

Unofficial Translation

TENTH PLAN

(2002-2007)

His Majesty's Government
National Planning Commission
Nepal
2002, March



Prime Minister

Kathmandu, Nepal

March, 2003

Message

In the context of the efforts made for the planned development of the country, so far nine periodic plans have already been implemented. Despite the meaningful contribution made by these plans in the process of social and economic transformation of Nepal, the problems of the poverty and the backwardness still exist in the country.

The present economic and social structure, the peace and security situation, and the limited availability of sources and means have made our planned development efforts more challenging. However, it will not be difficult to eradicate poverty and backwardness of the country, with committed and honest efforts of all sector of society for the genuine cause of nation building.

In the process of country's all round development, the active participation and involvement of all the sections and classes/communities of the society becomes prerequisite for development of equitable and prosperous Nepali society. Thus, in the process of formulation of the Tenth Plan, efforts have been made to make this plan a common document based on the overall development aspirations of Nepali people through extensive discussion and interacting with concerned stakeholders.

As the Tenth Plan in itself is the strategic document for alleviating poverty, its only objective is poverty alleviation. The four strategic pillars adopted by the plan for poverty alleviation are a) high, sustainable and broad based economic growth, b) social sector and rural infrastructure development, c) targeted programme and d) good governance. In the context of market oriented economy and the pivotal role of the private sector in the overall economic activities, the investment of the government sector will be focused towards poverty alleviating programmes in the plan

Various targeted programmes have been designed for the women that occupy half of our society, backward areas and communities, ethnic group, *dalit*, blind, disabled and senior citizens. People that have no access to resource and means will be benefited through provision of sufficient resources in the development of rural sector.

Likewise, the fact that the role of the government, local agencies, private and non-government organizations are explicitly defined, active participation of the development stakeholders is sought during the plan period for the overall development of the country. I expect an active participation of all those concerned including the people from all walk of life for the attainment of set objective of poverty reduction of the Tenth Plan

Lastly, I would like to thank all those involved in the formulation of the Tenth Plan and hope that implementation of the Plan would significantly contribute the development of the nation.

Lokendra Bahadur Chand
Prime Minister, and
Chairman, National Planning Commission

Foreword

The Tenth Plan, the tenth stepping stone in the process of planned development of the country, is not only the first plan of the twenty-first century and the New Millennium, but it is also a strategic document of poverty alleviation. This plan has been formulated with the sole objective of poverty alleviation. It has incorporated the directives and suggestions provided by National Development Council, the development aspirations of the people reflected during the deliberations and interactions carried out at different levels and has considered the impediments encountered in the implementation of past plans.

It has also embraced the suggestions of development partners who have supported the economic and social development endeavour of Nepal and Nepalese people, realised the sensitiveness for the progress and upliftment of all sectors, class and communities of the society, the prevailing economic and social situation and the challenges emerged from it at the implementation level and has come up as a pragmatic, realistic and implementable plan

As the third periodic plan formulated after the reinstatement of democracy it has aimed at expanding economic activities with the active involvement of private sector in line with the market economy and the role of the government in these sectors has been limited as facilitator and promoter of the private sector. Policies are designed in a way that the government can play a leading role in an effective way in order to mainstreaming the deprived, suppressed, dalit and backward class and areas and to eradicate poverty.

The envisaged objective and the sectoral targets could not be achieved and the overall development process hindered due to the deteriorating condition of peace and security within the country in the last two years of the Ninth Plan. In case, the peace and the security conditions are not improved, it is certain that there will be a negative impact in the investment of both the private and government sectors. Despite the critical situation, and taking into account the fact that without an clear cut framework of poverty reduction for overall national development, investment and development programmes can not be effective, this plan has come into existence. Based on the realistic evaluation of the situation, resources mobilization, investment and economic growth rates have been projected. It is expected that under improved peace and security situation, estimated total capital investment will reach Rs. 640 billion and the average annual economic growth rate will stand at 6.2 percent. In case of unfavourable domestic and external situation investment will decline and the economic growth rate will contain at 4.3 percent. Development expenditure

and necessary resources have been adjusted in line with those economic growth rates.

