Information system and resource centers. • Reports of the communication media. • Labor survey. • Field studies. | <ul style="list-style-type: none"> • Policy and institutional reforms program. • Children protection and development programs. | <ul style="list-style-type: none"> • Children and their guardian's attraction to education will be increased. • Expected increase in investment in this sector from NGOs. • Importance given to programs related to children, by all the affiliated agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|---|
| Policy, legal system and institutional competence enhanced for the promotion of the basic rights of the children and their development and protection | <ul style="list-style-type: none"> • To run one permanent Children's Fund for the protection of children's rights and for emergency relief and support. • To make necessary arrangement for legal, policy and institutional management. • To construct policies and laws for adoption and foster care. • To strengthen and enlarge capacity of CCWC and DCWC by bringing 'Bal Mandir' DCWC s under DDC. | <ul style="list-style-type: none"> • No. of newly formulated policies and laws. • No. of agencies linked with information system, resource centers and children receiving assistance from Children's Fund. | <ul style="list-style-type: none"> • Records and reports of concerned agencies. • Reports of monitoring and surveys. | <ul style="list-style-type: none"> • Policy and revision, amendment and formation of laws related to children. • Establishment of permanent Children's Fund for emergency help. | <ul style="list-style-type: none"> • Non-government sector programs attracted to this sector. • Active cooperation received from all the stakeholders |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|--|---|
| | <ul style="list-style-type: none"> To simplify the registration process after increasing the competence of agencies related to children. Information Resource Center for the children will be established. Birth registration and recording works will be made effective. Areas where children stay and are active will be made peaceful. | <ul style="list-style-type: none"> Condition of the establishment and operation of Children's Fund. | | <ul style="list-style-type: none"> 'Bal Mandir' strengthening program. Children Information System development program. Institutional strengthening of Central Children Welfare Committee, District Children Welfare Committee and NGOs and children's clubs engaged in children's welfare. | <p>by the children peace campaign.</p> <ul style="list-style-type: none"> Necessary policy and legal reforms in place. |
| End of all types of exploitation, abuses, risks and discrimination against children and improvement in their quality of life. | <ul style="list-style-type: none"> To make children active in all stages of the programs related to children. To encourage local bodies to implement programs related to children in accordance with children-friendly governance. To designate the Department of Women to look after works related to child development as well. To encourage mainstreaming matters of concern with children in the development programs run by NGOs and INGOs. | <ul style="list-style-type: none"> Reduction in children drug abuse Reduction in the number of children at risk Proportion of child labor, condition of the operation of the Children Bench. | <ul style="list-style-type: none"> Records and publication of concerned agencies Monitoring and survey reports. | <ul style="list-style-type: none"> Skill and employment training programs. Grant programs for the care and protection of children with mental disability, in need of special care and protection. | <ul style="list-style-type: none"> Non-government sector will be attracted to this sector. Programs and outcomes will reach the targeted group in an effective way. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|--|-----------------------|---|--|
| | <ul style="list-style-type: none"> • To run integrated and targeted programs for the reestablishment and re-integration, including psycho counseling, education and skills for the conflict affected children and children at risk (girl child, children of the people with disability and marginal community, street children included). • Programs will be extended to areas where children have less access, to make the programs transparent to emphasize on the participation of guardians, communities and also children. • To proceed with programs in such a way as to bring all the children under the scope of social security. • To change the names of different agencies after reviewing the perspective of rights orientation. • To make courts, schools, hospitals, Child Homes, and the transport sector providing services to the children, children-friendly. • To run special programs. • Involvement of educational and other service providing agencies related to children for the physical, emotional and moral development of children. | <ul style="list-style-type: none"> • No. of children dependent on Child Homes and the condition of operation of such Homes. | | <ul style="list-style-type: none"> • Protection and development program for the displaced, at risk and street children. • Social awareness and reintegration campaign to end all types of child labor. • Children participation promotion program. • Monitoring, evaluation and coordination program. | <ul style="list-style-type: none"> • Help and participation will be available from communities and local bodies. • Public awareness will be increased as expected. |

3.25: Youth

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|--|---|
| To make the youth active in reconstruction, social and economic transformation of the nation, providing them opportunities to develop their competence and talents. | <ul style="list-style-type: none"> To construct the necessary policies, programs and mechanisms for clarifying the role of the youth for the society and the nation. To mobilize the youth in productive areas. To ensure the access and involvement of the youth in the policy formulation of the State. To mobilize the youth for sustainable peace and development by instilling in them the feelings of self-service. | <ul style="list-style-type: none"> National Youth Council in active operation after being established 3.5% increase in youth employment rate. HDI of the youth improved. Increase in youth representation in all the agencies of the state. | <ul style="list-style-type: none"> National Youth Council Act. NLSS report. UNDP Human development report. Report of the Election Commission. National youth service program annual report | <ul style="list-style-type: none"> Policy and institutional reform program Youth development and empowerment program | <ul style="list-style-type: none"> Political commitment for youth development. Necessary legal and institutional provisions prepared on time. Expected participation from NGOs and the private sector. Necessary coordination among programs run by different agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|---|---|
| Institutions and structures at all the levels of the State would be responsive and responsible to the needs and concerns of the youth through the policy and legal reforms. | <ul style="list-style-type: none"> To increase the participation of the youth in the development and construction works by bringing out a National Youth Policy. To develop youth counseling service, resource center and other necessary mechanisms. To prepare and implement the action plan on national youth employment. | <ul style="list-style-type: none"> National youth police implemented after formulation. National youth council in operation after being established. The budget of the state allocated to youth development | <ul style="list-style-type: none"> National youth policy and National Youth Council Act. Budget and annual expenditure of the GoN document. | <ul style="list-style-type: none"> National youth policy formation program National Youth Council Act construction and implementation program National Youth | <ul style="list-style-type: none"> Political commitment for youth development. Active participation of the youth. Necessary coordination among |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|---|
| | <ul style="list-style-type: none"> To make the youth participate in the formation of the policy and programs of the State directly related to them. | program, increased by 30%. | | <ul style="list-style-type: none"> Fund establishment program. Capacity enhancement program of agencies related to youth. | <ul style="list-style-type: none"> programs run by different agencies. Expected participation from the NGOs and the private sector. |
| The contribution of the youth to national development increased with increase in capacity and social, economic and political opportunities. | <ul style="list-style-type: none"> To provide opportunities to the youth for employment, self-employment and social works with development in social and economic enterprising. To encourage the development of enterprising and self-employment of the youth, by giving emphasis on education and training required for practical work, technical and labor markets according to the capacity and level of education. To run control and treatment programs in order to reduce drug abuse and HIV/AIDS emphasizing youth-friendly health services. To motivate participation in various personal development works including sports for the overall personality development of the youth. To emphasize on the social and personal development of the youth by providing education useful for living and civic education. To encourage opening industries based on innovative attitude and new information technology along | <ul style="list-style-type: none"> 20,000 youth participating in peace building and development construction works at the VDC level. Proportional improvement of youth including, rural youth, marginalized and deprived youth, youth at risk, and youth with disability, in obtaining all the quantitative targets. | <ul style="list-style-type: none"> NLSS report. UNDP human development report. Report of the Election Commission. National youth service program annual report. | <ul style="list-style-type: none"> Youth leadership development program. Subsistence program for the conflict affected youth. Youth information center establishment program. Vocational and self-employment program for school dropouts. Youth partnership in development programs. National youth study program. | <ul style="list-style-type: none"> Political commitment for youth development. Necessary legal and institutional provisions prepared on time. Expected participation from NGOs and the private sector. Necessary coordination among programs run by different agencies. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|----------------|-----------------------|
| | <p>with agricultural, traditional occupation and local resources.</p> <ul style="list-style-type: none"> • To give special priority to the youth of the entire geographical region, rural, deprived, at risk, with disability, and conflict affected to education, health, training and employment opportunities. • To make youth participate in policy and programs formulation, implementation and evaluation of central and local agencies development concerned with the youth. • To give priority to get the programs for the youth implemented by the youth's organizations after adopting the policy of preferential differentiation for the proportional development of <i>Dalit</i>, women, <i>Adibasi Janajati</i>, and <i>Madhesi</i> youth. • To enhance the participation of the youth in restructuring, sustainable peace and development. | | | | |

3.26: Senior Citizens

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|--|
| To provide favorable services and environment for respectable, safe and content living for all the senior citizens of the country. | <ul style="list-style-type: none"> To develop policy, legal and institutional provisions. To extend targeted economic and social security programs. To carry out collaborative works with local bodies, the private sector and the non-government sector. | <ul style="list-style-type: none"> No. of amended, newly constructed policies and laws. No. of government, non-government and private institutes providing services and facilities to senior citizens. No. of programs in operation, their regional distribution and the population benefited through these programs. | <ul style="list-style-type: none"> Nepal gazette, records and publications of concerned agencies. Economic survey and budget booklet. Monitoring and study reports. | <ul style="list-style-type: none"> Legal, institutional and managerial strengthening program. Promotional programs for living and social security. Development and extension programs of agencies providing services. | <ul style="list-style-type: none"> Active participation of all the agencies involved in implementation. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|--|
| Rights of senior citizens ensured with basic legal and institutional provisions managed. | <ul style="list-style-type: none"> To develop necessary legal and institutional provisions to ensure the rights of the senior citizens. Participation of senior citizens to be increased in all the affiliated agencies by forming senior citizen's commission. To enhance the capacity of institutions working on the sector of senior citizens. To increase the access of the stakeholders to information by preparing database related to senior citizens. | <ul style="list-style-type: none"> Senior citizen commission formed and operated Reforms in curriculum. No. receiving identity cards. Database documentation center established. No. of participants in the conducted | <ul style="list-style-type: none"> Reports of the MoWCSW and MoLD. Record and publication of the Social Welfare Council. Economic survey and budget booklet. Monitoring and study reports. Records and | <ul style="list-style-type: none"> Revision of legal provisions and development. Senior citizen's commission formation. Institutional strengthening program. Senior Citizen Central Fund establishment and operation program. | <ul style="list-style-type: none"> Legal and institutional provisions to be developed and reformed. Monitoring mechanism to work in a regular and effective way and immediate action on reports. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|--|---|---|
| | <ul style="list-style-type: none"> To adopt the policy of including subjects like the rights of the senior citizens, responsibilities, duties, care, security, cultural values and beliefs etc. in the compulsory subjects of classes 6 to 10. To establish a separate Senior Citizen Fund to implement the programs related to senior citizens. Separate arrangements to be made in all the organizations providing services. | <ul style="list-style-type: none"> training program. Increase in access to information. | publications of the documentation center. | <ul style="list-style-type: none"> Program related to the inclusion of subjects related to senior citizens in formal / informal curriculum. Documentation center related to senior citizen's establishment program. To enhance the capacity of agency, organization and staff conducting programs related to senior citizens. To encourage the private sector and non-government sector in the provision and implementation of services and facilities. | <ul style="list-style-type: none"> Non-government sector and community organizations to come forward in the implementation of the program. |
| Provisions for subsistence and social security for the senior citizens extended. | <ul style="list-style-type: none"> To make economic, social security programs including old age homes, senior citizen allowance conducted by the government and non-government sectors, effective by revising the programs. To arrange for special facilities in hospitals and means of public transport for the senior citizens. | <ul style="list-style-type: none"> No. of geriatric wards/units and no. of those receiving the service. Revised allowance rate, social security program in operation and the | <ul style="list-style-type: none"> Records and publications of the MoWCSW and MoLD, documentation center, and industry and commerce federation. Study, | <ul style="list-style-type: none"> In all the regional and zonal hospitals, establishment of geriatric ward/unit program. Programs related to health insurance. Subsistence | <ul style="list-style-type: none"> NGOs attracted to investment in this area. Necessary policy reforms Participation of local bodies as per the expectation. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|--|
| | <ul style="list-style-type: none"> • To run a special program to encourage institutional and family rehabilitation. • To adopt the policy of making use of the knowledge, skill and experience of senior citizens. • To encourage local bodies, the private sector and the non-government sector, to provide appropriate services and facilities. • To deposit senior citizen's allowance into a separate fund in DDCs, without freezing. | <ul style="list-style-type: none"> population benefited. • No. of services conducted by the private sector, local bodies, NGOs and community organizations and the population benefited. | monitoring reports. | <ul style="list-style-type: none"> promotion program according to knowledge, skills, experience, needs and capacity. • Programs run by the local bodies. | |
| The conditions of service providing centers such as, old age homes, operating under the government and non- governmental sectors improved and extended. | <ul style="list-style-type: none"> • Old age homes will be reformed, strengthened and extended. | <ul style="list-style-type: none"> • No. of model old age homes and service providing agencies, and the population benefited. • Old age homes constructed. | Budget booklet, MoWCSW and monitoring reports. | <ul style="list-style-type: none"> • Model old age homes development program in each of the development regions. • Old age homes construction program. • Institution establishment like community-based club, old age homes, daytime service center, consulting service center, etc. | <ul style="list-style-type: none"> • Willingness of the non-government, private sectors and community to invest in this sector. |

3.27: Natural Disaster Management

| Objectives | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|---|---|--|
| To mitigate the possible risks and damage due to natural disaster through sustainable and environment-friendly development construction by making disaster management works efficient competent, strengthened and effective. | <ul style="list-style-type: none"> Emphasis will be laid on the use of environment friendly system in the works related with development construction. For the mitigation of natural disaster risks, emphasis will be laid on the appropriate information flow and pre disaster preparedness. Collaboration between government, nongovernmental and private sector will be strengthened for providing relief to and for the rescue of disaster affected people. | <ul style="list-style-type: none"> Status of risk and damage due to natural disaster. | <ul style="list-style-type: none"> Publications of concerned agencies. Field reports, | <ul style="list-style-type: none"> Policy and institutional development program. Rescue, relief and rehabilitation program for the disaster affected. Landslide, river control and soil erosion control. | <ul style="list-style-type: none"> There will be necessary coordination among the concerned line offices. Necessary means and resources will be available. |

| Result/Outcome | Policy/working policy | Indicator | Source of information | Major programs | Assumptions and risks |
|--|---|--|---|--|--|
| EIA and Natural disaster evaluation system strengthened along with the National Strategy formulation and capacity enhancement. | <ul style="list-style-type: none"> System related with EIA and Natural disaster evaluation will be strengthened prior to the implementation of projects related with infrastructure construction. Timely appropriate reforms will be made on the policy and institutional mechanism relating to the mitigation of natural disaster risks. The Ministry of Home will be enable and strengthened in the form of the central coordination for the disaster management with | <ul style="list-style-type: none"> Status of institutional strengthening of the evaluation and strategy formulation of disaster management. | <ul style="list-style-type: none"> Publications of concerned agencies. Field survey report. | <ul style="list-style-type: none"> National strategy formulation and implementation. Capacity enhancement program for disaster management. Study research program | <ul style="list-style-type: none"> Institutional development as expected. |

| Result/Outcome | Policy/working policy | Indicator | Source of information | Major programs | Assumptions and risks |
|--|---|--|---|--|--|
| | capacity enhancement of the agencies and human resources affiliated with disaster management. | | | | |
| Necessary preparedness made and awareness enhanced for the rescue and rehabilitation of the disaster affected. | <ul style="list-style-type: none"> • Appropriate mechanisms will be developed in order to strengthen the collaboration of government, nongovernmental and the private sector for the rescue, relief and rehabilitation of the conflict affected. • Awareness programs will be launched for enhancing the participation of the community organizations and the general public in natural disaster mitigation. • Identification of disaster prone areas and mapping works will be furthered and pre disaster preparedness will be enhanced, • In order to make weather and meteorological forecast reliable, technology will be used. | <ul style="list-style-type: none"> • Preparedness to be institutionalized. • Increase in public awareness. | <ul style="list-style-type: none"> • Reports of offices. • No. of programs run relegated to public awareness enhancement. | <ul style="list-style-type: none"> • Rescue, relief, and rehabilitation preparedness programs. • Relief and rescue material's storage programs. • Identification and mapping of disaster prone areas. | <ul style="list-style-type: none"> • Necessary resources and means and human resources would be available. • Participation and cooperation of local bodies, NGOs and people's community will remain. |
| Damage due to water induced disaster minimized. | <ul style="list-style-type: none"> • The soil erosion, flood and river control works will be implemented in participation and cooperation of the related agencies. | <ul style="list-style-type: none"> • Status of mitigation of damage due to water induced disaster | <ul style="list-style-type: none"> • Reports of the concerned agencies. • Field inspection reports. | <ul style="list-style-type: none"> • Landslide, river control and soil erosion control assistance programs | <ul style="list-style-type: none"> • Necessary coordination and assistance among the concerned agencies. |