It is not possible to successfully implement the plan and attain expected outcomes without the real identification of the people's aspirations and the necessities. Keeping in view this reality in mind various discussion programmes were organized expecting the participation of all the classes of society in the process of formulation of this tenth plan. Discussion programmes were organized at regional level involving representatives of the village development committees, district development committee and municipalities to determine the framework of the plan. At the national level, wide consultations were held with Parliamentary Committees, parliamentarians, academia and sectoral experts. Suggestions received from such deliberations are taken as guidelines. Through this type of participation, it is believed that the role of different sectors and classes of the society can be maintained even during implementation of the Plan. While formulating the plan, inter relationship between sectors and coordination during implementation need to be ensured, only then the predetermined objective and targets of the periodic plan may be attained. Thus, in order to coordinate the plan formulation process, a coordination committee under the chairmanship of vice-chairman of National Planning Commission and guideline committee under the chairmanship of concerned member of the Commission were set up and the sectoral ministries were actively involved.

The draft Approach Paper of the Tenth Plan approved by the National Development Council under the chairmanship of the Rt. Honourable Prime Minister and the additional guidelines and the suggestions of the donor communities have been incorporated while formulating the plan. This document has attempted to incorporate the guidelines of the Third United Nations Conference on the Least Developed Countries held in Brussels in 2001.

In view of high, sustainable and broad based economic growth, social sector development and rural infrastructure development, targeted programme and good governance, as the strategic pillars of the Tenth Plan, total development activities have been focused towards poverty alleviation.

Resource will be mobilized for sectoral programmes in order to mainstream the socially deprived, suppressed and *dalits* by increasing their access to development outcomes, and for additional targeted programmes.

After analysing the peace and security situation that hindered the development process, their causes and its impact in the economic and social development, basic services and income generating programmes with least cost and time have been ascertained in order to augment the development and security situation. In this context, the Tenth Plan has formulated important programmes to rehabilitate people affected by insurgency and reconstruction

of damaged infrastructures.

Arrangements have been made for coordinated development of and giving top priority to agriculture and rural infrastructures by recognizing the fact that agriculture is the main source of income of entire Nepalese people residing in rural areas. Therefore, its development is critical for overall economic development of the country. It is believed that the social and the economic development of the rural areas will help to eradicate the poverty of the people.

To make this plan a result oriented and to make optimum use of scarce resource and means, programmes and projects have been prioritised and classified as first, second and third Programmes and projects classified under the first priority have been ensured with adequate resources.

The Policy and programme logframe formulated with overarching national goal, sectoral objectives, policy indicators, source of information, major programmes, external factor and risks has been taken as an effective tool for monitoring and evaluation during implementation of programmes and projects under the Tenth Plan Arrangements have been made for monitoring of programe/projects implementation, impacts of various program/projects on poverty reduction and evaluation of policies on poverty alleviation.

In view of the role of various agencies and inter sectoral strategy, the Tenth Plan has clearly specified the roles of the government, local agencies, private sectors and civil society.

The role of government has been clearly defined to build physical and social infrastructure, and to implement targeted programmes for the upliftment of the backward and vulnerable groups and to create necessary environment for the private sector development.

Lastly, it is hoped that the Tenth Plan will make a meaningful contribution in fulfilling the national commitment of the country's poverty alleviation by accelerating the pace of social and economic development of the country. The active participation of all Nepalese people is expected in its implementation from their respective capacities.

March, 2003

National Planning Commission

Acknowledgement

We are sincerely thankful to the Parliamentary Committees of the Ministries of His Majesty's Government, departments and other agencies, intellectuals, District Development Committees, Village Development Committees, and representatives of the Municipalities, non-government organizations, civil society/social workers, representatives of the indigenous and *dalits*, the women's, labourers and private sectors for their valuable suggestions and co-operation rendered in the process of drafting the Tenth Plan. We also want to extend our thanks to the former Vice-chairmen of National Planning Commission Mr. Prithivi Raj Legal and Dr. Narayan Bahadur Khadka, members, Mr. Hari Shankar Tripathi, Dr. Rameshananda Vaidya, Dr. Nirmal Parasad Pande, Dr. Jagdish Chandra Pokhrel, Dr. Prakash Sharan Mahat, Dr. Minendra Rijal, and Member-secretary Mr. Shreeman Shrestha for their valuable cooperation and contributions at various stages of the preparation of this report. We would also like to express our thanks to all the donor countries and donor agencies for their valuable cooperation in various stages of planning process. The National Planning Commission Secretariats staff should be praised for their hard work. Likewise, our special gratitude goes to the team involved in drafting the Tenth Plan process particularly Dr. Champak Prasad Pokhrel and the other members of the team Dr. Bhuvanbajra Bajracharya, Mr. Manoj Chipalu, Mr. Mukund Prasad Sharma and late Madan Raj Joshi. Mr. Kedar Govinda Amatya involved in preparation of statistical framework and all other specialist and consultants involved in the various taskforce in the preparation of the plan also worth mentionable. We expect such help from them in future too.

National Planning Commission

March, 2003

National Planning Commission

Rt.Hon'ble Prime Minister Mr. Lokendra Bahadur Chanda	Chairman
Dr. Shankar Prasad Sharma	Vice-chairman
Dr. Yub Raj Khatiwada	Member
Chief Secretary Dr. Bimal Prasad Koirala	Ex-officio Member
Finance Secretary Mr. Bhanu Prasad Acharya	Ex-officio Member
Mr. Bhoj Raj Ghimere	Member Secretary

Table of Content

	Page
Chapter 1 : Background	1
Chapter 2 : Review of the Ninth Plan	5
Chapter 3 : Poverty Analysis	14
Chapter 4 : Objective, Target and Strategy of the Tenth Plan	26
4.1 Perspective development strategy	26
4.2 Tenth Plan: objective, target, strategy	28
4.3 Role of different agencies	40
Chapter 5 : Economic growth rate, management and appropriation of resources and means	45
Chapter 6 : Macro-Economic Sector	62
Chapter 7 : Cross Cutting Sectoral Policy	116
7.1 Poverty Alleviation and Employment	116
7.2 Human Resource Development	121
7.3 Regional Development and Balance	123
7.4 Productivity Enhancement and Management Development	128
7.5 Private Sector Development	129
Chapter 8 : Development and SocialPeace	137
High, sustainable and broad based economic growth	
Chapter 9 : Agriculture and Cooperatives	144
Chapter 10 : Forest and Soil Conservation	180
Chapter 11 : Land Reform And Management	200
Chapter 12 : Agriculture and Rural Credit	212
Chapter 13 : Culture, Tourism and Civil Aviation	224
Chapter 14 : Industry, Commerce and Supplies	246
Chapter 15 : Labour and Transport Management	271
Chapter 16 : Electricity Development	289
Chapter 17 : Irrigation and water induced disaster prevention	304
17.1 Irrigation	304
17.2 Water Induced Disaster Prevention	326
Chapter 18 : Road Transportation	335
Chapter 19 : Information and Communication	360
Chapter 20 : Science and Technology, and Alternative Energy	370
20.1 Science and Technology	370
20.2 Information technology	377
20.3 Alternative Energy	383

Chapter 21 :	Housing, Building and Urban Development	395
Chapter 22 :	Population, environment and natural disaster management	413
	22.1 Population management	413
	22.2 Environment Management	421
	22.3 Natural and man made created disaster management	431

Social Sectors

Chapter 23 :	Education and Sports	436
Chapter 24 :	Health	457
Chapter 25 :	Drinking Water and Sanitation	483
Chapter 26 :	Women, Children and Social Welfare Sector	503

Targeted Programmes and Local Development

Chapter 27 :	Targeted Programmes	539
Chapter 28 :	Dalits and Neglected Communities	549
Chapter 29 :	Indigenous People and Ethnic Groups	557
Chapter 30 :	Local Development	565

Good Governance

Chapter 31 :	Good Governance, Development Administration and Human Rights	583
Chapter 32 :	Decentralization	597
Chapter 33 :	Monitoring and Evaluation	606
Chapter 34 :	Development of Planning and Statistics	620

Annex

1.	Policy Matrix of the Ninth Plan	A-1
2.	The Basis of the Formulation of the Tenth Plan	A-40
3.	Sectoral Policies and Policy Action Matrices	A-59

Chapter-1

Background

The genesis of planned development in Nepal commenced on the year 1956 A.D. Since then, a three-year plan and eight five-year plans have already been completed. The Tenth Plan has come into effect from fiscal year 2002/03 on the completion of Ninth five year plan by the year 2001/02.