3.28: Local Development

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|--|--|
| To own and adopt inclusive development and to support poverty alleviation along with mobilization of local resources and means and use of skills and technology, income earning and creation of employment opportunities. | <ul style="list-style-type: none"> • To run demand-based targeted program focusing on women, <i>Dalits</i>, <i>Adibasi Janajatis</i>, <i>Madhesis</i>, disadvantaged and minority groups, Muslims, and increasing their involvement and ownership by increasing their access to resources and means through social and economic empowerment. • To have the experience of the feeling of good governance through the strengthening of local self-governance and domestic and external resource mobilization, balanced utilization, capacity development, subject-wise devolved areas and coordinated works with other partners. • To increase the access of the people to services and facilities by creating jobs at the local level through the medium of labor intensive technology and local resource-based and environment-friendly infrastructure development. | <ul style="list-style-type: none"> • Increase in access of women, <i>Dalits</i>, <i>Adibasi Janajatis</i>, Muslims, <i>Madhesis</i>, disadvantaged groups to resources and means through social mobilization works. • Increase in equitable and proportional representation. • Increase in the access of the general public to local government. • Social economic progress in the deprived settlement near Karnali and border areas. • Increase in the participation and access of the people to the service flow of the local bodies. • Increase in employment creation and opportunities for subsistence living. | <ul style="list-style-type: none"> • Annual booklet of MoLD. • District wise annual report. • Annual and evaluation reports of projects. • Impact survey at the center and local levels. • Quarterly and annual progress reports of the concerned local agencies. • Published Economic survey of MoF. • Publications of CBS. | <ul style="list-style-type: none"> • Social mobilization and local level targeted programs. • Programs for capacity development and strengthening of local agencies. • Local infrastructure development programs. | <ul style="list-style-type: none"> • Cooperation of donor agencies to be continued. • Political stability with no more <i>bandha</i> and <i>chakka jams</i>. • Local agencies will be people representative. • Peace in the Terai region. • Continuous support from the staff working for local bodies and social mobilization. • Local bodies following policy framework. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|---|---|---|--|
| Economic and social empowerment achieved with the increase in access of women, <i>Dalits</i> , <i>Adibasi Janajatis</i> , <i>Madhesis</i> , Muslims, people of disadvantaged groups and regions. | <ul style="list-style-type: none"> • The proportional inclusion and participation of women, <i>Dalits</i>, <i>Adibasi Janajatis</i>, <i>Madhesis</i>, Muslims, laborers, farmers, persons with disability and disadvantaged groups and regions, in local bodies, will be ensured. • Programs will be run in an integrated manner for the upliftment of the mentioned groups and regions. • Development programs for raising economic standard and empowerment, and rural infrastructure construction, will be conducted by focusing on VDCs having deprived settlements in the surrounding areas of Karnali and border areas. • Child-friendly campaign for safeguarding and protecting child development, participation and protection will be institutionalized at the local bodies. • Various social empowerment and infrastructure and income generating activities will be launched for the upliftment of the communities and groups that are backward or made to be backward in the society through the medium of social mobilization. | <ul style="list-style-type: none"> • 66 VDCs covered with the extension of social mobilization program. • Participation of women, <i>Adibasi Janajatis</i>, <i>Dalits</i>, <i>Madhesis</i>, persons with disability and disadvantaged groups to be 50%. • Community development funds to be established in 800 VDCs. • Urban poverty alleviation in 50% of the municipalities. • Appropriate and timely revision in the formulae used to fix the grants received by DDCs and municipalities and their implementation. • Grant norms to be prepared and implemented at VDCs. | <ul style="list-style-type: none"> • Annual booklet of MoLD. • District-wise annual reports. • Annual and evaluation reports of projects. • Impact surveys (central and local bodies' level). | <ul style="list-style-type: none"> • Decentralized action plan for women and children. • Western High Hills Poverty Alleviation Project. • <i>Dalit</i> development program • Ancient <i>Gumba</i> protection program. • Social security program for senior citizens, the weak, persons with disability, single women. • <i>Adibasi Janajati</i> and <i>Chepang</i> development program. • Population education and reproductive health project. • Employment generation and peace promotion through local economic development. • Chure and Terai area development program. | <ul style="list-style-type: none"> • Continuity of foreign assistance. • Local bodies to be pro-people. • Peace established in the Terai region. • Continuous cooperation of the staff working in local bodies and social mobilization sector. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|---|--|
| | <ul style="list-style-type: none"> While furthering social mobilization works, border regions, Karnali zone, and backward settlements will be given priority. Social security works (senior citizen, persons with disability, single widows) will be continued. Compatible and complementing programs focusing on the deprived groups will be run by removing duplication in various programs of the government, financial sector and non-government sector at the local level. | | | <ul style="list-style-type: none"> <i>Madhesis, Muslims, disadvantaged groups upliftment program.</i> Karnali area development program. | |
| Local governance strengthened with the institutional strengthening and managerial capacity enhancement of local bodies. | <ul style="list-style-type: none"> Family database, personal incident registration program will be launched as a campaign. Moreover, registration works will be established in the form of vital information by integrating these with information technology. The amount accrued from local development fees deposited in the reserve fund will be directly provided as grants with conditions for the operation of participatory programs according to certain norms. | <ul style="list-style-type: none"> 10,000 office bearers of local bodies to be given orientation on local good governance and 10,000 associated individuals to be oriented/trained in different subjects like planning, coordination, resource mobilization, conflict resolution, empowerment, administrative and financial management, competence in decision-making etc. Periodic plans of 52 DDCs to be reviewed and assessed. | <ul style="list-style-type: none"> Annual booklet of MoLD. District-wise annual reports. Impact surveys (central and local bodies' level). | <ul style="list-style-type: none"> New municipality formation and strengthening program. Local bodies unconditional grant management and monitoring program. Decentralized fiscal management and development program. Local Development Training Academy. | <ul style="list-style-type: none"> Continuity of foreign assistance. Political stability with no more <i>bandha</i> and <i>chakka jams</i>. Peace established in the Terai region. Continuous cooperation of the staff working in local bodies and social mobilization sector. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|---|-----------------------|--|-----------------------|
| | <ul style="list-style-type: none"> • Skilled human resources will be produced, by providing training through appropriate means in order to enhance the capacity of local bodies. For this, relationship and networking with different international organizations will be promoted and extended. • Local bodies will be made competent and strengthened through proper use of information technology. • Service delivery will be made effective by developing the capacity of local bodies. • The existing structure of MoLD will be reformed. • The locals will be made fully responsible for the devolved sectors in order to make local level service delivery and development construction works effective. | <ul style="list-style-type: none"> • All the DDPs to be prepared. • Geographical information centers established in all the districts and municipalities. • No. of the stakeholders to have their personal incidents registered. • Human resources development plan prepared and implemented in 40 DDCs and 30 Municipalities. • All the local bodies established as an expedient and effective organization after being restructured. • All the citizens over 75 years, helpless single widows, those who are weak and helpless, and persons with disability to have received the allowance. | • | <ul style="list-style-type: none"> • Local bodies restructuring program. • Human resource, communication, environment management and project monitoring, and local bodies' assistance. | • |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|---|--|
| Economic activities, employment and income opportunities to be increased with the increase in the access of the local people to services and facilities through the medium of local infrastructure development. | <ul style="list-style-type: none"> • Projects accorded priority by periodic district development plan, DTMP, and other subject-wise plans will be implemented. • Policy and working coordination will be maintained for the mobilization of the government, non-governmental and the private sector, with the strengthening of the coordinating system between sectoral agencies working at the central and local levels. • Public auditing will be carried out in local development programs. • Project monitoring will be institutionalized and systematized. At each and every level, monitoring plan will be prepared and implemented. • The study, research and dissemination of technology based on low cost, environment-friendly and local resources will be developed. • Development strategy and subsequent programs will be developed with the maximum utilization of existing economic resources for the overall development of remote areas. | <ul style="list-style-type: none"> • Construction of 2,000 kms. of road. • 50 DTMP updated. • 12,000 km of physical infrastructure in DDCs and VDCs. • 800 rural water supply and sanitation projects. • 25 small irrigation master plans. • Comprehensive study of 50 sanitary landfill sites. • 7,000 kms of road upgraded. • Regular maintenance and improvement of 12,000 kms. of road. • Establishment of repair and maintenance fund. • Monitoring guidelines formed. | <ul style="list-style-type: none"> • Annual booklet of MoLD. • District-wise annual reports. • Annual reports and evaluation reports of affiliated projects. • Impact surveys (central and local bodies' level). • Field inspection. • Project completion reports. | <ul style="list-style-type: none"> • Rural community infrastructure development program. • Decentralized rural infrastructure and livelihood program (ongoing). • Rural access improvement and decentralization project (ongoing). • Rural access program (ongoing). • District road support program (ongoing). • Rural road repair and maintenance fund (ongoing). • Repair and maintenance programs of roads under the Roads Board. • Rural water resources management program (ongoing). • Suspension bridge and bridge construction and maintenance program. | <ul style="list-style-type: none"> • Continuity of foreign assistance. • Political stability maintained with the end in <i>bandha</i> and <i>chakka</i> jams. • Continuity of Government's priority on local development. • Peace established in the Terai region. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|--|-----------------------|
| | <ul style="list-style-type: none"> The final dumping of solid waste will be carried out with the leadership of the local bodies in participation and involvement of the private sector in all the aspects like collection, transfer, re-use, etc. in the solid waste management sector. Appropriate legal provisions will be made for the same. Programs based on SWAP will be furthered by maintaining harmony among the donor agencies and coordinating them in infrastructure development programs. Quality testing system at the local bodies will be strengthened in order to give special attention on the infrastructure development for quality. Orientation will be given to the associated parties prior to implementation for adopting technologies in order to reduce environmental deterioration and the consequences of the same. Reconstruction and rehabilitation of physical infrastructure affected and damaged due to conflicts will be carried out. | | | <ul style="list-style-type: none"> Rural water supply and sanitation program. Solid waste management program Agricultural and rural level road program. Western Nepal Drinking Water and Sanitation program. Basic infrastructure improvement program for municipalities. Rural infrastructure, rehabilitation and reconstruction program. | |

3.29: NGOs

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|--|---|
| To make NGOs and INGOs active in the form of partners in the economic and social development process, and to bring transparency and effectiveness in the use of resources of NGOs. | <ul style="list-style-type: none"> • Involvement of NGOs in programs to be run by local bodies and district level government offices will be increased, and their programs will be integrated with district development plans and programs. • The activities of NGOs and Civil societies will be directed more towards backward regions, women, <i>Adibasi Janajatis</i>, <i>Dalits</i>, senior citizens, <i>Madhesis</i>, Muslims, persons with disability, empowerment of the children and rehabilitation. • To make facilitation, collaboration, coordination and monitoring mechanisms effective and to make the working system of NGOs and INGOS more transparent and responsible to the people. | <ul style="list-style-type: none"> • Increase in the investment of NGOs in the priority sectors. • Promotion of good governance in the NGO sector due to the implementation of the code of conduct. • Development of monitoring and evaluation system. | <ul style="list-style-type: none"> • Records and publications of MoWCSW, MoLD and the Social Service Council. • Reports of monitoring and evaluations. | <ul style="list-style-type: none"> • Policy, legal and institutional improvement programs. • Facilitation, coordination, monitoring and evaluation programs. | <ul style="list-style-type: none"> • Effective common mechanism developed for partnership promotion. • Mutual trust and cooperation increased between government and non-government sector. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|---|--|
| To create easy environment for NGOs to be able to utilize their capacity in an effective manner with policy, legal and institutional improvements. | <ul style="list-style-type: none"> • To strengthen social welfare council in the form of social development council by reviewing related acts. • To make maximum utilization of institutions after their classification based on sectors and functional geographical regions and resources. • To encourage NGOs in the form of partners in social and economic development. • To encourage NGOs to work for conflict transformation, peace establishment and rehabilitation of those affected by the conflict. • To engage NGOs in the improvement of the living standard of the targeted groups and the community as a complement to government mechanism. • Trust Act will be formed for those willing to transfer personal property to <i>Guthis</i>. | <ul style="list-style-type: none"> • Formation of Social Development Council. • Effectiveness of monitoring and evaluation mechanism. | <ul style="list-style-type: none"> • Nepal gazette. • Records of MoWCSW. • Records and publications of resource centre and Social Welfare Council. | <ul style="list-style-type: none"> • Policy and institutional improvement program. • Capacity enhancement program for local NGOs and community organizations. • Program to establish mechanisms at the central and local levels for interactions with NGOs and coordination. | <ul style="list-style-type: none"> • Policy and institutional reform works not delayed. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|--|--|
| Development activities made further effective with facilitation, coordination and improvement in monitoring and evaluation. | <ul style="list-style-type: none"> • To make 'single door system' compulsory and to make the role of facilitating effective. • The data of the NGOs will be updated and their contribution will be put on records and appreciated. • To establish complementing relationships between programs through coordination between the government and non-government sector for making the achievements made by NGOs sustainable and effective. • To prepare a common mechanism involving related government agencies and representatives of the networks of INGOs in order to direct their programs to priority areas. • To motivate INGOs to conduct programs only through local agencies, NGOs or other community organizations and to work in coordination with the local planning process. At the same time, to coordinate, monitor and evaluate effectively and to construct the necessary mechanism for the same. | <ul style="list-style-type: none"> • Reorganization of Social Welfare Council. • No. of monitoring and evaluation done. • No. of established coordinating mechanisms. • No. of NGOs running programs in coordination with DDCs. | <ul style="list-style-type: none"> • Record and publications of MoWCSW, MoLD. | <ul style="list-style-type: none"> • NGO facilitation program. • Mapping and classification of NGOs and their works. • Program to make national records of the works of NGOs and to develop information and resource centre. • Monitoring and evaluation program. • Program to review the programs of NGOs regularly and to publish reports. • Social auditing and public hearing program. • Conflict transformation, peace establishment, rehabilitation programs and so on. • Program to prepare mechanisms for coordination on the basis of geographical regions and subject-wise sectors. • Program to prepare the code of conduct of NGOs and to implement the same. | <ul style="list-style-type: none"> • NGOs enthusiastic to run programs in coordination with DDCs. • Cooperative relationship between local government agencies and NGOs developed. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|--|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> • The sectoral prioritization and designation of geographic areas will be done at the central level while conducting programs by NGOs with the help of INGOs. The selection of VDCs to run programs will be done jointly by DDC and INGOs and the selection of programs to be conducted at municipality level will be done through the joint participation of the municipalities and INGOs. • To increase transparency, responsibility and people's direct participation and to implement the code of conduct with their involvement. • To encourage programs like social auditing and public hearing in order to increase the transparency of works of NGOs and INGOs. • To adopt the system of preparing the annual report of NGOs. • To make national NGOs competent to assume leadership of the non-governmental sector and to play their role in a responsible manner by enhancing their business competence. | | | | |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|-----------------|---|-----------|-----------------------|----------------|-----------------------|
| | <ul style="list-style-type: none"> To increase the involvement of NGOs to the maximum extent in education, health, drinking water and sanitation, environment promotion, local resource mobilization, income generating activities and livelihood programs, and in awareness generation and rights-based empowerment activities. | | | | |

3.30: Road Transport

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|---|---|---|---|
| <p>To help promote broad based economic growth and support poverty alleviation through the reduction of regional imbalance and social inequality by developing safe, reliable and environment-friendly national road network and alternate transport infrastructure.</p> | <ul style="list-style-type: none"> • To provide continuity to construction, up gradation and development of strategic roads connecting DHQs and principal border points along with urban roads within Kathmandu valley. Initiate construction of Kathmandu-Terai Fast Track. • To upgrade roads of strategic importance in the Terai and Hills. • To develop east-west, north-south and mid-hills corridor along with the prioritized inter-district links. • To Adopt planned asset management system to operate sustainable, reliable and safe roads. • To initiate programs for development of alternative transport infrastructure such as railways, ropeways and waterways. Continue further with the legal and regulatory reforms to attract private sector investments in such endeavors. • To strengthen the institutional capacity of the concerned entities and enhance coordination between them. • To transfer the responsibility of operation and management of the local roads to local bodies in accordance with the decentralization policy. • To provide continuity to research and investigation on road safety, environment and other aspects. | <ul style="list-style-type: none"> • Increase in household income of farmers living in the service area of the road. • Increase in volume and investment of internal and external trade. • Increase in proportion of agriculture related business in the overall trade. • Increase in development of other social and physical infrastructure as a result of development in the road transport. • Increase in number of tourist using road/surface transport facilities. • Commercialization and Diversification of agriculture in the service area of the road. • Increase in employment opportunities. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the concerned entities. • Reports on special impact studies. • Economic survey published by the Ministry of Finance • Publications of the Central Bureau of Statistics • Field Supervision Reports | <ul style="list-style-type: none"> • Road Construction and Upgradation Program for connecting DHQs. • Road Construction and Upgradation Program for north-south trade and transit roads. • Kathmandu Valley Urban Roads Repair and Improvement Program • Program for the upgrading of Postal (<i>Hulaki</i>) and other roads of strategic importance in the Terai and Hills. • Program for construction of east-west, north-south, mid-hill roads and other roads. • Program for asset management as well as construction, repair and maintenance of roads and bridges. • Institutional Strengthening Program • Research and Investigation Program. | <ul style="list-style-type: none"> • Social and economic programs will be effectively operated in the service area of the road transport. • Adequate budget will be made available for the regular repair and maintenance of the road components. • Favorable industrial and commercial development climate will prevail. • Trade policy between the neighboring countries will be favorable in line with the concept of South Asia Regional Cooperation. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|--|---|--|
| Twelve district HQs is connected to the road network | <ul style="list-style-type: none"> The roads connecting the DHQs (either under construction or already connected) will be gradually upgraded. Priority will be accorded to the construction of those bridges that are required for either already constructed or under construction roads. | <ul style="list-style-type: none"> No. of total districts connected by the road network Reduction in travel time to District Headquarters (DHQs). | <ul style="list-style-type: none"> Quarterly and annual progress reports of the DoR Field Supervision Project Completion Reports. | <ul style="list-style-type: none"> Program for construction of roads connecting DHQs. Program for the upgrading of roads connecting DHQs. | <ul style="list-style-type: none"> Continuity of External (Foreign) Assistance. Continuity of the GoN's priority towards the development of road transport. Participation of Local Bodies |
| Connectivity to China and India is enhanced and the operational efficiency of ICDs is improved. | <ul style="list-style-type: none"> In accordance with the concept of developing road network for South Asian Regional Development, EW Highway will be developed as the Asian Highway and the regional trade route. In addition to presently identified north south trade and transit corridors, roads that easily connect Nepal's Himalayan region with the locations having easy access to bordering market centers of Tibet (China's autonomous region), will be identified and constructed. | <ul style="list-style-type: none"> Reduction in transportation cost and time for traded commodities. Increase in operational efficiency of new trade border crossing points and ICDs Reduction in time for custom clearance formalities. | <ul style="list-style-type: none"> Quarterly and annual progress reports of DoR Field Supervision Project Completion Reports. Progress reports of the custom department. Special Study Reports. | <ul style="list-style-type: none"> Galchhi-Trishuli-Syaprubes Road Project. Tanakpur Link Road Construction Project Projects under Sub-regional Transportation Facilitation Project Mahakali Highway (Darchula-Tinchar section) Project | <ul style="list-style-type: none"> Continuity of External (Foreign) Assistance. Continuity of the GoN's priority towards development of road transport |
| Transport service to Kathmandu valley and other parts of the country is expanded and improved. | <ul style="list-style-type: none"> The road network in the Kathmandu valley will be extended to facilitate safe, environment- friendly and smooth transport management with due consideration to the urbanization led pressure. Legal provisions will be drafted and enacted for the proper management of road construction activities in the urban areas. Separate space will be provisioned, preferably within and along the | <ul style="list-style-type: none"> Reduction in travel time between Kathmandu and the Terai Reduction in travel time within Kathmandu Reduction in pollution level. Reduction in number of road accidents. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the DoR Field Supervision Project Completion Reports. | <ul style="list-style-type: none"> Feasibility Study of the Kathmandu Terai Fast Track. B. P. Koirala Road (Sindhuli Bardibas) Project Kathmandu Valley Urban Road Development Program | <ul style="list-style-type: none"> Continuity of External (Foreign) Assistance. Continuity of GoN's priority towards development of road transport Participation of Local Bodies Participation of Private Sector |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|---|---|---|
| | <p>boundary lines of the 'Right of Way', for laying out sewerage, drinking water, telephone and electricity infrastructures (cables and pipelines).</p> <ul style="list-style-type: none"> • Disabled-friendly road facilities will be gradually developed. | <ul style="list-style-type: none"> • Development of disable- friendly road facilities. | | | Investors |
| Accessibility to the Terai and dense settlements in the hills as well as administrative, commercial and industrial centers is improved and facilitated. | <ul style="list-style-type: none"> • In the Terai, different north-south roads connecting the commercial centers and major border crossing points with the East-West Highway will be constructed and upgraded along with upgrading the east-west Postal (<i>Hulaki</i>) road. • The construction, repair and maintenance works for roads connecting the major hydropower, irrigation, tourism and similar projects will be executed as part and parcel of the concerned projects. | <ul style="list-style-type: none"> • Increase in population coverage with respected to 4hr/2hr criteria • Increase in road density • Increase in access to social services like education and health | <ul style="list-style-type: none"> • Progress reports of the DoR • Progress reports of the local bodies. • Field Supervision | <ul style="list-style-type: none"> • Terai Road Improvement Project • Upgradation works under RSDP and RCP • Upgradation works under RNDP – Fourth Road Improvement • Repair, Maintenance and Improvement of Arniko Highway | <ul style="list-style-type: none"> • Continuity of External (Foreign) Assistance. • Continuity of the GoN's priority towards development of road transport • Participation of Local Bodies |
| Accessibility to the transport service for the people of remote areas improved and east-west transport facility extended in the mid-hills. | <ul style="list-style-type: none"> • The construction, extension and upgrading of the roads connecting district headquarters and other secondary/feeders roads in the mid hills will be undertaken in such a manner as to contribute towards the gradual development and extension of east west (mid-hill) highway. • The expansion as well as requisite improvements and maintenance of the road network will be prioritized on the basis of recommendations made by the Priority Investment Plan. | <ul style="list-style-type: none"> • Increase in population coverage with respected to 4hr/2hr criteria • Reduction in travel time between east to west in Mid-Hills. • No. of new settlements along the road side. | <ul style="list-style-type: none"> • Progress reports of the DoR • Progress reports of the local bodies. • Field Supervision | <ul style="list-style-type: none"> • Mid-Hill Highway Project • Road construction under central level sequential list • Bridge Construction Program | <ul style="list-style-type: none"> • Continuity of External (Foreign) Assistance. • Continuity of GoNs priority towards development of road transport. • Participation of Local Bodies. |
| Through the preservation of road assets, | <ul style="list-style-type: none"> • In order to effectively manage the road asset, database will be updated through regular data collection and | <ul style="list-style-type: none"> • Reduction in VOC • Reduction in travel time. | <ul style="list-style-type: none"> • Progress reports of the DoR. | <ul style="list-style-type: none"> • Regular Repair and Maintenance Program • Periodic Maintenance | <ul style="list-style-type: none"> • Participation of Local Bodies • Availability of |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|---|--|--|---|
| there is an increase in safe and reliable transport facilities. | <ul style="list-style-type: none"> • the data management system will be modified in a timely manner. • The Geo-spatial Road Data Base Management system will be established and operated using GIS. The data and information of roads that are under the management of local bodies will also be integrated in the database after making them compatible to the National Grid System. • The Road Maintenance Plan will be formulated and implemented based on prioritization of road network. The prioritization will take into account the ultimate interest of road users, assurance of minimum service conditions and economic returns. • The Roads Board Nepal will be strengthened. The maintenance activities will be managed on the basis of prioritization as well as assurance of funds and putting together of the requisite resources. • The responsibility for maintenance of local level and urban roads will be transferred on to the local bodies. • By reforming the existing contract system, 'One time Contract Award' policy will be adopted for the entire period of the required construction and maintenance works. | <ul style="list-style-type: none"> • Reduction in road accidents. • Smoothness in operation of transport services. • Strengthening and use of the DoR and Local Bodies' database. • Establishment and use of the Road Asset Management System • Effectiveness of maintenance funds under the Roads Board. • Operational status and length of roads transferred to the local bodies. | <ul style="list-style-type: none"> • Progress reports of the local bodies. • Field Supervision • Special Study Reports. | <ul style="list-style-type: none"> • Program • Emergency, Major and Special Repair and Maintenance Program | adequate Resources. |
| Viability of alternative transport (railways, | <ul style="list-style-type: none"> • With due consideration to its significance for tourism, the accessibility of rural areas to infrastructural facilities will be | <ul style="list-style-type: none"> • No. of feasibility studies for the development of the alternative | <ul style="list-style-type: none"> • Progress report of the MoPPW • Progress reports of the | <ul style="list-style-type: none"> • Feasibility Study of Alternative Transport System (Railway, Waterway, Ropeway | <ul style="list-style-type: none"> • Participation and interests of the private sector. • Availability of |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|--|--|--|---|
| waterways, ropeways etc.) ascertained. | <p>improved through the development of alternative transport systems like the waterways and ropeways.</p> <ul style="list-style-type: none"> • Following the concept of public-private partnerships, legal and procedural reforms will be made to attract and encourage the private sector towards the development of railways, waterways and ropeways. • The research, study and management systems related to the prevention of road accidents, will be improved. | <p>transport system</p> <ul style="list-style-type: none"> • No. of feasibility studies for development of road infrastructure. • No. of studies and investigations (R&D) related to road safety. | <p>DoR</p> <ul style="list-style-type: none"> • Special Study Reports. | <p>etc.).</p> <ul style="list-style-type: none"> • Research Study and Investigation Program related to road safety. | adequate Resources. |
| Result based program implementation, monitoring and evaluation institutionalized. | <ul style="list-style-type: none"> • The institutional strengthening and capacity enhancement measures will be adopted in the department of road and its subordinate offices following the conceptual framework of decentralization, and to ensure the management of timely and transparent service delivery. • The designated Result Based Matrix will be used as the tool for M&E and also as the basis for formulation of annual programs. • The provision of budget for monitoring and evaluation will be compulsorily included while preparing the cost estimates of the development programs. • In order implement the projects in time and with least cost and specified quality standards, the institutional capacity of local contractors, consultants and the entities concerned with construction and | <ul style="list-style-type: none"> • Budget allocation for M&E made during the estimation/ formulation of projects. • No. of projects completed on time. • No. of personnel that received trainings. • Formulation and Implementation of projects through coordinated efforts between the DoR and local bodies | <ul style="list-style-type: none"> • Progress reports of the DoR • Special Study Reports • Progress reports of the MoLD and other related entities associated the local bodies. | <ul style="list-style-type: none"> • Programs for Institutional Strengthening including Plan Implementation and M&E | <ul style="list-style-type: none"> • Availability of adequate resources. • Accountability and high morale of the staff. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|-----------------------------|---|-------------------|----------------------------------|----------------------|--------------------------------|
| | <p>operation of roads, will be enhanced.</p> <ul style="list-style-type: none"> • The Research and Development (R&D) unit will be established in the Department of Roads so as to manage the R&D, institutional strengthening and capacity development activities as an integral part of the construction and development works. | | | | |