The Tenth Plan, being the first one leading to twenty-first century and the new millennium, is destined to enhance the concept of developing cultured, competitive, affluent and equitable Nepali society reflecting the ultimate aspirations of Nepal and Nepali people at large. The plan attempts to encompass the aforementioned concepts while formulating it on the basis of maximum utilization of available limited resources to include therein people's rising aspirations as far as possible. It has to be framed in an atmosphere of severe constraints of resource and means due to recent happenings taking place in national and international firmaments. Under such circumstances, too, the plan attempts to adhere to the principle of ensuring the utilization of here-to-fore developed infrastructures, institutional setups and policy reforms to yield maximum returns .

The Tenth Plan is the third plan after the reinstatement of democracy. As in the last plan periods, poverty has remained the first and foremost challenge of the country even for this plan. Poverty alleviation, therefore, has been instituted as the main objective of the plan and an interim poverty reduction strategy has been incorporated in it. As in earlier ones, agriculture sector has got the first priority to meet the objective of poverty alleviation. Similarly, according to the open and free market oriented development policy the government will curtail its role from the areas where private sector can be attracted, and increase the role in the areas of social and infrastructure development. The government will play an active role in the development of *dalits* (low profile occupational castes), indigenous people, scheduled castes and remote areas, and create an environment for blinds, disabled and helpless people to live a respectful life. The women would be promoted as the focal point of the development, and the government would comply with the international conventions and agreements by investing on social reforms, human development, and people's welfare.

The plan formulation process was coordinated by forming a monitoring committee under the chairmanship of Vice-Chairman of National Planning Commission and different sectoral steering committees under the chairmanship of concerned member. In order to support the committees, various subject/area teams of technical experts were formed, and plan formulation work was carried in various ministries. The plan was formulated by taking the stock of law and order situation, and analyzing its causative factors and their impact on socio-economic development of the nation, so as to bring an improvement over the existing situation, include remote areas and deprived areas and communities from the main stream of development process and to

evolve necessary strategies which expedite over all development and reconstruction works.

The Tenth Plan has given an emphasis to make it different and more realistic than the earlier periodic plans. The plan has focused on the following five aspects:

1. Wider public discussion:

The preparatory process of the Tenth Plan underwent far wider public discussions, various seminars and talk programs. Right from the drafts to the final document, there has been wider public participation involving private sectors, NGOs, intellectuals, women activists, nationalities, scheduled castes, civil societies and communities, presidents of DDCs, mayors, representatives of council of VDCs and honorable MPs in regional and national levels.(see schedule 1 for details).

2. Direct participation of ministries and departments:

The participations of ministries and departments in the process of selection and formulation of projects under their concerned spheres were called forth thickly so that concerned ministry could hold full ownership over the selected project. This is expected to make the ministries accountable and responsible towards the implementation of the Plan.

3. Prioritization :

It is necessary to make qualitative improvements in the implementation and formulation aspects of projects and programs to promptly meet the target of poverty alleviation. The Tenth Plan has envisaged to follow the Public Sector Expenditure Review Commission's recommendations to prioritize the projects from the stage of selection. The projects and programs are prioritized under following eight bases:

1. Effective role in the national objective of poverty alleviation
2. Contribution in the sectorwise priority
3. Regional Balance
4. Requirement of the role of the government in the program .
5. The extent of people's participation
6. Involvement of local body in accordance with decentralization
7. Participation of the private sector/support to enhance competition
8. Past achievements in reference to the current program

The projects and programs are categorised into first, second and third priority on the basis of percentage points gained through the eight bases. In case of the resource constrains, the projects and programs falling under the first priority would be kept intact, and the readjustment process will start with projects and programs falling under third and second priority, respectively (for details see schedule 2).