3.31: Electricity and Energy Sector

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|--|---|---|
| To contribute towards comprehensive socio-economic development of the country by providing reliable, quality and easily accessible electricity services to the majority of the population, down to the country's rural areas. | <ul style="list-style-type: none"> To arrange for effective regulation of electricity generation, transmission and distribution and the businesses thereto. To encourage domestic and foreign investments for hydropower development by undertaking investigations, studies and other promotional activities, and make the 'One Window System' more functional and effective. To increase the electricity generation capacity by employing coordinated and balanced approach and giving due consideration to demands for the domestic consumption as well. To increase the electrical transmission capacity for contributing towards the overall economic development of the country and for promoting of export of electricity. To strengthen and extend the electrical distribution system with due consideration to the social and geographic inclusive development and for supporting the rural economy. | <ul style="list-style-type: none"> Increase in per capita electricity consumption, from the existing 76 kilowatt-hour to 100 kilowatt-hour. Electricity services through national grid system to reach 58.5% of the population. Increase in the consumption of electricity by the sectors like industry, commerce, agriculture. | <ul style="list-style-type: none"> Progress reports of MoWR, NEA, DOED and WECS. Special survey/investigation reports. | <ul style="list-style-type: none"> Programs for legal reforms and organizational restructuring Programs for investigation, studies and promotional activities. Programs for electricity generation and supply. Programs related to electricity distribution, expansion and rural electrification. | <ul style="list-style-type: none"> Ups and Downs of the electricity market Development oriented atmosphere in the consumer economic sectors. Expected help and coordination of concerned ministries. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|---|--|---|--|
| Effective regulatory environment created for the electricity sector through organizational and structural improvements. | <ul style="list-style-type: none"> • Existing legislative provisions and acts will be updated and modified. • Nepal Electricity Regulation Commission will be established to oversee the operation and management of electricity generation, transmission and distribution as well as the businesses thereof in ways that are easy, regular, well managed and transparent. • The mechanism of electricity tariff fixation will be made relevant and transparent to facilitate the supply of electricity at reasonable price. • Arrangements will be made to give the same agency that issues license for the generation, transmission and distribution, the authority to approve Environmental Impact Assessment in order to make the 'Single Window System' more effective. • Investment friendly, clear, simple and transparent processes will be adopted for increasing the participation of the private sector, community and local bodies as well as for attracting domestic and foreign investments. | <ul style="list-style-type: none"> • The modified Electricity Act is enacted. • Nepal Electricity Regulation Commission is established. • Arrangement and effectiveness of the 'Single Window System'. | <ul style="list-style-type: none"> • Progress reports of MoWR and DOED. | <ul style="list-style-type: none"> • Restructuring of the electricity sector. • Activities related to policy and legal reforms. | <ul style="list-style-type: none"> • Favorable political situation. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|---|--|---|
| Investment friendly environment created through promotional activities. | <ul style="list-style-type: none"> Various promotional activities will be undertaken to promote foreign investments in the electricity sector. The available hydropower potentials will be optimally utilized and appropriate run-off river and reservoir- based projects will be developed. The export of electricity will be promoted by continuing with the efforts to implement large reservoir- based hydropower projects and the multipurpose projects. | <ul style="list-style-type: none"> Increase in participation of the private sector. Number of completed study reports on small hydro electricity projects. Number of completed DPR on multipurpose reservoir based projects. | <ul style="list-style-type: none"> Progress reports of MoWR, NEA, DOED and WECS. | <ul style="list-style-type: none"> Promotional activities for the private sector towards hydropower development. Studies for SaptaKoshi, Pancheswor, and other multipurpose hydropower projects and small hydropower projects. Development of the manual/ standards for hydropower development. River Basin Studies. Formulation of Energy Sector Strategy. | |
| Total generation capacity of electricity increased. | <ul style="list-style-type: none"> The river basin approach will exclusively be considered as the basis for the development and management of water resources. Appropriate micro, small, medium and large hydropower projects will be developed. By giving due priority to the generation of electricity, the investments from both the private and the public sector, either individually or jointly, will be mobilized. | <ul style="list-style-type: none"> Additional electricity generation of a total of 105 MW including 85 MW from the public sector and 20 MW from the private sector. Commencement of construction activities for 2115 MW | <ul style="list-style-type: none"> Progress reports of MoWR, NEA, DOED and WECS. | <ul style="list-style-type: none"> Construction of public sector hydropower projects like Middle Marsyangdi, Kulekhani III etc. Construction of private sector hydropower projects like Kabeli, Ridikhola, etc. Preconstruction activities for 618 MW public sector undertakings like | <ul style="list-style-type: none"> Availability of the needed capital. Expected participation of the private sector. Time spent on the approval of Environmental Impact Assessment Availability of the market |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|---|--|---|
| | <ul style="list-style-type: none"> Private sector will be encouraged to implement hydropower projects based on BOOT (Build, Own, Operate and Transfer) principle through competitive bidding process. | | | <p>Chameliya, Upper Trishuli (A) & (B), Rahughat hydropower projects.</p> <ul style="list-style-type: none"> Preconstruction activities for various 1500 MW capacity private sector hydropower projects. | for export of electricity. |
| Electricity transmission capacity is increased. | <ul style="list-style-type: none"> The export and import of electricity between India and Nepal will be facilitated as per the bilateral requirements by strengthening the existing cross-country transmission lines and also by developing new transmission lines for this purpose. Existing transmission system will be strengthened as per the needs and efforts, and shall be made to link the micro and small hydropower plants with the national grid. New transmission lines and sub-stations will be developed to facilitate transmission of energy from the national grid to the rural and urban settlements, including the distribution centers for the agriculture, industry and tourism sectors. | <ul style="list-style-type: none"> Extension of transmission lines – 174.5 km. Increase in capacity of transmission sub stations - 377 MVA Commencement of construction works in transmission lines (400/220 KV) at additional locations for exchange (export/import) of electricity between Nepal and India. | <ul style="list-style-type: none"> Progress reports of MoWR, NEA, DOED and WECS. Special survey/ investigation reports. | <ul style="list-style-type: none"> Construction of international transmission lines. Construction of internal transmission lines and sub stations. Regular repair & maintenance of the existing transmission system along with the enhancement of capacity. | <ul style="list-style-type: none"> Availability of the needed capital. Expected participation of the private sector. Time spent on the approval of Environmental Impact Assessment |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|--|---|--|
| Availability and usage of electricity in the rural area is increased. | <ul style="list-style-type: none"> • Priority will be accorded to expand the rural electrification program as per the policy of providing electricity services to the rural areas from the perspective of social justice. • A separate fund in the form of the Rural Electrification Board will be established to undertake rural electrification, in addition to mobilizing people's participation. • Consumers will be motivated towards adopting the concept of 'Demand Management' and the electricity tariff structure will be modified. • Policy of supplying electricity at cheaper rates for the agriculture and other production sectors will be adopted. • Leakage of electricity will be controlled. | <ul style="list-style-type: none"> • Electricity service coverage extended to a total of 450,000 households comprising 150,000 households in urban areas and 300,000 households in rural areas. • Number of VDCs connected to electricity service – total 2600. • Extension of distribution lines – 9,800 km. • Increase in capacity of distribution substations – 113 MVA. • Reduction in electricity leakages. | <ul style="list-style-type: none"> • Progress reports of MoWR, NEA, DOED and WECS. • Special survey/ investigation reports. • Site supervision. | <ul style="list-style-type: none"> • Community Rural Electrification Program • Rural Electrification Program in the targeted areas. • Strengthening of the distribution system and capacity enhancement program. | <ul style="list-style-type: none"> • Consumer's capacity and willingness for consumption of electricity. • Recovery of backlogged dues of electricity bills. |

3.32: Irrigation

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|--|--|--|---|
| <p>To enhance the agricultural production through year round, dependable and sustainable irrigation services in order to promote opportunities of employment generation, social inclusion and geographically balanced development.</p> | <ul style="list-style-type: none"> • To formulate projects based on the concepts of Integrated Water Resources Management resorting to regionally balanced and inclusive development and creating opportunities of additional employment. • To implement large and medium scale irrigation schemes, besides groundwater schemes, in the Terai and small and medium scale irrigation schemes in the Hills. • To promote year round and sustainable irrigation facilities in AMIS and FMIS through needed rehabilitation and improvement. • To continue with promotion of non-conventional irrigation technologies (drip, sprinkler, ponds) catering to the needs of small and marginal farmers in the areas infeasible for conventional irrigation development. • To undertake research/studies and exploratory works on appropriate water management practices, feasibility of reservoir backed irrigation schemes and trans-basin water transfer projects, for development and expansion of irrigation facilities. • To continue with management | <ul style="list-style-type: none"> • Increase in crop intensity. • Increase in agriculture production and productivity. • Increase in farm household income. • Increase in employment. • Increase in efficiency of irrigation system. • Increase in participation of women and disadvantaged groups in WUAs. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the agriculture and irrigation departments. • Special investigation and supervision reports. • Progress reports of NGOs and Local Bodies. • Periodic progress reviews in the Ministry and NPC. | <ul style="list-style-type: none"> • Programs for expansion of irrigated areas. • Programs for operation, repair, maintenance and rehabilitation. • Programs for institutional development, • Programs for research development (R&D), studies and investigations. | <ul style="list-style-type: none"> • Agriculture Development Programs are operated in a coordinated and effective manner. • Effective participation of farmer users and Local Bodies. • Adequate budget will be made available for the regular repair and maintenance of the irrigation systems. |

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|-----------|---|------------|-----------------------|---------------|---------------------|
| | <p>transfer of AMIS through required improvement works in a gradual manner and to enhance the capacity of WUAs.</p> <ul style="list-style-type: none"> To strengthen result oriented program implementation and appropriate M&E system and to enhance the capacity of human resources associated with the irrigation sector. | | | | |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|--|---|---|---|--|---|
| Increased area under irrigation through the development of infrastructure. | <ul style="list-style-type: none"> Development of water resources will be based on the principle of Integrated Water Resources Management encompassing watershed based approach, users' participation, social inclusion, gender and representation of stakeholders in decision-making at all stages. Regional balance and opportunities of employment generation will be included in the criteria of project selection. Development of shallow and deep tube wells in the Terai shall be promoted as envisioned in the Agricultural Prospective Plan. Implementation of medium and large-scale irrigation schemes will be continued. Conjunctive use of surface and groundwater shall be promoted in | <ul style="list-style-type: none"> Expansion of irrigated area 269,000 ha, through surface (large) irrigation projects. Expansion of irrigated area 30,000 ha, through surface (medium) irrigation projects. Expansion of irrigated area 37,400 ha, through ground water irrigation projects. Expansion of irrigated area 1,600 ha, through Non Conventional Irrigation Technology Program. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the agriculture and irrigation departments. Special investigation and supervision reports. Progress reports of NGOs and Local Bodies. Periodic progress reviews in the Ministry and NPC. Site supervision reports. Mid-term review reports. Completion reports. Review reports of the donor agencies. | <ul style="list-style-type: none"> Sikta, Bagmati, Babai I. P. and like projets – total 11 nos. Barkapath, Sunsari Khola, Surkhet Valley I.P. and other projects. Shallow Tube Well, Deep Tube Well and Terai, Groundwater Irrigation Projects. Non Conventional Irrigation Technology based irrigation projects as per the demand of farmers. | <ul style="list-style-type: none"> Timely availability of necessary external (foreign) and internal resources. Policy and Program committments. Continued participation of farmer users and Local Bodies. Perception of peace and security. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|--|--|---|---|--|--|
| | <p>order to provide sustainable and dependable irrigation services.</p> <ul style="list-style-type: none"> Implementation of non-conventional irrigation technologies, such as, drip, sprinkler and runoff harvesting ponds, catering to the needs of small and marginal farmers, will be continued in the areas where development of conventional surface and groundwater irrigation are not feasible. | | <ul style="list-style-type: none"> Progress reviews at the level of ministry and NPC. | | |
| Reliable irrigation facility ensured through the operation, repair and maintenance, strengthening and rehabilitation programs. | <ul style="list-style-type: none"> Development of dependable irrigation infrastructure will be made through renovation, rehabilitation and repair and maintenance of AMISs and FMISs. Priority will be given to the rehabilitation of conflict affected irrigation infrastructures and those damaged by the flood/landslides. Integrated Crop and Water Management Program will be continued in coordination with the Agriculture related organizations. The Irrigation Service Fee collection will be made effective in order to contribute towards the sustainability of irrigation systems. | <ul style="list-style-type: none"> Assurance of irrigation service delivery of AMIS through sustainable management for 3,29,720 ha. Assurance of irrigation service delivery of FMIS through improvement works for 23,700 ha. Increase in Irrigation Service Fee collection. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the agriculture and irrigation departments. Special investigation and supervision reports. Progress reports of NGOs and Local Bodies. Site Supervision Reports. | <ul style="list-style-type: none"> Improvement Works of Kankai, Chnadamohana, Narayani, Narayani Lift, Kamala, Rajapur inclusive, 31 nos. AMIS Program for repair, maintenance and rehabilitation of different FMIS. | <ul style="list-style-type: none"> Timely availability of necessary external (foreign) and internal resources. Policy and Program commitments. Continued participation of farmer users and local bodies. Perception of peace and security. Commitment for Irrigation Service Fees collection. |
| Necessary studies and investigations | <ul style="list-style-type: none"> Multiple water use, consistent with the principle of Integrated Water | <ul style="list-style-type: none"> Feasibility study of DCBWMP and | <ul style="list-style-type: none"> Quarterly and annual progress reports of the | <ul style="list-style-type: none"> Program for various studies and | <ul style="list-style-type: none"> Timely availability of |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|---|---|--|---|---|--|
| undertaken for the timely development of the irrigation sector. | <p>Resources Management, will be given priority in the project formulation.</p> <ul style="list-style-type: none"> • The surface and groundwater projects that utilize the available water resources in an optimal way will be formulated. • Studies on river basin approach of water utilization for sustainable and multipurpose irrigation schemes will be taken-up in collaboration with the Water Energy Commission Secretariat and the Department of Electricity Development. • The studies of multipurpose projects like West Rapti and Bheri Babai diversion will be carried forward. • Potential large irrigation projects will be developed on the basis of bilateral and multilateral cooperation. | <p>other projects completed.</p> <ul style="list-style-type: none"> • Feasibility study of large and medium irrigation projects completed. • Detailed Feasibility study of West Rapti, Bheri Babai diversion projects continued. • Groundwater exploration studies completed. | agriculture and irrigation departments. <ul style="list-style-type: none"> • Feasibility Study reports of studied projects. | <ul style="list-style-type: none"> • Investigations (R&D) for DCBWMP, Bheri Babai Diversion etc. • Programs for studies under WECS • Programs for studies under the DoED for multi purpose projects like Saptakoshi, Pancheswor etc. | <p>necessary resources.</p> <ul style="list-style-type: none"> • Policy and Program commitments. • Perception of peace and security. • Commitments of donors. |
| Institutional development of entities related to the irrigation sector through multi facet capacity enhanced. | <ul style="list-style-type: none"> • Management transfer of public sector irrigation schemes to organize groups of water users will be continued through needed rehabilitation and improvement of schemes and capacity building of water users. • The project formulation and construction procedures in relation to new irrigation projects will be undertaken with due technical, social, economic and environmental considerations. | <ul style="list-style-type: none"> • Increase in Irrigation Service Fee collection. • Capacity enhancement of human resources associated with irrigation development. • Improvements in work performance • Expected outcomes | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the agriculture and irrigation departments. • Special investigation reports. • Progress reports of NGOs and Local Bodies. • Site Supervision Reports. | <ul style="list-style-type: none"> • System Management and Training Program • Irrigation Institutional Development Project. • Mechanical Management Program. • Program for capacity | <ul style="list-style-type: none"> • Timely availability of necessary external (foreign) and internal resources. • Policy and Program commitments. • Continued participation of |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|-----------------------------|--|--|------------------------------|---|--|
| | <ul style="list-style-type: none"> • Training and appropriate programs of higher studies will be organized in order to upgrade knowledge and skills and the capacity of human resources engaged in the irrigation sector will be enhanced. • Appropriate representation of the women, persons with disability, senior citizens and disadvantaged groups will be ensured in the formation of WUAs. • The monitoring and evaluation system will be made effective and result- oriented. | <p>realized in Irrigation Management Transfer Project.</p> <ul style="list-style-type: none"> • Feedbacks of M&E incorporated for updating project planning and implementation. | | <p>enhancement of weak WUGs.</p> <ul style="list-style-type: none"> • Program for projects guided by the National Water Plan under WECS. | <p>farmer users and local bodies.</p> <ul style="list-style-type: none"> • Commitment for Irrigation Service Fees collection. |