4. Log-frame of policies and programs:

The log-frame schedule of policies and programs has been a major tool of the Tenth Plan to strengthen the implementation and monitoring of projects/programs and emulate objectives with project and program formulations. The log-frame of all major sectors have been constructed for the whole plan period. The sector wise log-frame can be divided primarily into two parts (a) a summary at national level, and (b) additional explanatory note on major programs. The first column states the macro objectives, policies and major programs while the following columns relate the additional policies and programs designed to achieve the result contained in the first column. Following six aspects are covered in the log-frame :1) Sectoral objectives 2) General policy/ working policy 3) Performance indicators 4) Sources of information 5) Major programs and 6) Risk factor

The inclusion of aforementioned provisions in the Plan, are expected, to produce clarity in implementation and strengthening the monitoring norms. National level summary of log-frame is presented at the end of each chapter while the additional explanation of major programme has been attached in annex (see schedule 3 for details)

5. Growth rate and investment analysis:

The projection of major indicators like growth rate, investment, employment, and other major indicators are done on the basis of input-output analysis and macro modeling. The sectoral growth rate, investment and other indicator are projected on the basis of these analyses. The projection of indicators is divided into two categories in consonance with stock taking of volatile law and order situation at present a) if there is outstanding improvement in the situation, the desired economic growth rate shall reach the rate of 6.2 percent, and b) if the situation deteriorates the growth rate will be 4.3 percent.

6. Clarity in the role of different agencies:

The overall development of the country is not only the responsibility of the government, but also the liabilities of the local bodies, privates sectors, NGOs, CBOs, and civil society. The present document clearly states the role of each stakeholder, and has tried to create a conducive environment accordingly.

7. Poverty analysis:

The main objectives of the plan being poverty alleviation, it has specially treated poverty analysis pointing out different aspects including HDI, social and gender issues, underprivileged geographical regions etc and the causes thereof (for details see chapter 3). It will help draw log-frame on poverty and integrate poverty alleviation activities into concerned sectorwise planning/programming process.

The presentation of plan document is organized in 34 chapter and 3 schedules. High, sustainable and wide economic growth, development of social sectors and rural infrastructures, targeted programs and good governance are incorporated in the Plan as the four pillars of poverty alleviation.

The Tenth Plan, in totality, envisages increasing participatory planning process. Sincere attempts have been made in the plan to strike a balance between macro level policies/strategies and sectoral policies/strategies. The sectoral as well as targeted projects and programs are prioritized so as to let flow available resources towards the areas yielding higher rate of returns. These all are meant to achieve objectives and targets of the Plan in time. This will reshape the plan to be more realistic and will create easier way, it is believed, to achieve the overarching target of poverty alleviation.



Chapter-2

Review of the Ninth Plan[★]

2.1 Background

Poverty alleviation was the sole objective of the Ninth Plan. The implementation of the Agricultural Perspective Plan was the major means to alleviate wide-spread poverty in rural areas. The plan had the target to drop the proportion of population living under absolute poverty to 32 percent at the end of the plan period, and had a 20-year objective to reduce the absolutely poverty to 10 percent. It was estimated that an annual economic growth rate of 7.2 percent in the long run was necessary to meet the target. Thus the target growth rate of the Ninth Plan period was 6 percent.

There were three main strategic development policies within the framework of liberal and market-oriented economy adopted in the Ninth Plan. And they were: achievement of sustainable and wider economic growth rate, development of social sectors and rural infrastructures, and targeted group programs for hitherto deprived areas and communities.

The Ninth Plan period was severely disturbed by deteriorating law and order situation, which not only hindered the implementation of development programs but also forced the government to divert development fund into security sectors. The global recession due to terrorist activities adversely affected Nepal's major economic sectors like industry, tourism, foreign trade etc., thereby macro economic conditions too.

The review of the Ninth Plan includes the analysis on the progress made in poverty alleviation, overall socio-economic development, physical infrastructures development, and sectorwise physical progress.

2.2 Progress in poverty alleviation

The national household survey shows the detailed progress made in poverty alleviation. As Nepal Living Standard Survey is scheduled for the first quarter of 2003 A.D. the population living under national poverty line has been calculated as the ratio between economic growth rate and the percentage of such population. On the same basis the mid-term evaluation of the Ninth Plan has also estimated that the percentage of population living under poverty line has fallen down to 38 percent.