3.33: Water Induced Disaster Prevention

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|--|---|--|
| To minimize the damage inflicted on settlements, agriculture lands and development infrastructure as well as of lives and property caused by water induced disasters like the floods, landslides, flow of debris, erosion and inundation. | <ul style="list-style-type: none"> To implement different programs for research and development (R&D) and expansion of appropriate technology as well as for raising public awareness. To provide continuity to coordination and cooperation amongst other disaster prevention related entities. To formulate and implement short-term, mid-term and long-term programs. To manage required logistics for emergency disaster prevention and relief. To mobilize peoples' participation for site-specific water induced disaster prevention works. | <ul style="list-style-type: none"> Quantity of damage minimization in various aspects. | <ul style="list-style-type: none"> Progress reports of the DWIDP and its subordinate entities. Reports by other concerned entities. Field Visits / Inspection Reports | <ul style="list-style-type: none"> Disaster Minimization Support Program (DMSP) Disaster Prevention Program River Training Program Infrastructure Protection Program. | <ul style="list-style-type: none"> Availability of adequate budget. Alternate disasters not to reoccur in an unexpected way, |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|--|---|---|--|--|--|
| Proper foundation for water induced disaster prevention created through enhanced public awareness on disaster aspects, delineation of disaster prone areas and (R&D) | <ul style="list-style-type: none"> Public awareness on aspects related to disaster will be raised. The disaster prone areas will be delineated and mapped. Research, development (R&D) and expansion of appropriate technologies will be carried out. Continuity will be provided to coordination and cooperation | <ul style="list-style-type: none"> No. of trainings and workshops. No. of delineation and mapping activities. No. of piloting works related to research, development | <ul style="list-style-type: none"> Progress reports of DWIDP and its subordinate entities. GoN's Gazette | <ul style="list-style-type: none"> Program for raising public awareness (publications of bulletin, trainings and workshops). Program for delineation of disaster prone areas and mapping. Program for research, development and extension of technologies through | <ul style="list-style-type: none"> Availability of adequate budget. Required Policy and Legal reforms. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Programs/Activities | Assumption and Risk |
|--|--|--|---|--|--|
| and expansion of appropriate technologies, and necessary policy and legal reforms. | amongst other disaster prevention related entities. | <p>and extension of technologies.</p> <ul style="list-style-type: none"> • Required policies and laws formulated. | | sample construction. | |
| Project formulation and implementation capacity enhanced through institutionally strengthened WIDP sector. | <ul style="list-style-type: none"> • Existing institutional capacity will be enhanced. | <ul style="list-style-type: none"> • No. of offices, go-downs, residential quarters constructed. • Arrangement of vehicles for the offices. | <ul style="list-style-type: none"> • Progress reports of DWIDP and its subordinate entities. | <ul style="list-style-type: none"> • Program for construction of office buildings, go-downs and residential quarters for subordinate entities (divisional/sub divisional offices) of DWIDP. • Regular Supervision | <ul style="list-style-type: none"> • Availability of adequate budget. |
| The disaster prevention status of certain rivers and different infrastructure strengthened. | <ul style="list-style-type: none"> • Peoples' participation will be mobilized for disaster prevention activities. • Emergency disaster management will be undertaken by making available (mobilizing) the necessary logistics, and executing works through, the participation of victims' groups. • Site-specific projects will be formulated and implemented as and when required and on a lump sum basis. • Master plans will be formulated and gradually implemented for preventing disasters on a long-term basis. • The protection works for the development infrastructure will be carried out in coordination with the concerned entities. | <ul style="list-style-type: none"> • No. of projects completed. • Outcomes of the projects. • Formulated long-term, mid-term and short-term projects. • Status on prevention of soil erosion. • Status on protection of different infrastructure. • | <ul style="list-style-type: none"> • Progress reports of the DWIDP and its subordinate entities. • Field Visits / Inspection Reports. | <ul style="list-style-type: none"> • Disaster Prevention Projects (on an as & when required basis) • Disaster Prevention Projects based on master plan. • Projects executed under Indo-Nepal Cooperation: Lalbakaiya, (first phase), Bagmati, Kamala, Kando river training projects. • Infrastructure protection projects. • Mugling-Narayanghat Road Water Induced Disaster Prevention Project • Sindhuli-Bardibas Road Water Induced Disaster Prevention Project • Repair and Maintenance Projects (Koshi, Bakra, Lalbakaiya, Rapti, Mahakali etc.) | <ul style="list-style-type: none"> • Availability of adequate budget. • Coordinated efforts amongst the concerned entities. • Increased peoples' participation. |

3.34: Information and Communication

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|---|---|--|---|
| To contribute towards the overall economic development of the country through the supply of reliable and quality information and communication services within the country by developing and promoting various information and communication sectors under the concept of inclusion. | <ul style="list-style-type: none"> To reconstruct and reestablish damaged infrastructures in the information and communication sector. To develop postal sector as an autonomous institution in alliance with the private sector through the use of information and communication technology. To make information dissemination organized, effective, transparent and pro-public through the establishment of communication networking and Information Bank in the Department of Information. To develop government communication media as the national transmission/publication media, and make their activities pro-public, transparent and inclusive. To make the society well informed by means of factual, investigative and entertaining information dissemination through private medias. To implement the code of conduct effectively in order | <ul style="list-style-type: none"> Consumption and positive effect of information technology in various economic sectors and in various aspects of life. Availability of various telecommunication services in all regions including rural areas. Significant increase in the number of telecom consumers in socio-economic sectors. Decline in tariffs. Status of market share of private service providers. Sense of important dimension being added to the economic and knowledge-based development of the country. Increase in | <ul style="list-style-type: none"> Quarterly and annual progress reports of the Ministry of Information and Communication and concerned entities. Special Study Reports Field Supervision Reports Public comments on the information and communication sector | <ul style="list-style-type: none"> Reconstruction and Re-establishment Program for damaged infrastructure in the information and communication sectors. Development, Expansion and Promotion Program for postal service. Radio Transmission Service Improvement and Expansion Program Program for development and expansion of television transmission service Program for development and expansion of radio transmission service Program for improvement and expansion of the cinema sector. Security Printing Service Development Program Program for service | <ul style="list-style-type: none"> Peace, and law and order situation will continue to prevail. Policy on the development of the information and communication sector in the context of national development will be continued. |

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|------------------|--|--|------------------------------|---|----------------------------|
| | <p>to make journalism sector responsible, dignified and self-dependent.</p> <ul style="list-style-type: none"> • To develop Information Super- Highway by creating open and investment-friendly environment in the telecommunication sector; establish, develop and expand telecommunication service based on the technology suitable for remote and rural regions, and thereby promote information and communication technology as an infrastructure for the overall development of the country. • To encourage the private sector in cinema production; establish film city and film studios; and continue development of Nepal as an international shooting spot. • TO Give emphasis on the development of technology, equipment and human resource necessary for enhancing the effectiveness of services related to the information and communication sector. | <p>society's use of information rights.</p> <ul style="list-style-type: none"> • Increase in self-reliance in the security-printing sector. | | <p>differentiation and expansion of telecom service</p> <ul style="list-style-type: none"> • Program for the enhancement of effectiveness in press service | |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|---|---|--|--|
| Damaged infrastructures are reconstructed and re-established. | <ul style="list-style-type: none"> • Damaged infrastructure will be repaired and reconstructed; and necessary equipments will be installed. • Necessary coordination will be made with the Ministry of Peace and Reconstruction and Ministry of Local Development for the reconstruction and re-establishment of damaged infrastructure. | <ul style="list-style-type: none"> • Number of infrastructure in operation after reconstruction and reestablishment. • Effectiveness of coordination among concerned entities. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of Ministry of Information and Communication and related agencies • Special Study Reports • Field Supervision Reports | <ul style="list-style-type: none"> • Program for reestablishment of Radio Nepal transmission system • Program for Nepal Television transmission system • Program for reconstruction and reestablishment of postal buildings. • Program for the reconstruction and reestablishment of telecom infrastructure. | <ul style="list-style-type: none"> • Law and order situation will be favorable. • There will be effective coordination with the Ministry of Local Development and the Ministry of Peace and Reconstruction. • Requisite budget will be available on time. |
| Prompt and quality postal services made readily available. | <ul style="list-style-type: none"> • Necessary legal steps will be taken for the development of postal offices as an autonomous institution. • Services such as money order, postal saving bank, express mail service, e-post, e-money, money transfer and philately will be operated and promoted within postal service. • Along with the increase in the use of modern information and | <ul style="list-style-type: none"> • Participation of the private sector • Formulation of law to develop the postal sector as an autonomous body • Operation and consumption of services such as money order, Postal Bank, Express Mail Service, e-post, e-money transfer, | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies • Special Study Reports • Field Supervision Reports | <ul style="list-style-type: none"> • Land purchase for additional 10 District Post Offices • New building construction for additional 6 District Post Offices and 15 Ilaka Post Offices. • Counter automation in Chief Post Offices. • Development of | <ul style="list-style-type: none"> • Private sector will participate • Law and order situation will be favorable. • Requisite budget will be available on time. • Cooperation from International Postal Organization will continue. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|---|--|--|
| | <p>communication technology in postal service, telecenters will be established in all District Post Offices and major <i>Ilaka</i> Post Offices; and counter automation will be established in all District Post Offices.</p> <ul style="list-style-type: none"> • Postal service will be provided through partnership with private sector. • Physical infrastructure development and automation will be carried out in post offices. • Programs on human resource development will be launched. | etc. <ul style="list-style-type: none"> • Number of telecenters established. • Number of counter automation in District Post Offices. | | software for Postal Saving Bank. <ul style="list-style-type: none"> • Purchase of vehicles for efficient mail delivery. • Modernization and automation of postal service. • Operation of e-post, and establishment of tele-center. | |
| Radio transmission service made available in different parts of the country in an effective manner. | <ul style="list-style-type: none"> • Through the expansion and quality enhancement of Radio Nepal, local language, culture, religion and tradition will be promoted. • In order to extend the transmission of Radio Television nationwide, required additional relay centers/ FM stations will be established. • Licensing process provided to private transmitters will be made easy and accessible. | <ul style="list-style-type: none"> • Reliable nationwide radio transmission service. • Inclusiveness of local languages, cultures and traditions in radio transmission. • Simplification in the process of awarding license to the private parties. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies • Special Study Reports • Field Supervision Reports | <ul style="list-style-type: none"> • Improvement in media and shortwave. • Establishment of FM relay center. | <ul style="list-style-type: none"> • Law and order situation will be favorable. • Private sector will participate. |
| Television service | <ul style="list-style-type: none"> • Necessary additional relay | <ul style="list-style-type: none"> • Reliable and | <ul style="list-style-type: none"> • Quarterly and | <ul style="list-style-type: none"> • Transmission | <ul style="list-style-type: none"> • Private sector will |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|---|--|--|
| made inclusive and gender-friendly, and effectively transmitted nationwide. | <p>centers will be established for the nationwide extension of transmission of Nepal Television.</p> <ul style="list-style-type: none"> • Transmission of publicly owned transmission centers will be made qualitative, inclusive and proportionate. • Cable television transmission will be regulated at the local level. | <p>quality nationwide transmission of Nepal Television service.</p> <ul style="list-style-type: none"> • Inclusiveness of various cultures, religions and traditions in TV service. | <p>annual progress reports of the Ministry of Information and Communication and related agencies.</p> <ul style="list-style-type: none"> • Special Study Reports. • Field Supervision Reports. | <p>Expansion and Strengthening Program.</p> <ul style="list-style-type: none"> • Program for the establishment of new transmission center. • Program for the establishment of regional transmission center. | <p>actively participate.</p> <ul style="list-style-type: none"> • Peace and safety will prevail. • Requisite budget will be available on time. |
| Movies incorporating Nepalese cultural and social norms produced; and Nepal identified as a shooting spot for international movies. | <ul style="list-style-type: none"> • Nepal will be developed as an attractive place for the shooting of international movies. • Use of latest technology in cinema will be emphasized. • Necessary acts will be formulated to make the cinema sector organized and regular. • Movie censoring system will be made easy, scientific and transparent. | <ul style="list-style-type: none"> • Number of movies shot in Nepal by international companies • Formulation of laws to systemize cinema production • Formulation and implementation of rules to make the censoring system transparent. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies • Special Study Reports • Field Supervision Reports | <ul style="list-style-type: none"> • Film City Establishment Program. • Program for the physical improvement of movie theatres. • Program for the operation of visitors' lounge • Cinema Information Center Operation Program. | |
| Reliable security-printing services made available within the country. | <ul style="list-style-type: none"> • Capable, professional and autonomous security-printing agency will be established within the country. • Necessary law will be formulated on security-printing. | <ul style="list-style-type: none"> • Availability of all security-printing tasks within the country except paper currency. • Formulation of law on security-printing | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies • Special Study Reports. • Field Supervision | <ul style="list-style-type: none"> • Program for computer networking and website development. • Organizational Development Study Program. • Capability Enhancement | <ul style="list-style-type: none"> • Private sector will be interested and will participate. • Law and order situation will be favorable. • Security-printing program will continue to receive national priority. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|---|--|---|--|
| | | | <p>Reports.</p> <ul style="list-style-type: none"> Public opinion on the information and communication sectors. | <p>Program.</p> <ul style="list-style-type: none"> Program for the purchase of printing machinery and equipment. | |
| Reliable and quality services related to telecom are readily available. | <ul style="list-style-type: none"> Laying of optical fiber cables along the East-West Highway, Kathmandu-Tatopani and Lamahi-Tulsipur and Mahendranagar will be completed. Alternate Information Highway will be built in East-West, North-South mountain, hill and the Terai regions in order to cover all areas of Nepal. By encouraging the participation of the private sector, the telecommunication sector will be made more liberal and competitive. Modern telecom services of various types will be made available in urban and rural areas. Telephone distribution will be made easy, accessible and scientific, and initiative will be taken towards reducing telephone tariff or maintaining uniform tariff on local calls throughout Nepal. | <ul style="list-style-type: none"> Extension of teledensity to 25 per hundred persons. Extension of internet consumers to 250,000. Extension of at least 2 telephone lines to each VDC of the country. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies. Special Study Reports. Field Supervision Reports. Public comments during public interaction on information and communication issues. | <ul style="list-style-type: none"> Additional Fiber Program. Program for the extension of broadband service in urban areas and district headquarters. Program for the interconnection among telecom infrastructure of service providers. Alternative Information Highway Establishment Program. | <ul style="list-style-type: none"> Private sector will come forward. Law and order situation will be favorable. International Telecom Organization will continue. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|--|--|---|---|
| Effectiveness of press service enhanced, and Nepal associated with the International News Network. | <ul style="list-style-type: none"> • Entry will be made to the World Information Society. • Information Bank will be established in the Department of Information. • Effective implementation of the journalism code of conduct will be carried out to make the journalism sector responsible, dignified and self-dependent. • Records of all the newspapers and magazines published nationwide in Nepal and details of journalists will be computerized. • System of categorizing newspapers will be made scientific and objective. • Necessary policy will be formulated to bring on-line journalism into the mainstream. • Gorkhpatria Corporation will be developed as a national publication house. • Advertisements related to public welfare will be made transparent and such advertisements will be also made available to the electronic media. | <ul style="list-style-type: none"> • Formulation and implementation of the code of conduct for journalists. • Computerized records of newspapers, magazines and of journalists. • Formulation and implementation of law on online journalism. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the Ministry of Information and Communication and related agencies. • Special Study Reports. • Field Supervision Reports. • Consumer satisfaction related to information and communication services. | <ul style="list-style-type: none"> • Record-keeping of all publications published in Nepal and details of journalists. • Preparation and publicity of the code of conduct for the journalists. • Development of Gorkhpatria Corporation as a publication house. • Establishment of CD Library. • Operation of feature service. • Expansion of the international news service. | <ul style="list-style-type: none"> • Cooperation and active participation of individuals and institutions related to journalism and their active involvement. • Requisite budget will be available on time. |

3.35: Urban Development, Housing and Building

| Objective | Strategy | Indicators | Source of Information | Major program | Assumption and Risk |
|---|--|---|--|---|---|
| Urban Development To invest in urban infrastructure and other services through inter-agency coordination; to legally empower and institutionally strengthen local bodies in order to build a clean, safe and prosperous urban environment; and to progressively guide rural settlements towards urbanization by expanding rural-urban inter-relationship, under the overall notion that urban development gives support to rural development. | <ul style="list-style-type: none"> Develop large urban centers in the country as regional economic centers, and link them with medium and small centers through roads and other infrastructures, and thereby strengthen rural-urban inter-relationship. Guide urban development by establishing urban infrastructure through physical development planning with an aim to preserve and conserve existing cultural, historical and tourist areas. Develop suburbs at the periphery of metropolises, and to prepare a base for planned development of urbanizing VDCs. Develop local bodies as the major agency to implement urban plans, and strengthen their institutional capability. | <ul style="list-style-type: none"> Increase in the revenue of backward municipalities. Increase in trade between rural and urban areas. Increase in trade and industries in urbanized areas. Creation of additional employment in rural areas. Improvement in the living condition due to the use of developed physical infrastructures. | <ul style="list-style-type: none"> Data published by the Ministry of Local Development Progress report of the Ministry of Local Development and concerned municipalities. Periodic progress report of the Department of Urban Development and Building Construction. Inspection visits to sites/regions. Special Study Reports. | <ul style="list-style-type: none"> Program to strengthen inter-relationships between regional urban centers, and villages and towns. Urban Development Program. Programs on physical planning. Institutional Strengthening Program. | <ul style="list-style-type: none"> Local entities will actively cooperate and participate. Coordination among concerned agencies will be effective. |

| Objective | Strategy | Indicators | Source of Information | Major program | Assumption and Risk |
|--|---|---|--|--|--|
| Housing To provide safe and economical housing facility by developing organized habitats under the notion of "shelter for all". | <ul style="list-style-type: none"> Develop urban housing with the participation and involvement of the government, cooperative and private sectors. Provide subsidized housing loans to low-income groups. Regulate development in urban and rural settlements to preserve historical and cultural heritage. | <ul style="list-style-type: none"> Number of houses belonging to the underprivileged groups or communities in terms of housing facility. Number of families with access to developed dwellings. Number of families residing in developed high-density settlements. | <ul style="list-style-type: none"> Progress reports and publications of the Department of Urban Development and Building Construction. Progress reports and publications of Town Development Committees, private housing companies, and rural housing companies. Specific Study Reports. Field Supervision Reports. Review reports. | <ul style="list-style-type: none"> Displaced Families Repatriation Program. Rural Housing Development Program. Target program for underprivileged and low-income families. High-Density Settlement Development Program. Land and Housing Development Program. | <ul style="list-style-type: none"> There will be cooperation and coordination between local community and different agencies. Housing development-related policies and priorities will receive continuity. |
| Building To construct and develop safe, cost-effective, environment-friendly buildings depicting the country's own architecture. | <ul style="list-style-type: none"> Update and implement the Building Code and byelaws in the government and private sectors as well. Promote and develop capability of national consultants and contractors involved in building construction. Develop appropriate building construction technology and materials. | <ul style="list-style-type: none"> Compliance to the Building Code Increase in the facility of office accommodation by the construction of proposed buildings. Use of country's own products in building construction. Creation of additional employment. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction. Progress reports of local agencies. Special Study Reports. Field supervision. Review reports. | <ul style="list-style-type: none"> Government Office Construction Program. Building Renovation Program. Building Retrofitting Program. Institutional Strengthening Program. Research and Publicity Program. | <ul style="list-style-type: none"> Implementation of the Building Code will be effective Capability of parties involved in building construction works will be improved. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|--|---|---|---|
| Urban Development The inter-relationships among large city centers, medium and small towns, and villages are strengthened. | <ul style="list-style-type: none"> • Uncontrolled urban development and expansion will be managed; physical planning process will be strengthened by preparing development plans of different geographic regions, and integration of physical and economic development planning will be carried out. | <ul style="list-style-type: none"> • Infrastructure development of 10 small towns and urbanizing VDCs. • Physical development planning of 12 municipalities • Receipt of detailed feasibility report of the Harisiddhi Town Project | <ul style="list-style-type: none"> • Progress reports of the Department of Urban Development and Building Construction, and local agencies • Field Supervision Reports. • Special Study Reports. | <ul style="list-style-type: none"> • Suburb Development Program. • Small Towns and Market Centers Development program. • Integration Action-Oriented Program. • Implementation of programs recommended by the Regional Development Strategy Study | <ul style="list-style-type: none"> • There will be coordination among, and involvement of concerned agencies. |
| Urban infrastructures are established through physical development planning, and thereby directed urban development is achieved | <ul style="list-style-type: none"> • Special consideration will be given to the development and expansion of urban basic services, facilities, and infrastructure; to improve urban environment; and to preserve cultural and natural heritage. • Emphasis will be given to the participation of local agency and the private sector in program formulation and implementation | <ul style="list-style-type: none"> • Preparation of DPR of 40 km Outer Ring Road. • Preservation and formulation of development plan of three sites of historical importance. • Infrastructure development and environmental improvement of 8 municipalities. | <ul style="list-style-type: none"> • Progress reports of the Department of Urban Development and Building Construction, and local agencies • Field Supervision Reports. • Special Study Reports. | <ul style="list-style-type: none"> • Kathmandu Valley Outer Ring Road Development Program. • Kathmandu Valley Urban Development Program. • Urban Environmental Improvement Program. • Biratnagar Ring Road Development Program. • Urban Sector Infrastructure Development Program. | <ul style="list-style-type: none"> • There will be coordination among, and participation of concerned agencies. • Public awareness will increase. • Resources will be confirmed. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|--|--|---|--|
| Suburbs are developed at the periphery of metropolises, and base is prepared for planned development of urbanizing VDCs. | <ul style="list-style-type: none"> Urban development will be promoted and guided by formulating integrated urban development policy. | <ul style="list-style-type: none"> Pilot infrastructure reconstruction program in 1 VDC each of 25 districts. Sewerage and road network planning in 28 urbanizing VDCs. Policy formulation and implementation of integrated urban development. Formulation of urban development plan in 30 municipalities. Availability of detailed digital land use maps of urbanizing VDCs of Kathmandu Valley. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies Field Supervision Reports. Special Study Reports. | <ul style="list-style-type: none"> VDC Development Pilot Program Small Towns and Urbanizing Settlements Development Program. Periodic Plan Preparation Program. Digital Base Map Preparation Program. | <ul style="list-style-type: none"> There will be coordination among and participation of concerned agencies. Resources will be confirmed. |
| Capacity of local bodies to implement urban plans is increased; central agencies are institutionally strengthened for policy formulation and effective monitoring. | <ul style="list-style-type: none"> Local bodies will be legally empowered and institutionally capable Implementation aspect will be made effective through coordination among different agencies. Emphasis will be given to the institutional strengthening of the Department and central agencies. | <ul style="list-style-type: none"> Empowerment of local agencies. Increase in the capacity of the Department and other central agencies. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies. Field Supervision Reports. Special Study Reports. | <ul style="list-style-type: none"> Institutional strengthening of the Department. Institutional strengthening of other agencies. | <ul style="list-style-type: none"> There will be coordination and active participation among concerned agencies. Contradictory rules and regulation will be amended. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|---|--|--|
| Housing In rural areas, requisite infrastructures are established; living condition is improved; and there is growth in economic and business activities. | <ul style="list-style-type: none"> Basic services and facilities will be provided in rural areas by developing urbanizing villages as rural market centers. | <ul style="list-style-type: none"> Increase in financial activities. Development of basic physical facility. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies Field Supervision Reports. Special Study Reports. | <ul style="list-style-type: none"> Rural Housing Development Program. Rural Housing Improvement Program. | <ul style="list-style-type: none"> Participation of the private sector will increase. Resources will be confirmed. |
| Housing facility is extended to underprivileged, backward and marginalized people and groups | <ul style="list-style-type: none"> Special housing program at the government level will be launched for the low-income groups. Subsidized housing loans will be provided to underprivileged families including low-income women, <i>Dalits</i>, freed <i>Kamaiyas</i>, and <i>Janajatis</i>. | <ul style="list-style-type: none"> Physical environment improvement in 25 squatter settlements. Subsidized loan to 1000 poverty stricken families. Construction and distribution of 200 cost-effective housing. Supply of 500 underprivileged families. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies Field Supervision Reports. Special Study Reports. | <ul style="list-style-type: none"> Programs for housing development for low-income groups, and physical development of squatter settlements. Housing loan program for the poverty stricken | <ul style="list-style-type: none"> Local agencies will participate. Resources will be confirmed. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|---|---|---|---|
| Market centers are developed in urbanizing settlements, and scattered settlements are relocated, thereby forming high-density settlements | <ul style="list-style-type: none"> • Scattered settlements will be integrated into high-density settlements, and minimum infrastructure and facilities will be developed and expanded in such settlements. • Supply of housing in urban and rural areas will be made effective on the basis of the underlying concept of National Housing Policy. | <ul style="list-style-type: none"> • Number of developed high-density settlements. • Number of families residing in high-density settlements. • Increase in commercial activities. | <ul style="list-style-type: none"> • Progress reports of the Department of Urban Development and Building Construction, and local agencies • Field Supervision Reports. • Special Study Reports. | <ul style="list-style-type: none"> • Integrated High-Density Settlement Development Program. • Housing loan program for the poverty stricken. | <ul style="list-style-type: none"> • Local agencies and public will participation. • Resources will be confirmed. |
| Appropriate mechanism for effective coordination among the private sector, local bodies, cooperative agencies, and government agencies is developed through necessary improvements in legal structure; and improvement is achieved in housing supply | <ul style="list-style-type: none"> • Appropriate mechanism will be established to launch housing and land development programs with the involvement of the private sector, local body and the government sector, and to carry out necessary improvement in the legal structure of the existing market system related to housing. • Basic services and facilities will be | <ul style="list-style-type: none"> • Implementation of and conformity to law on land and building transaction trade. • Number of families benefited from housing facility. | <ul style="list-style-type: none"> • Progress reports of the Department of Urban Development and Building Construction, and local agencies • Field Supervision Reports. • Special Study Reports. | <ul style="list-style-type: none"> • Legal provision to manage land and building transaction trade, and program to work together with international organizations. | <ul style="list-style-type: none"> • There will be coordination among concerned agencies. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|--|---|---|--|
| | provided in rural areas by developing towns and urbanizing villages as rural market centers, and thereby living conditions in rural settlements will be improved. | | | | |
| Building Condition of government offices, residences of distinguished persons, and damaged government offices are improved through repair and renovation works. | <ul style="list-style-type: none"> Priority will be given to repair and renovation of government office buildings to improve their physical condition | <ul style="list-style-type: none"> Renovation of about 1000 government buildings. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies. On-site inspection. | <ul style="list-style-type: none"> Distinguished Persons' Residence Repair Program. Government Building Repair Program. Government Building Reconstruction and Rehabilitation Program. | <ul style="list-style-type: none"> Adequate resources will be available. |
| Building construction code and bylaws are updated and implemented in government and private sectors as well. | <ul style="list-style-type: none"> National Building Code under the Building Law will be updated and implemented. | <ul style="list-style-type: none"> Implementation of and conformity to the Building Code. Retrofitting of 12 buildings. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies Field Supervision Reports. | <ul style="list-style-type: none"> Building Retrofitting Program. | <ul style="list-style-type: none"> Cooperation from the private sector will be received. Resources will be confirmed. |
| Capacity development and promotion of national consultants and contractors involved in building construction is achieved. | <ul style="list-style-type: none"> Capacity development and promotion of national consultants and contractors will be carried out. | <ul style="list-style-type: none"> Number of trained national consultants and contractors. Increase in the capability of contractors and in the quality of construction works. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction, and local agencies Field Supervision Reports. Special Study Reports. | <ul style="list-style-type: none"> Institutional Strengthening and Capacity Development Program. | <ul style="list-style-type: none"> There will be cooperation between and participation of national consultants and contractors. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|--|---|---|
| Appropriate building construction technology and materials are developed and utilized | <ul style="list-style-type: none"> Research will be carried out on local materials, skills, and appropriate technological development. | <ul style="list-style-type: none"> Utilization and availability of appropriate technology and materials related to building construction. | <ul style="list-style-type: none"> Progress reports of the Department of Urban Development and Building Construction. Site investigation visits. | <ul style="list-style-type: none"> Development and publicity of building construction materials and technological development. | <ul style="list-style-type: none"> Resources will be confirmed. Private contractors will participate. Resources will be confirmed. |

3.36: Environment

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|--|---|---|--|
| To mitigate urban and rural pollution, and to contribute positively in different sectors of socio-economic development through the protection, restoration and sensible use of natural environment. To ensure the individual's right to live in a clean environment by increasing public participation in environmental management. | <ul style="list-style-type: none"> • Launch development programs by internalizing environmental management, and making it an inseparable part of development programs. • Mobilize non-government and the private sector, local agencies and public in increasing public awareness on environment. • Prioritize and implement treaties and conventions on environment, to which Nepal is a party, by making work plans. • Determine and implement additional byelaws on air, water, soil and sound pollution. | <ul style="list-style-type: none"> • Status of implementation of international treaties and conventions. • Formulation of byelaws on pollution prevention and control; institutional, policy-related and legal system and the status of implementation. • Number of development projects with EIA. • Pollution level in urban and rural areas. | <ul style="list-style-type: none"> • Progress Reports of the Ministry of Environment, Science and Technology. • Special Study Reports. • Reports/publications of local entities and NGOs. • Progress Reports of concerned international agencies. | <ul style="list-style-type: none"> • Public Understanding Enhancement Program • National Heritage Preservation Program. • Program for implementation of international commitments. • Pollution Control and Prevention Program. • Program on EIA. | <ul style="list-style-type: none"> • Cooperation from, and participation of other ministries/ departments, stakeholders will be achieved. • Conflicting existing acts, laws and regulations will be timely amended. • NGOs, the private sector and the public community will participate and cooperate. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|--|---|---|--|
| Public awareness on the environment sector is extensively increased. | <ul style="list-style-type: none"> • For the public understanding on environmental conservation, programs will be launched with the participation of local agencies, NGOs, and local community. • Through proper development and utilization of knowledge, skill and capacity in the environment sector, national capacity is enhanced. • Audiovisual materials on environmental management and effect mitigation will be produced, distributed and publicized. | <ul style="list-style-type: none"> • Enhancement in public understanding of importance of environment and its conservation; and the status of application. • Enhancement of knowledge and skill in environmental conservation, and the status of application at the level of concerned government entities and NGOs. | <ul style="list-style-type: none"> • Progress Reports of the Ministry of Environment, Science and Technology. • Updated Progress Report of other concerned ministries/ departments. • Special Study Reports. • Reports/publications of local entities and NGOs. | <ul style="list-style-type: none"> • Public Understanding Enhancement Program. | <ul style="list-style-type: none"> • Cooperation from, and participation of other ministries/ departments, stakeholders will be achieved. • Local entities, NGOs, and public community will participate and cooperate. |
| Status of environmental conservation of heritages of national importance is improved. | <ul style="list-style-type: none"> • Temples and monasteries, rivers, lakes, ponds, wetlands, etc., of national importance will be renovated or preserved. • Repair, renovation and preservation of heritages of national importance will be carried out by involving local entities. | <ul style="list-style-type: none"> • Status of improvement in the preservation of heritages of national importance. | <ul style="list-style-type: none"> • Progress Reports of the Ministry of Environment, Science and Technology. • Updated Progress Report of other concerned ministries/ departments. • Special Study Reports. • Reports/publications of local entities and NGOs. | <ul style="list-style-type: none"> • National Heritage Preservation Program. | <ul style="list-style-type: none"> • Various concerned ministries/ entities will formulate and implement programs following the Environment Policy. • Awareness and cooperation towards environmental aspects will be received from local entities and the public community. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|--|--|---|---|
| There is knowledge about, and interest towards treaties and conventions on environment, to which Nepal is a party. Policy-related and institutional improvement is achieved. | <ul style="list-style-type: none"> Environmental monitoring and auditing will be widely implemented. While implementing conventions on environment, to which Nepal is a party, in particular, carbon trading will be promoted to achieve benefit from Clean Development Mechanism under the Kyoto Protocol. | <ul style="list-style-type: none"> Implementation status of the provisions of international conventions. Achievement of necessary improvement in institutional, policy-related and legal system. | <ul style="list-style-type: none"> Progress Reports of the Ministry of Environment, Science and Technology. Progress Reports of concerned international agencies. Special Study Reports. | <ul style="list-style-type: none"> Program for the formulation, implementation and monitoring of byelaws. United Nations Park Construction Program. Program on institutional, policy-related and legal system. | <ul style="list-style-type: none"> Active cooperation and commitment will be received from concerned international agencies. Necessary policy-related and legal system will be in place. |
| Noise, air and water pollution in urban and rural areas is decreased. | <ul style="list-style-type: none"> Additional byelaws will be formulated and implemented to measure expected standard of water, air, soil and noise pollution. In order to control river pollution, direct disposal of sewage into rivers will be prohibited, and local entities will be encouraged to build sewerage strengthening mechanism. Necessary mechanism will be developed and implemented to encourage mitigation of pollution. Individuals and organizations contributing to environment conservation and preservation will be encouraged. | <ul style="list-style-type: none"> Status of pollution mitigation in different aspects of environment. Development and application status of necessary mechanism to encourage mitigation of pollution. | <ul style="list-style-type: none"> Progress Reports of the Ministry of Environment, Science and Technology. Updated Progress Reports of other concerned ministries/ departments. Special Study Reports. Reports/publications of local entities and NGOs. | <ul style="list-style-type: none"> River Cleaning Program in Kathmandu Valley and urban areas. Repair, renovation and conservation of ponds in the Terai. Program on safe disposal of persistent pollutants. Promotional program. | <ul style="list-style-type: none"> Meaningful cooperation and participation will be received from other concerned ministries. Cooperation from transport and industry entrepreneurs will be received. |
| Large projects are operated only after implementing the | <ul style="list-style-type: none"> Environmental Impact Assessment system will be mandatorily included in socio- | <ul style="list-style-type: none"> Numer of projects with EIA. Environmental | <ul style="list-style-type: none"> Progress Reports of the Ministry of Environment, | <ul style="list-style-type: none"> Program on EIA | <ul style="list-style-type: none"> Concerned ministries/ entities will |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|---|---|----------------------|--|
| Environmental Impact Assessment; and environmental monitoring and auditing is internalized | <p>economic development works.</p> <ul style="list-style-type: none"> • Development works will be made environment-friendly by using environment-friendly technology in project formulation. | management works at concerned ministries. | <p>Science and Technology.</p> <ul style="list-style-type: none"> • Feasibility Study Reports of projects. • Reports of donor agencies. • Special Study Reports. | | adopt environment-friendly process as an inseparable part of project formulation, and will implement it effectively. |

3.37: Science and Technology

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|---|---|--|--|
| <ul style="list-style-type: none"> To contribute towards the national goal of poverty alleviation by uplifting the living standard of the people of Nepal through development and utilization of science and technology. To increase national capacity through institutional strengthening of the science and technology sector, and human resource development and utilization. To increase competitive capacity of production and service sectors through research and development of science and technology, and utilization of suitable technology. | <ul style="list-style-type: none"> Mobilize available resources in the science and technology sector to the maximum extent; establish additional new structures and organizations as per the requirements, and carry out institutional strengthening. Institutionalize participation of stakeholders for the development of the science and technology sector through mobilization of the academic and private sector. Associate research and development works in the science and technology sector with competitive capacity development. Encourage universities, science institutes and individuals involved in research works; and produce high-level scientists by giving high priority to the science and technology subject in the academic curriculum upto high level. Enhance quality of hydrology and meteorology through the use of modern technology. | <ul style="list-style-type: none"> Management status of universities, and science institutes. Quality of weather forecast. Increase in the development, application and effectiveness of advanced technology in various sectors of economic development. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. Special Study Reports | <ul style="list-style-type: none"> Program for policy formulation and institutional strengthening in the science and technology sector Forensic Lab Strengthening Program Program for construction of Nepal Academy of Science and Technology laboratory conference building. Program for the establishment and operation of planetarium, observatory and science museum Hydrology and Meteorology Program. | <ul style="list-style-type: none"> Conflicting existing acts, laws and regulations will be timely corrected. Participation of stakeholders will be as expected. Government of Nepal's policy on science and technology will continue. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|---|--|---|--|--|
| In the science and technology sector, additional policy-related and institutional strengthening is achieved, and the national capacity in research and development tasks is enhanced. | <ul style="list-style-type: none"> • Quality human resources in the science and technology sector will be developed through coordination with concerned sectors. • Organizations involved in research will be strengthened and their capacity will be increased. • For the peaceful use of nuclear energy, the draft of National Nuclear Policy will be finalized and implemented. Moreover, national capacity in nuclear energy will be enhanced by acquiring membership of IAEA by Nepal. • Initiative towards prevention of brain drain will be made by encouraging scientists and technicians. • Regional and international cooperation and understanding will be developed and expanded in the science and technology sector. | <ul style="list-style-type: none"> • Number of participants in national and international conferences and competitions related to science and technology. • Level and number of human resource in science and technology sector. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. • Special Study Reports | <ul style="list-style-type: none"> • Bio-technology Center Establishment Program for the strengthening of existing institutions in the science and technology sector. | <ul style="list-style-type: none"> • Realization of importance and acceptance of technology development, among agriculturists and entrepreneurs. • Government of Nepal's policy on science and technology will continue. |
| Forensic service is expanded, and capacity in judicial decision is enhanced. | <ul style="list-style-type: none"> • Forensic services, which are very importance for crime investigation and judiciary decisions, will be made capable, affordable and of quality standard. | <ul style="list-style-type: none"> • Construction of Forensic Laboratory, additional equipments and service extension. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. • Special Study Reports. | <ul style="list-style-type: none"> • Forensic Laboratory Strengthening Program. • Technology development. • Construction of laboratory building. | <ul style="list-style-type: none"> • Forensic service will be internalized in the judicial process. • Stakeholders will cooperate and participate. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|--|--|---|---|
| Research and technology development capacity of Nepal Academy of Science and Technology (NAST) is increased. | <ul style="list-style-type: none"> Development and promotion of indigenous technology will be given priority. Emphasis will be given for the development of technology based on indigenous materials and resources. | <ul style="list-style-type: none"> Number of publications on research and study. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. Special Study Reports. | <ul style="list-style-type: none"> Programs for the development and promotion of suitable traditional and indigenous technology. Program for various studies and research on science and technology. Program on NAST | <ul style="list-style-type: none"> Required resources will be regularly available. |
| Public understanding and knowledge of science and technology is enhanced. | <ul style="list-style-type: none"> Public understanding on science and technology will be enhanced. By establishing and operating planetarium, observatory and science museum, interest on Solar System, universe and astronomy will be created among the public, and scientific research will be developed | <ul style="list-style-type: none"> Number of science and technology exhibitions in different places. Number of awareness programs on planetarium and observatory, and on science and technology. Establishment of Science Museum and purchase of equipments. Number of science magazines, journals, bulletins published. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. Special Study Reports Reports and publications of local entities and NGOs. | <ul style="list-style-type: none"> Public Understanding Enhance Program on science and technology. | <ul style="list-style-type: none"> Local entities and other stakeholders will cooperate and participate. |

| Outcome/Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|--|--|---|---|
| <ul style="list-style-type: none"> Services related to Hydrology and Meteorology will be reliable and readily available. | <ul style="list-style-type: none"> By developing and expanding hydrology and meteorology, the services will be made superior, reliable and readily available. | <ul style="list-style-type: none"> Operation and maintenance status of the Hydrology/ Climatology Center. Reliability and effectiveness of flood forecasting. Operation status of the Flood Forecasting Center. | <ul style="list-style-type: none"> Quarterly and annual progress reports of the ministries of Agriculture, Education, Health, Environment, Science and Technology. Special Study Reports | <ul style="list-style-type: none"> Himalayan Climate Research Establishment Program. Program for the study of water quality of rivers and lakes. Program for data collection, procession, and publication, and dissemination of weather information. | <ul style="list-style-type: none"> Required resources will be regularly available. |

3.38: Information Technology

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|--|---|--|---|
| To increase public accessibility through development and expansion of information technology; to enhance administrative capability of government functions and to enhance service dissemination; and to contribute towards socio-economic development through institutional strengthening of the IT sector | <ul style="list-style-type: none"> • Enhance accessibility of even rural population through the development and expansion of IT. • Implement different projects and raise public awareness for the implementation of e-government. • Enhance and strengthen institutional capability of the IT sector In the pretext of rapid development in the global IT sector. | <ul style="list-style-type: none"> • Quality improvement in service and products through a paperless administrative system. • Effectiveness of application in the field of agriculture, health, education, social services, etc. • Effectiveness in network expansion of infrastructure, including electricity, communication, etc., for the development and expansion of IT. • Percentage of population with access to IT. • Status of application of IT in government tasks. • Number of local institutes using IT and electronic transactions. • Status of participation of the private sector and local entities in IT. • Generation of additional employment. | <ul style="list-style-type: none"> • Reports of the High Level Commission for Information Technology. • Updated reports of the Ministry of Information and Communication and the Ministry of Science and Technology, and the subordinate entities. • Reports of local entities and NGOs. • Special Study Reports. | <ul style="list-style-type: none"> • Information and Communication Technology Development and Expansion Program. • Program on e-government. • Institutional Capability Enhancement and Strengthening Program. | <ul style="list-style-type: none"> • Government policy on technology development and expansion will receive continued priority. • Time relevant technology will be available. • General public will trust and be interested in the application of IT. • Required financial resources will be available. • Public and local entities will continue to participate and contribute. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|---|---|---|
| Following development and expansion of IT in different sectors, public accessibility to, and application of IT is increased. | <ul style="list-style-type: none"> • By increasing accessibility to IT, and identifying new development possibilities, time, labor and resources will be economized. • Rural Information Centers will be established for the extension of IT to rural areas. • Rural Information Centers will be extensively mobilized so as to attract physically remotely located population in the use and application of IT. • Rural population will be informed about the application and effects of IT in different fields. • Government and private sector participation will be increased in the development and expansion of IT. | <ul style="list-style-type: none"> • Number of established Information Centers to be 300. • Population with access to IT. • Number of private companies involved in IT Park. • Establishment and status of operation of the IS Lab. | <ul style="list-style-type: none"> • Reports of High Level Commission for Information Technology. • Updated reports of the Ministry of Information and Communication and the Ministry of Science and Technology, and the subordinate entities. • Reports of local entities and NGOs. • Special Study Reports. | <ul style="list-style-type: none"> • IT Park Operation Program • IT Development Program in alliance with universities and academic institutions. • Program on feasibility study and development of FOSS, and on study and research on hardware/ software. • Study and research program on intellectual property rights in the use of IT. • Radio and TV programs on IT. • Workshop programs on Information Bank, e-commerce, e-service, and e-learning. • Program for government website construction, e-mail management and intranet establishment. | <ul style="list-style-type: none"> • Required resources will be available on time. • Application of IT by the public will grow as expected. |
| Through the expansion in the application of IT in government tasks, administrative capacity and capability is enhanced, and service dissemination is effective. | <ul style="list-style-type: none"> • Programs recommended by the E-Government Master Plan Consulting Report will be implemented, and suitable programs as recommended by ICT4D's work plan for development will be launched. • Partnership with the private sector will be continued under the principle of public private partnership (PPP) by | <ul style="list-style-type: none"> • Number and status of programs/ projects launched under the E-Government Master Plan. • Number of government entities with optical fiber line connections, and the status of application. • Establishment and status of operation of | <ul style="list-style-type: none"> • Reports of the High Level Commission for Information Technology. • Updated reports of the Ministry of Information and Communication and the Ministry of Science and Technology, | <ul style="list-style-type: none"> • Formulation and implementation of the E-Government Master Plan. • Information Bank Establishment and Capacity Development Program. • E-Portal Site Update Program. • Programs for the extension of optical fiber and wireless technology in government entities, and for | <ul style="list-style-type: none"> • Concerned government entities will participate. • Required institutional development will take place. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|---|---|---|--|
| | <p>launching programs recommended by the E-Government Master Plan Consulting Report.</p> <ul style="list-style-type: none"> • Participation of government, local bodies and the private sector will be increased for the implementation of e-government. | <p>the Information Bank.</p> <ul style="list-style-type: none"> • Status of updating of government e-portal sites. | <p>and the subordinate entities.</p> <ul style="list-style-type: none"> • Reports of local entities and NGOs. • Special Study Reports. | establishment of contact point. | |
| In the field of technological development, there is legal and policy-related improvement, and in addition to human resource development, institutional strengthening and capacity enhancement is achieved. | <ul style="list-style-type: none"> • Duplication in the implementation of IT will be removed. • Institutional strengthening will be continued by formulating policies, rules and laws. • Development of skilled human resources will be continued. • Launching of program under the principle of Business Processing Reengineering will be given continuity. • Necessary institutions will be established and operated for the institutional development of electronic transactions. | <ul style="list-style-type: none"> • Law and rules related to IT. • Number of human resources trained in IT (2,550) and status of technology application. • Number of participants in workshops related to IT. | <ul style="list-style-type: none"> • Reports of the High Level Commission for Information Technology. • Updated reports of the Ministry of Information and Communication and the Ministry of Science and Technology, and the subordinate entities. • Reports of local entities and NGOs. • Special Study Reports. | <ul style="list-style-type: none"> • Telecenter Establishment and Management Program. • Certifying Agency Establishment Program. • "Information and Communication Technology" Service Group Formation Program. • IS Lab Establishment Program. • Rural Information Center Establishment Program. • Information Technology Act and Regulation Preparation and Modification Program. • Program for formulation of law on Payment Gateway. • Government Integrated Data and Training Centre – GIDTC Construction Program. • Basic Computer Training Program. • E-Government Motivation Program for civil servants. | <ul style="list-style-type: none"> • Required resources will be available on time. • Required policy-related and legal improvement will be made. |

3.39: Alternative Energy

| Objective | Strategy | Indicators | Source of Information | Major Program | Assumption and Risk |
|---|--|---|---|--|---|
| To contribute towards improved living standard of the rural population by developing the local resource and environmental friendly technology based alternative energy and integrating it with the social and economic activities, and in the process reducing the dependency on imported energy. | <ul style="list-style-type: none"> • Emphasize on promotion and expansion of small and micro-hydropower, solar energy, bio-energy and wind energy in the rural areas. • Develop and expand the alternative energy technologies in integrated manner with considerations to social and environmental sustainability. • Continue with development and expansion of alternative energy at district and village level by creating conducive environment to attract the private sector and community. • Transform and establish the existing Rural Energy Fund as the Central Energy Fund for effective and sustainable development of the rural energy sector, and gradually extend the Fund to district and village levels as per the need. • Emphasize on Research and Development (R&D) as well as Transfer of Technology programs for cost reduction, capacity enhancement and creating conducive atmosphere for the usage of alternative energy technologies by majority of the rural population. • Emphasize on capacity enhancement of the private and community sectors so as to attract them towards development and utilization of alternative energy. | <ul style="list-style-type: none"> • Percentage of population having access to alternative energy. • Utilization Status of alternative energy in the sectors of information technology, education, health, drinking water etc. in the rural areas. • Participation status of the private and community organizations in the operation and management of the Alternative Energy. • Increase in access of population belonging to low income regions, community and class to local level alternative energy technologies. | <ul style="list-style-type: none"> • Quarterly and annual progress reports of the concerned agencies. • Special investigation/survey reports. • Annual assessment reports and economic survey. | <ul style="list-style-type: none"> • Programs for development and promotion of Bio-energy. • Programs for development and promotion of Solar Energy. • Programs for expansion of micro and small hydroelectricity and improved water mills. • Wind Energy Development Program • Institutional Development Program • Programs for establishment of Energy Fund. • Programs for R&D and Transfer of Technology. | <ul style="list-style-type: none"> • Commitments for cooperation by the donor agencies and its continuity. • Continuity of Stakeholders' commitments and capacity enhancements of the private sector. • Timely modifications in the Subsidy Policy. • Participation and interest of the local bodies and the public at large towards the development and utilization of alternative energy. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|--|--|--|---|
| Promotion and widespread utilization of Biogas, Improved Oven and other organic energy sources are enhanced. | <ul style="list-style-type: none"> The utilization efficiency of available bio-energy sources in the rural areas will be enhanced. The dependency on imported energy will gradually be reduced. The generation of energy will be increased using bio-energy technologies, and awareness on its use will be raised. Studies and investigations (R&D) will be undertaken to address issues pertaining to development, expansion and cost reduction of alternative energy. | <ul style="list-style-type: none"> Households connected to bio-gas plants to reach 100,000 nos. Households connected to improved oven and other bio-energy systems to reach -300,000 nos. | <ul style="list-style-type: none"> Monthly, quarterly and annual progress reports of the concerned agencies. Special investigation/survey reports. Annual assessment reports and economic survey. Site Supervision Visits. | <ul style="list-style-type: none"> Biogas Plant Development Program. Program for promotion of Improved Oven and other Bio-energy system. | <ul style="list-style-type: none"> Availability of requisite grants and loans. Eagerness and awareness on Bio-energy at mass level. Modifications in the Subsidy Policy as per the need. |
| Expansion and utilization of solar energy for electricity and other services are enhanced. | <ul style="list-style-type: none"> Solar energy service will be expanded to areas neither to be connected with the national grid system in the near future nor having micro hydroelectricity potential. The use of solar pump will be expanded in feasible hill and mountain regions with a view to contribute towards long-term Agriculture Perspective Plan. The solar energy technologies will be used as a medium to supply electricity for the development of the information, communication and education sectors in the remote areas, and thereby increasing its accessibility. Arrangements shall be made to easily avail credit, finance etc. through collective mortgage so as to increase the access of the poverty stricken and disadvantaged groups and nationalities to the energy. | <ul style="list-style-type: none"> Households connected to domestic solar electricity system to reach 90,000 nos. Households distributed with solar plant to reach 140,000 nos. Installed solar pumps to reach 50 nos. Installed institutional solar electricity system to reach 810 nos. Used solar cooker/dryer to reach 1,500 nos. | <ul style="list-style-type: none"> Monthly, quarterly and annual progress reports of the concerned agencies. Special investigation. Annual assessment reports and economic survey. Site Supervision Visits. | <ul style="list-style-type: none"> Program for installation of Solar Energy System. | <ul style="list-style-type: none"> Eagerness and awareness on Solar Energy at mass level. Availability of requisite grants and loans. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|---|---|---|--|---|
| Electricity generation and productive utilization through micro and small hydropower projects are increased. | <ul style="list-style-type: none"> The use diversification of micro hydropower projects will be promoted. Provisions will be made to trade electricity in areas presently served by micro and small hydropower projects but expected to be brought under the national grid system in future. The economic activities, trade, commerce and industries that are dependent on alternative energy, will be encouraged. The accessibility of information technology and education sectors will be increased in the rural areas by supplying electricity for its development. | <ul style="list-style-type: none"> Electricity generation from micro hydroelectricity to reach 11,500 KW Improved water mills in operation to reach 4,000 nos. No. of trades/establishments based on alternative energy. | <ul style="list-style-type: none"> Monthly, quarterly and annual progress reports of the concerned agencies. Special investigation reports. Annual assessment reports and economic survey. Site Supervision Visits. | <ul style="list-style-type: none"> Program for commissioning small and micro hydel projects. Program for promotion of improved water mills. | <ul style="list-style-type: none"> Availability of requisite grants and loans. Eagerness and awareness on micro hydroelectricity at mass level. Modifications in the Subsidy Policy as per the need. |
| Development and utilization of Wind Energy is enhanced. | <ul style="list-style-type: none"> The development and use of wind energy will be emphasized in feasible districts with the involvement of local bodies and peoples' participation. | <ul style="list-style-type: none"> Electricity generation of 50 KW and its status of utilization. | <ul style="list-style-type: none"> Periodic progress reports of the concerned agencies. Special investigation reports. | <ul style="list-style-type: none"> Wind Mapping Program. Small Wind Energy Development Program. | <ul style="list-style-type: none"> Participation of local bodies and the public at large. |
| Institutional capacity in the sectors of alternative energy development and utilization is enhanced. | <ul style="list-style-type: none"> The required human resources will be developed for making the implementation, monitoring and evaluation activities more effective. The formulation of necessary laws, acts and regulations as well as development of physical facilities will be emphasized towards institutionalizing the promotion of alternative energy. | <ul style="list-style-type: none"> No. of human resources with enhanced capacity through necessary training/education programs. Required laws and acts having been formulated. | <ul style="list-style-type: none"> Periodic progress reports of the concerned agencies. Special investigation reports. | <ul style="list-style-type: none"> Program for institutional strengthening of the Energy Bank. Capacity enhancement programs for institutions associated with development of alternative energy. | <ul style="list-style-type: none"> Continuity of GoN's Policy on promotion of alternative energy Formulation of required laws and acts. |

| Outcome/ Results | Policy/Working Policy | Indicators | Source of Information | Major Program | Assumption and Risk |
|--|--|---|--|--|--|
| Availability of necessary financial resources for the development of alternative energy is enhanced. | <ul style="list-style-type: none"> The Central Energy Fund will be established. In order to increase the access of disadvantaged population to alternative energy, arrangements shall be made for collective mortgage, and the revolving fund will be established. | <ul style="list-style-type: none"> Establishment of Central Energy Fund and effectively being managed. Financial resource mobilization for the development and use of alternative energy. | <ul style="list-style-type: none"> Periodic progress reports of the concerned agencies. Special investigation reports. | <ul style="list-style-type: none"> Program for establishment of Central Energy Fund. Program for provisioning collective mortgage and establishment of revolving fund. | <ul style="list-style-type: none"> Active participation of local bodies and the public at large. |
| Development of appropriate technologies and its effective consumption are increased. | <ul style="list-style-type: none"> The research and development (R&D) and awareness raising programs related to the development and use of alternative energy will be emphasized. Arrangements shall be made to assure the quality standards of equipment and to enhance the capacity of the Renewal Energy Investigation Center | <ul style="list-style-type: none"> Developed technologies in the sector of alternative energy. Household numbers utilizing the alternative energy. | <ul style="list-style-type: none"> Periodic progress reports of the concerned agencies. Special investigation reports. | <ul style="list-style-type: none"> Program for raising public awareness. Research and development Program | <ul style="list-style-type: none"> Formulation of required laws and acts. Expected peoples' participation. |

3.40: Good Governance

| Objective | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|--|--|--|---|
| <p>To provide support to social and economic development by making the people experience feeling of good governance, by making the judicial and development administration responsible, transparent, inclusive, answerable and free of corruption.</p> | <ul style="list-style-type: none"> • To control corruption in an effective way through control and treatment methods by developing corruption-free, transparent, responsible, participatory, service oriented, results-oriented, inclusive administrative mechanisms and by enhancing the capacity of civil servants. • To encourage the groups with limited access to public services to get adjusted in the service by adopting the strategy of preferential differentiation. • To experience the feeling of the saying “quality service is the fundamental right of the service takers” by making government service inclusive. • To make security and judicial administration able to provide fast and expedient service by making these competent and strong. • To promote the culture of protecting, promoting and respecting human rights. | <ul style="list-style-type: none"> • Reduction of the complaints in Abuse of Authority Investigation Commission and National Vigilance Centre. • Civil Service Act and regulations with inclusive mechanisms formed. • Integrated civil service established. • Security and judicial administration strengthened. • Reduction in the complaints of violation of human rights. | <ul style="list-style-type: none"> • Annual report of Commission for the Investigation of the Abuse of Authority and National Vigilance Centre. • Description related with the filling in of posts of the Public Service Commission. • Publication of police administration and judicial administration. • Annual report of Human Rights Commission. | <ul style="list-style-type: none"> • Institutional strengthening program. • Integrated and inclusive civil service strengthening/improvement programs. • Study research related programs. | <ul style="list-style-type: none"> • Political commitment in the reform process. • Condition of peace and security. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|--|---|--|---|
| <p>Feeling of good governance experienced by the people along with effectiveness of minimizing corruption, promotion of good governance and in the provision of services with the enhancement of administrative and institutional competence.</p> | <ul style="list-style-type: none"> • Capacity building of the agencies like Commission for the Investigation of the Abuse of Authority and National Vigilance Centre will be carried out for the minimization of corruption and the promotion of good governance. • The policy to penalize the officials assuming posts of advantage and making huge property through corruption will be implemented in an effective way. • Acts will be enacted to control the changing of the black money and property earned through corruption and illegal transaction to white money. • Judicial administration will be made expedient, effective and responsible through institutional strengthening of the judiciary. • Agencies delivering services directly to the people will be equipped with necessary resources, means and authority. • The system for complaint lodging will be initiated by arranging toll free telephone line, and listening to people's inquiry and complaints. | <ul style="list-style-type: none"> • Reduction in the number of complaints lodged at the Commission for the Investigation of the Abuse of Authority and National Vigilance Centre. • Reduction in the number of complaints related to human rights. • Effectiveness realized in security and judicial administration. | <ul style="list-style-type: none"> • Reports of the Commission for the Investigation of the Abuse of Authority and National Vigilance Centre. • Reports of the Human Rights Commission. • Publications of police administration and judicial administration. | <ul style="list-style-type: none"> • Program related to policy and structural arrangement, to experience the feeling of good governance in the private sector and NGOs. • Periodic strategic implementation of the judicial sector and effectiveness enhancement program. • Organizational and institutional competence enhancement program of the constitutional organs. • Programs to establish human resource service management unit in ministries. • HRD programs in the administrative sectors. | <ul style="list-style-type: none"> • Expected policy and structure reforms. • Commitment of the concerned agencies to good governance to be maintained. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|---|---|---|
| <p>Proper participation of backward and disadvantaged groups and community increased in civil services along with effectiveness in the delivery of civil services.</p> | <ul style="list-style-type: none"> • Appropriate mechanisms for the monitoring and evaluation of performance/non-performance in an effective manner of the programs related to the strengthening of good governance in accordance with decentralization and devolution policy will be managed. • The role of the civil society and the media in monitoring works will be increased by giving continuity to the system of citizen charter and public hearing and extending the same to other non-government and private sector and users' groups involved in public services in a gradual manner. • Arrangements to provide the electronic information transmission system with a legal recognition will be made along with the further extension of the use of information technology in government functions. • Arrangements will be made to record all the activities and information of all the government offices involved in service delivery in computers. | <ul style="list-style-type: none"> • Percentage increase in the participation of the disadvantaged communities in civil services. • Feelings of the common people on the effectiveness of the civil service delivery. • Condition of the transfer of local services to local levels. | <ul style="list-style-type: none"> • Description of PSC on filling in of the posts. • Progress reports of local bodies. • Special survey report. | <ul style="list-style-type: none"> • Civil servants capacity enhancement program. • Monitoring and evaluation system development program. • Inclusion in civil service program. • Program to make the Front Line Office authorized and responsible. | <ul style="list-style-type: none"> • Government's commitment on the strengthening of civil services. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|--|--|
| Skilled and experienced retired human resources utilized and basis for the determination of the future form of civil services under the federal government system obtained. | <ul style="list-style-type: none"> • The possible structure of civil services considering the inclusive and decentralized federal government system as indicated by the Nepal Interim Constitution 2006 will be developed after making studies. • Studies will be carried out on the utilization of the expertise and experiences of the retired civil servants. | <ul style="list-style-type: none"> • Study report of the future form of civil services. • Study report on the retired human resources. • Condition of the utilization the retired human resources. | <ul style="list-style-type: none"> • Related study reports. • Reports of the MoGA. | <ul style="list-style-type: none"> • Program related to the utilization of the expertise of retired civil servants. • In the context of inclusive democracy and federal government system, study program on the future form and structure of the civil services. | <ul style="list-style-type: none"> • Necessary resources to be available. |

3.41: Decentralization and Devolution

| Goal | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|--|
| To establish and increase effectiveness of local bodies in local development and construction and to provide good governance at the local level in order to assume the responsibility through decentralization and devolution of political, planning, fiscal, legal and administrative authorities in accordance with the concept of federal structure and inclusive democracy and the policy of full devolution. | <ul style="list-style-type: none"> Decentralization and devolution will be adopted as the main medium of the fundamental policy of development works and state operation and for the promotion of the local government and its empowerment. An environment will be created whereby all the government, non-government organizations and agencies concerned with development will work in a decentralized pattern, being accountable to the local government. Access and ownership of the socially, culturally, geographically and economically backward groups, region and communities will be enhanced in local governance and development construction and service delivery. | <ul style="list-style-type: none"> Full devolution in line with principles and policy of LSGA 1999. Agencies concerned with development works being accountable to the local government. Feelings about local level good governance. Formation of interim local bodies. Participation and inclusion of all the groups and communities in service delivery and local development and construction. | <ul style="list-style-type: none"> Evaluation report of the Interim Plan. Decisions of decentralization, implementation and monitoring committee. Reports related to the formation of local bodies. Progress reports of MoLD. | <ul style="list-style-type: none"> Formation of interim local bodies. Full devolution of Action Plan formulation and implementation. Management of local services programs. Local bodies restructuring program. Programs related to local government credit mechanism and strengthening of local body development grant system, fiscal decentralization, and statistical strengthening. | <ul style="list-style-type: none"> Interim local bodies to be formed. Commitment of central agencies to devolution. State restructuring commission formed. Political stability of the state and peace and security improved. Commitment of the centre and the local level to inclusion. State restructuring commission will be formed. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|--|---|--|
| Full devolution in all districts with the formulation and implementation of devolution action plan. | <ul style="list-style-type: none"> • In the context of full devolution, all the works excepting policy formation, preparation of standard, quality control, HRD, technical assistance, capacity enhancement, central level studies and research, monitoring and evaluation of the central level and construction of big infrastructure development projects, will be devolved to local bodies. • While devolving, all the works except those to be undertaken by the center, it will be devolved at one time after clearly indicating the allocation of works among different line offices and the concerned local agencies of the district. | <ul style="list-style-type: none"> • Full devolution action plan prepared. • Status of implementation of action plan. | <ul style="list-style-type: none"> • Full devolution action plan booklet. • Progress reports of MoLD and local bodies. | <ul style="list-style-type: none"> • Preparation of full devolution action plan and implementation. | <ul style="list-style-type: none"> • Formation of local bodies and people's representatives on duty. |
| Adoption of local services at the local level with the enforcement of Local Service Act. | <ul style="list-style-type: none"> • Staff will be deputed to local level by creating posts at the reserve pool for the devolved staff. Arrangements will be made to make their administrative work responsibility to the concerned local agency through the concerned sectoral division. • With the implementation of Local Service Act, the staff management will be done according to the provision mentioned in the Service Act. • While preparing and implementing plans, policies and programs, rights' based concept will be followed and the protection and promotion of human rights and fundamental freedom will be done along with the inclusion of all the citizens in all the | <ul style="list-style-type: none"> • Local Service Act formulated and adopted. • Experience of human rights and fundamental freedom among all the citizens. • Percentage of participation of marginal groups and communities in local level programs. | <ul style="list-style-type: none"> • Local Service Act and regulations. • Reports of MoLD and local bodies. • Special survey reports. | <ul style="list-style-type: none"> • To enforce the Local Service Act. • Formation of local service commission. • Posting of staff and their adjustment. | <ul style="list-style-type: none"> • Local Service Act formed. • Continuity of the government's commitment to decentralization and devolution. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|--|---|--|--|
| | areas of the State (women, children, <i>Madhesis</i> , persons with disability, <i>Adibasi Janajatis</i> and <i>Dalits</i>). | | | | |
| Restructuring local bodies developed as competent units. | <ul style="list-style-type: none"> In the context of state restructuring, local bodies will be developed as competent units to work as local government by restructuring them on the basis of geography, population, resources and inputs, service delivery etc. | <ul style="list-style-type: none"> Local bodies restructured. Status of operation of local bodies. | <ul style="list-style-type: none"> Decision for restructuring of local bodies. Reports of MoLD. Various study reports. | <ul style="list-style-type: none"> Formation of high-level commission for restructuring local bodies. Formation of local service commission. | <ul style="list-style-type: none"> Local service commission and high level commission formed. |
| Effectiveness enhanced in resource mobilization of local bodies, grant system developed and data system strengthened. | <ul style="list-style-type: none"> Special attention will be given to the overall upliftment of backward regions, groups and communities from social and economic perspective in order to ensure balanced and equitable development while mobilizing revenue to local bodies. The work related to collection, analysis and dissemination of the primary data, disaggregated data system will be institutionalized at the local level in order to make inclusion vivid and real. Local level planning, implementation and monitoring will be made inclusive by considering disaggregated data as the base and priority will be given to women, <i>Dalits</i>, disadvantaged groups, <i>Adibasi Janajatis</i>, persons with disability, etc. | <ul style="list-style-type: none"> Establishment of local bank and status of credit flow. Development of monitoring, allocation and distribution formula and the status of utilization. Development of statistical system at the local level and its status of utilization. | <ul style="list-style-type: none"> Progress report of MoLD. Reports of local bodies. Special study report. | <ul style="list-style-type: none"> Development of loan mechanism of local government. Grant system strengthening program. Statistical strengthening programs. | <ul style="list-style-type: none"> Development, construction and service delivery at the local level with the establishment of peace. |

3.42: Planning and Statistical System Development

| Goal | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|--|--|---|--|---|---|
| To institutionalize effective planning system with the development of reliable statistical system. | <ul style="list-style-type: none"> Institutional strengthening and capacity enhancement of planning organizations, statistics and planning units, will be done. Institutional strengthening of national statistical system. Infrastructure strengthened and dynamic planning system will be prepared. | <ul style="list-style-type: none"> Status of national statistical system development and operation. Planning system based on statistics and values. | <ul style="list-style-type: none"> Publication of NPC. Publication of other related agencies | <ul style="list-style-type: none"> Institutional strengthening programs. Statistical system development program. Planning system development programs. | <ul style="list-style-type: none"> Institutional competence development utilized. Political stability of the state and peace and security condition improved. Commitment of the center and local level to inclusion. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|--|---|--|---|---|---|
| Competence and effectiveness increased as per the need of the time with the institutional development of NPC and CBS and offices under it. | <ul style="list-style-type: none"> NPC and CBS will be restructured and strengthened in order to ensure notable reforms in working style and effectiveness. Planning and statistical systems will be gradually made inclusive and engenderized. | <ul style="list-style-type: none"> New structure for the existing NPC and CBS. Planning and statistics presented and engenderized. | <ul style="list-style-type: none"> Records/reports of concerned offices. | <ul style="list-style-type: none"> Institutional, legal, working process restructuring program of NPC. Office automation program. Infrastructure construction program. Policy study analysis system development program. National development volunteers service strengthening program. Model community development program to form units for study, research and analysis. | <ul style="list-style-type: none"> Adequate coordination among concerned sectoral offices. Political stability of the state and the condition of peace and security improved. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|--|---|--|
| Regular supply of necessary statistics to make formulation, monitoring and evaluation of periodic plans and sectoral plans objective with the development and strengthening of national statistical system. | <ul style="list-style-type: none"> A framework will be prepared on the study of planning and statistical system in line with federal structure. | <ul style="list-style-type: none"> Availability of population, economic, social, environmental and other statistics. | <ul style="list-style-type: none"> Counting, survey and office records and reports. Publications of CBS. | <ul style="list-style-type: none"> PMIS program. Depository of information and statistics program. National accounts system strengthening program. Program to prepare satellite accounting. | <ul style="list-style-type: none"> Contemporary policy formation in accordance with federal structure. Necessary resources and inputs to be available on time. Necessary human resources to be available and motivated. |
| The destination to economic and social development fixed through long-term vision, document and plan preparation and policy research. | <ul style="list-style-type: none"> Planning system based on dynamic political, economic and social environment, favorable to research and objective analysis will be adopted. | <ul style="list-style-type: none"> Long-term vision paper prepared. | <ul style="list-style-type: none"> Publications of National Planning Commission and concerned agencies. | <ul style="list-style-type: none"> Long-term vision paper and policy research program. Study, research and survey programs. Observation tour, seminar, conference, public consultation and debate and awareness raising programs. Gender planning system extension program. | <ul style="list-style-type: none"> Local bodies committed to the establishment of peace. Necessary cooperation from other ministries and agencies to be received. |

3.43: Implementation Management

| Goal | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|--|---|
| To create a condition in which the targeted communities will receive the outcomes in a sustainable manner by ensuring the implementation of the periodic plan, development programs and projects with stipulated quantity, quality, costs and timely performance. | <ul style="list-style-type: none"> • In order to complete development programs and projects in the stipulated time, quantity, cost and quality, appropriate mechanisms will be developed and the institutional framework of the current monitoring and evaluation and poverty monitoring, will be made competent, effective and sound. • Recognizing and focusing on the differences between sectoral and working modalities, implementation system will be adopted. • Service takers will be made to participate in formulation of the comprehensive project formulation to the implementation stage. | <ul style="list-style-type: none"> • No. of projects completed within the stipulated quantity, quality, cost and time. • Institutional framework and mechanisms related to implementation management prepared. • Sectoral and working system of implementation related to development prepared and adopted. • Increase in the participation of service takers at all stages of development works. | <ul style="list-style-type: none"> • Reports of NPC /ministries. • Reports related to the studies and research of various government agencies and NGOs. • Field inspection reports. | <ul style="list-style-type: none"> • A system development program for reviewing MIS and information review and utilization. • Program related to the management of all party mechanism at district, municipal and village level. • Training program for the concerned staff on Public Procurement Act and regulations. • Programs to implement projects with the preparation of annual work schedule for program implementation. • Programs to prepare and implement guidelines on the norms for getting works done through local beneficiaries' users group and auditing system. • To make budget program and progress report public on a periodic basis. | <ul style="list-style-type: none"> • Full positive contribution of the concerned ministries on project implementation. • Positive cooperation of all stakeholders of development. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|--|--|
| Plan implementing system improved through the development and use of the system to review and utilization of information. | <ul style="list-style-type: none"> Arrangements will be made to make the selection process of development projects qualitative. Service delivery will be simplified and facilitated by enhancing competence of government agencies. | <ul style="list-style-type: none"> No. of ministries and agencies with MIS established. Status of the utilization of information received from MIS. | <ul style="list-style-type: none"> Reports of NPC/ministries. Reports on studies and research conducted by different government agencies and NGOs. Field inspection report. Reports of NPC/ministries. Reports related to the studies and research of various government agencies and NGOs. Field inspection reports. | <ul style="list-style-type: none"> Work on system development in order to review and utilize MIS and information. | <ul style="list-style-type: none"> Cooperation of concerned ministries as expected. Positive cooperation of all the stakeholders |
| Convenience and effectiveness in program implementation with the provision of all party mechanism at local bodies. | <ul style="list-style-type: none"> Appropriate all party mechanism will be formed for the implementation and facilitation of development construction works at the district level. | <ul style="list-style-type: none"> Decision related with the all-party mechanism. Meetings and decisions of all party mechanism. Improvement in the operation of development programs. | <ul style="list-style-type: none"> Cabinet decision. Minute book of local bodies. Special study report. Field inspection report. | <ul style="list-style-type: none"> Management of all party mechanism at the district level | <ul style="list-style-type: none"> Agreement of all political parties. |
| Training for stakeholders on the Public Procurement Act and regulations to increase their competence conducted. | <ul style="list-style-type: none"> Uniformity will be brought out in the procurement process by adopting the Public Procurement Act and regulations and guidelines. | <ul style="list-style-type: none"> Training of the Public Procurement Act and regulations and number of trainees. | <ul style="list-style-type: none"> Progress description of public procurement monitoring office. | <ul style="list-style-type: none"> Training program for stakeholders and staff on the Public Procurement Act and regulations. | <ul style="list-style-type: none"> Adequate budget allocation for training. Proper utilization of the trained human resources. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|--|---|---|--|---|
| Projects/programs effectively implemented. | <ul style="list-style-type: none"> Programs and projects with implementation program and action plan will be developed. To make a mandatory provision requiring the implementation of development programs/projects only after preparing implementation action plan. | <ul style="list-style-type: none"> No. of projects having implementation action plan | <ul style="list-style-type: none"> Plan implementation description of all executing ministries and agencies. | <ul style="list-style-type: none"> | <ul style="list-style-type: none"> Commitment of all the ministries and agencies to remain. |
| Transparency and effectiveness with the adoption of clear guidelines including norms of the work performed by users' group and social auditing provision increased. | <ul style="list-style-type: none"> Mechanism to get the service takers involved in program/project implementation will be developed. | <ul style="list-style-type: none"> Guidelines related to users' committee and social auditing adopted. Public opinion on the effectiveness and transparency in operation. | <ul style="list-style-type: none"> Published guidelines of the MoLD and other ministries. Sector-wise report on inspection tours. | <ul style="list-style-type: none"> Program to prepare guidelines including performance standards of the works of users' committees and management of social auditing. | <ul style="list-style-type: none"> Commitment of the government to remain. Participation of local bodies and communities. |

3.44: Monitoring and Evaluation System

| Goal | Strategies | Indicators | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|---|---|---|
| To arrange for the utilization of the feedback in policy formulation, formulation of development plans and implementation of decision making by M & E works of the projects and programs as well as development policies through the strengthening of M & E system. | <ul style="list-style-type: none"> • To strengthen the institutional and procedural system related to M & E by establishing database from different levels and agencies. • PMAS, PPMS and DPMAS will be institutionalized after revision according to the needs. • Emphasis will be given to link the performance of the evaluation of the human resources engaged in the projects with the progress of the programs and projects and M & E of development policy, projects and programs and to make M & E result - oriented | <ul style="list-style-type: none"> • No. of meeting at the ministry level and of National Development Problem Solution Committee. • No. of trained human resources. • No. of districts with the adoption of DPMAS. • No. of programs and projects with monitoring done in a special way. • No. of agencies participating in the networking. • No. of projects with evaluation and evaluation report. • Status of the utilization of the feedback in decision-making related to planning, programming and implementation received from M & E of PPIS. | <ul style="list-style-type: none"> • Progress reports of NPC/ministries • M & E reports. • Special study report. • Site visit report. | <ul style="list-style-type: none"> • Monitoring system strengthening program. • Special monitoring program for programs related to reconstruction, rehabilitation, re-integration and social inclusion. • Public Expenditure Flow Program • Work to networking PPIS with development related ministries. • Program to institutionalize MfDR in NPC and some ministries. • Program to phase wise institutionalize DPMAS. • Evaluation works of development policy, program and project evaluation • Program to award and honor affiliated staff and projects on the basis of performance in accordance with inspection report and suggestions. | <ul style="list-style-type: none"> • Government commitments to remain. • Appropriate budget allocation for M & E allocated • Priority on M & E accorded by the ministries. |

| Outcome/Results | Policy/Working Policy | Indicator | Source of Information | Major Programs | Assumptions and Risks |
|---|---|---|--|---|---|
| Effectiveness enhanced in monitoring with the strengthening of M & E system | <ul style="list-style-type: none"> • To institutionalize participatory monitoring mechanism with participation of the service takers and targeted groups and their voices in monitoring and analysis. • To make arrangements for retaining the trained human resources for a predefined period along with giving emphasis on HRD. • To prepare and implement government policy for M & E of development programs and projects. | <ul style="list-style-type: none"> • Increase in the participation of service-takers and targeted groups. • No. of trainings and trained persons. • Policy, rules and regulations enforced after being prepared. | <ul style="list-style-type: none"> • Reports of NPC and ministries. • Reports of various studies, research and donor agencies. | <ul style="list-style-type: none"> • Monitoring system strengthening program • Participatory monitoring system programs. • Capacity enhancement for human resources connected with M & E. • Government policy formation related to M & E. | <ul style="list-style-type: none"> • Full support of all the stakeholders to be received. • Necessary institutional provision |
| Reconstruction, re-establishment and reintegration and social inclusion programs implemented effectively. | <ul style="list-style-type: none"> • Arrangement will be made for monitoring reconstruction, re-establishment and reintegration and social inclusion programs in a special way. | <ul style="list-style-type: none"> • No. of times projects monitored in a special way. | <ul style="list-style-type: none"> • Monitoring reports of NPC and ministries. | <ul style="list-style-type: none"> • Social monitoring program for reconstruction, re-establishment and reintegration and social inclusion programs, in a special way. | <ul style="list-style-type: none"> • Necessary support and participation of concerned ministries and agencies to remain. |
| Public expenditure flow to be expedited. | <ul style="list-style-type: none"> • To make the monitoring system of public expenditure flow more comprehensive. | <ul style="list-style-type: none"> • Reduction in the time taken in public expenditure flow. | <ul style="list-style-type: none"> • Monitoring reports of public expenditure flow. | <ul style="list-style-type: none"> • Monitoring program of public expenditure flow. • For quality assessment, to conduct technical test of some projects every year. | <ul style="list-style-type: none"> • Necessary budget to be allocated. |

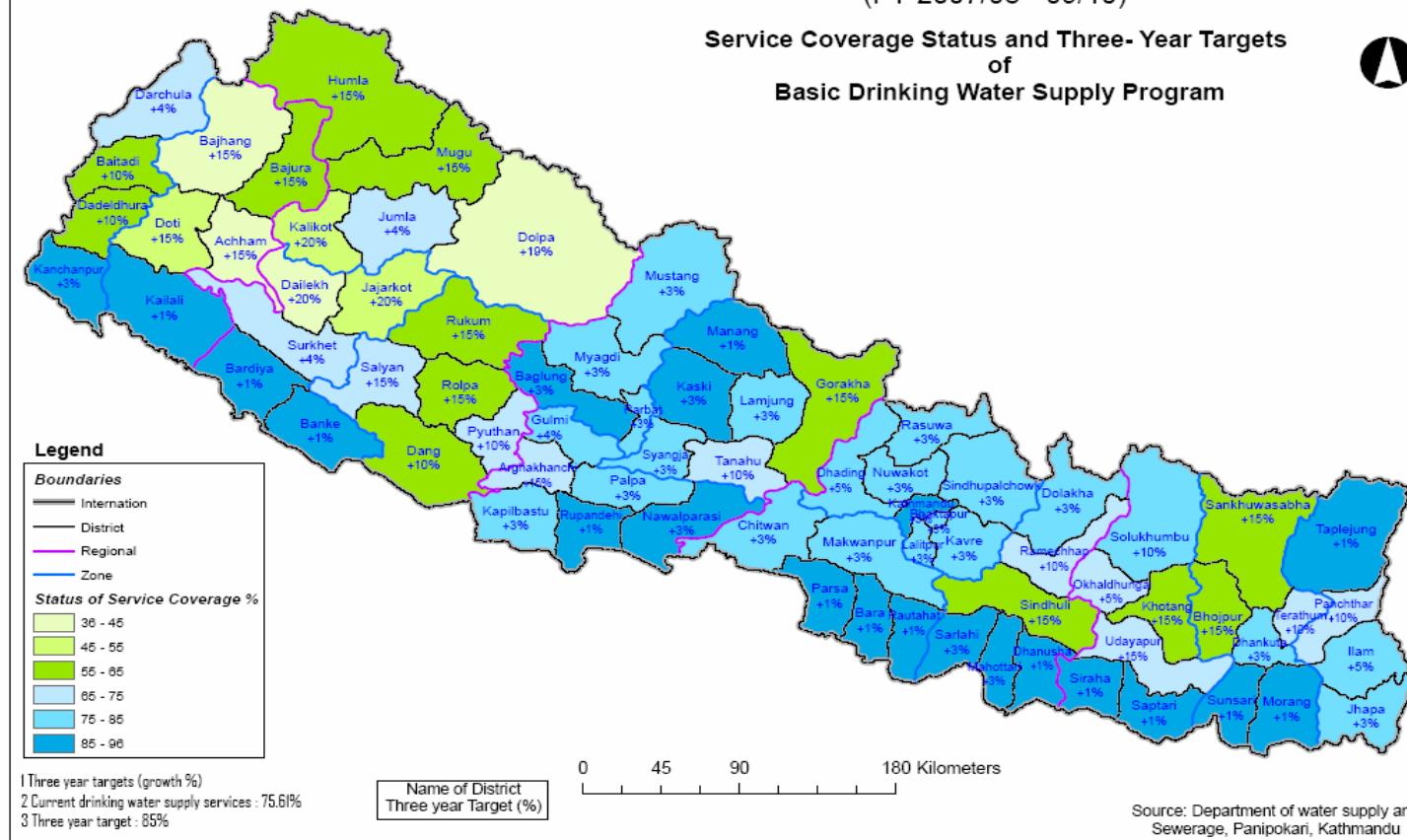
| Outcome/results | Policy/working policy | Indicator | Source of information | Major programs | Assumptions and risks |
|---|---|--|---|---|--|
| Information flow expedited through networking of development ministries with PPIS. | <ul style="list-style-type: none"> To manage for networking PPIS at the central level to expedite information flow related to M & E. | <ul style="list-style-type: none"> No. of ministries linked with networking. Improvement in information flow. | <ul style="list-style-type: none"> Report of various ministries on PPIS. | <ul style="list-style-type: none"> Program of networking development ministries with PPIS. | <ul style="list-style-type: none"> Commitment of all the ministries to remain |
| Plan formulation and implementation made effective through the institutionalization of MfDR system. | <ul style="list-style-type: none"> To follow MfDR to make M & E system result oriented. | <ul style="list-style-type: none"> No. of ministries with MfDR institutionalized. | <ul style="list-style-type: none"> Progress reports of NPC and ministries. | <ul style="list-style-type: none"> Program to institutionalize MfDR in NPC and some ministries. | <ul style="list-style-type: none"> Commitment of related ministries to remain. |
| DPMAS institutionalized in additional districts. | <ul style="list-style-type: none"> To institutionalize DPMAS by providing necessary support including capacity enhancement from the centre | <ul style="list-style-type: none"> No. of districts institutionalized. | <ul style="list-style-type: none"> Progress report of NPC and ministries | <ul style="list-style-type: none"> Program to institutionalize DPMAS. | <ul style="list-style-type: none"> Cooperation and participation of local bodies to remain. |
| Feedback received for new policy formulation and plan formulation. | <ul style="list-style-type: none"> The results obtained from the evaluation of development policy, programs and projects will be used as a feedback in the planning process. | <ul style="list-style-type: none"> No. of policies and projects evaluated and status of utilization of information received from feedback | <ul style="list-style-type: none"> Program and progress description of NPC and ministries. | <ul style="list-style-type: none"> Evaluation works of development policy, programs and projects. | |
| Morale of staff linked with projects to be high. | <ul style="list-style-type: none"> To link performance evaluation of the project chief with program/project progress. | <ul style="list-style-type: none"> Career development of project staff tied up with project performance. | <ul style="list-style-type: none"> Decision of cabinet office and ministries. | <ul style="list-style-type: none"> Program to award and honor projects and the staff on the basis of performance evaluation according to the suggestion of the Inspection Committee. | <ul style="list-style-type: none"> Continuity of the government policy |

THREE YEAR INTERIM DEVELOPMENT PLAN

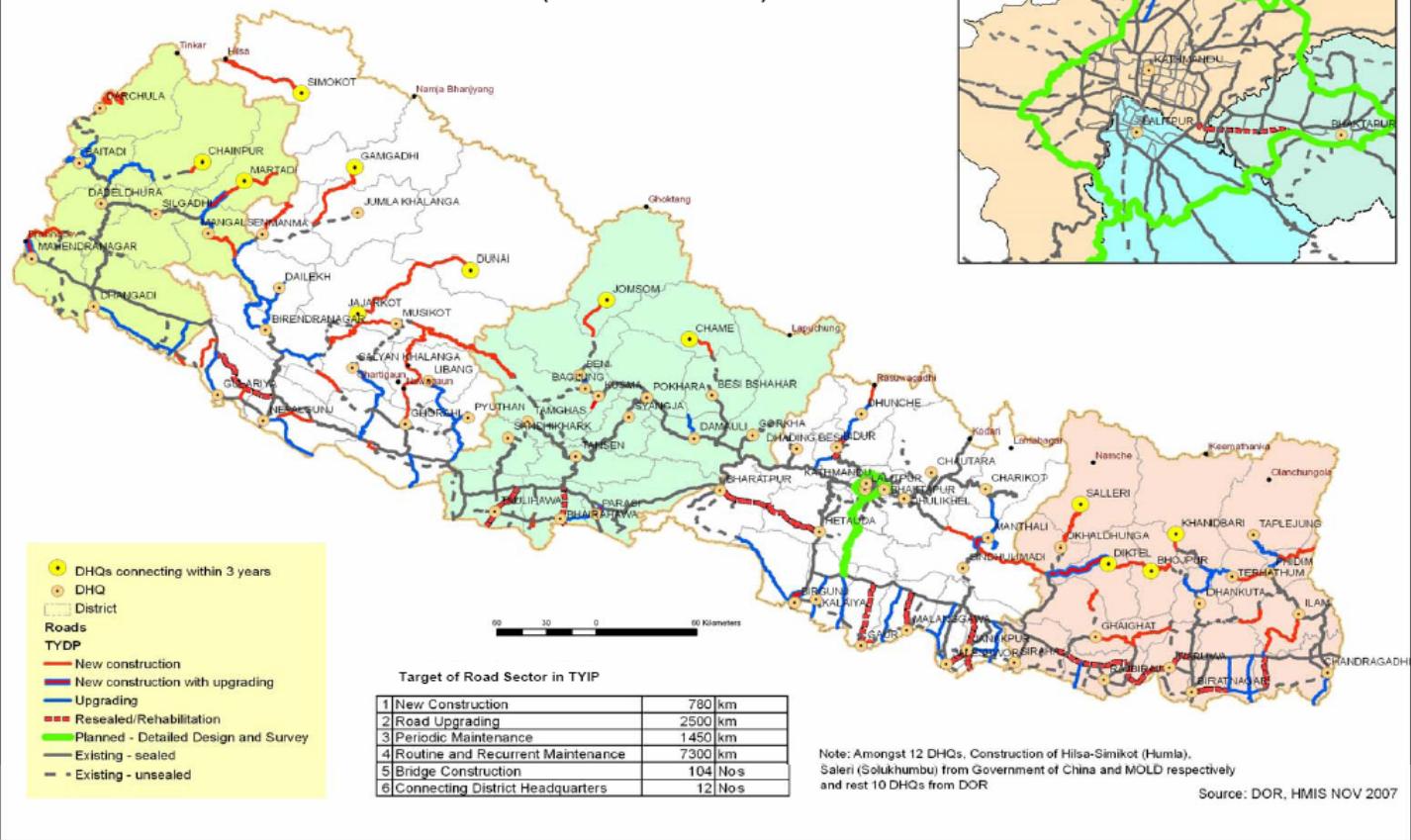
(FY 2007/08 - 09/10)



Service Coverage Status and Three- Year Targets of Basic Drinking Water Supply Program

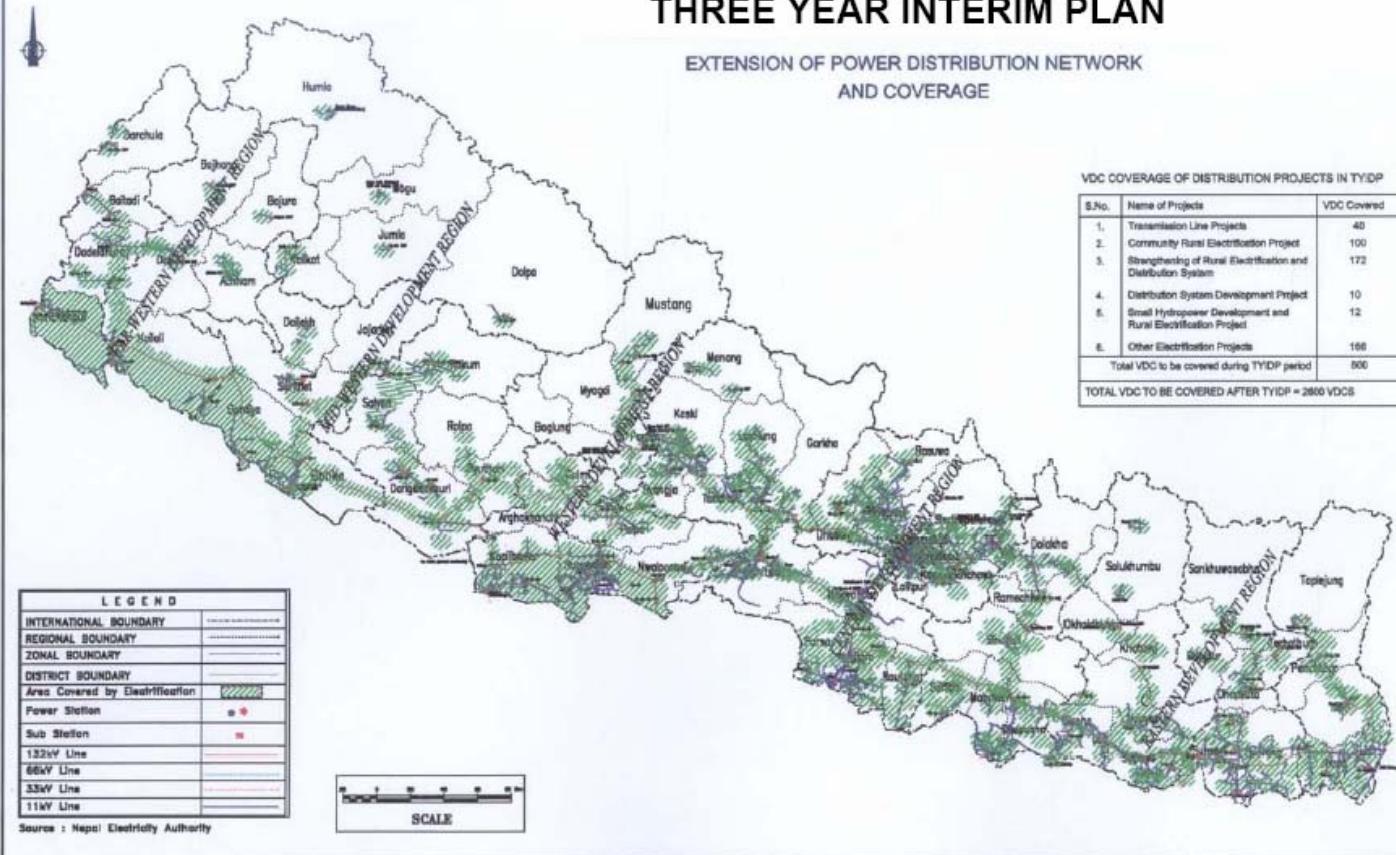


THREE YEAR INTERIM PLAN
Proposed Road Development (SRN) in TYIP
(FY 2007/08 – 2009/10)



THREE YEAR INTERIM PLAN

EXTENSION OF POWER DISTRIBUTION NETWORK AND COVERAGE



THREE YEAR INTERIM PLAN

(FY 2007/08 - 2009/10)

**Available Services of Telecom Sector
and**

Status of Service Coverage plus Three - Year Targets