Similarly, on the HDI (Human Development Index) also target could not be met. Adult literacy (15 years and above) is raised to 49.2 percent only against 70 percent

[★] Detailed statistical analysis of Ninth plan and its statistical review are presented in Annex 1, Table 1 to 35.

targeted growth. The women literacy rate is mere 35.6 percent, while the net enrolment in primary classes reached only up to 80.4 percent against the target of 90 percent. But the average life expectancy has crossed the target of 59.7 years to 61.9 years. The child mortality rate is still 64.2 percent below the target of 61.5 percent and the total fertility rate recorded 4.1 percent as against the target of 4.2 percent (see table 2.1 below)

Table 2.1 The target and progress on poverty and HDI, Ninth plan.

Heading	Target	Progress
Population below poverty (percent)	32.0	38.0
Literacy above 15 years (percent)	70.0	49.2
Primary class enrollment (percent)	90.0	80.4
Child mortality rate (1000 live birth)	61.5	64.2
Maternal mortality rate(100,000)	400.0	415.0
Total fertility rate (percent)	4.2	4.1
Average life expectancy (yrs)	59.7	61.9
Population using drinking water (percent)	100.0	71.6

The plan could not meet the HDI targets due to over ambitious targets, inaccessibility of the facilities and services to the target groups and poor quality of services, whatever delivered. In order to mitigate the observed problems, from the last year of the Ninth Plan the management of primary schools and health posts have been transferred to local bodies in accordance with Local-Self Government Act, 1998. Though progress in the HDI was not up to the target, the achievements were quite encouraging vis-à-vis other SAARC countries.

2.3 Progress on main physical infrastructures:

There is mixed progress report on physical infrastructures such as roads, irrigation, telephone, and electricity (Table 2.2). The progress in road construction has gone up beyond the target while electricity generation progressed to the tune of target. But the extension of telephone lines and irrigation facilities remained far behind the target. The excess progress in road construction is the result of enthusiasm shown by VDCs and DDCs as they keenly utilized whatever the grant HMG provided. There is, however substandard quality of road constructed in spite of its increased length. This suggests the urgency to improve the quality of constructed roads especially in mountain regions in the absence of which the added problem of soil erosion may emerge. The withdrawal of subsidy, especially in underground irrigation sector, had been the main constraint to fail the target met.

Table 2.2 The target and progress of main physical infrastructures up to Ninth plan

Heading	Target	Progress
1. Total length of road (km)	13564	15905
2. Total irrigation facility ('000 hect)	1198	1121.4
3. Total no.of telephone lines ('000)	643.7	328
4. Telephone service per 1000 people	25	14
5. Electricity generation (Mwatt)*	598	584.4
6. Electricity service to people (percent)	20	40**

* including thermo-electricity

** 7 percent from alternative renewable energy.

2.4 Macro Economic Indicators

2.4.1 Gross Domestic Product(GDP):

The Ninth plan had set the target to achieve the annual economic growth rate of 6.0 percent by gaining 4.0 percent growth in agriculture sector and 7.3 percent in non-agricultural sector. The annual population growth rate during the plan period was assumed to be 2.4 percent thereby the net annual per capita growth rate would register 3.6 percent.

The annual growth rate during the Ninth Plan period was limited to 3.6 percent due to low level of investment and production in non-agricultural sectors as a result of deteriorating law and order situation. Similarly, the low productivity in agriculture due to adverse monsoon thereby pulled down the sectorwise growth to 3.3 percent in agro-sector and 3.9 percent in non-agro-sector (Table 2.4). As the population grew by 2.25 percent, the net per capita income growth rate is estimated at 1.3 percent annually during the plan period. The contribution of agriculture sector in GDP was 40.4 percent in 1996/97, The base year of the Ninth Plan, which was lowered down to 39.3 percent in the final year of the plan in 2001/02. (Schedule 1, Table 4)

The annual average growth rate of 4.6 percent marked the first four years of ninth plan heralding a set of positive achievements in several sectors. Unfortunately, they couldn't be sustained in many sectors up to the fifth year. The GDP growth rate on the fifth year was negative by -0.5 percent due to internal and external adverse situations, which brought home unhealthy stress on poverty alleviation and employment generation (Annex 1 Table 3).

The expected growth rate could not be achieved due to the lack of increased investment in agriculture as designed by the plan, the weaknesses on implementation side of Agricultural Perspective Plan (APP), loss of agricultural production during the first and last year of the plan due to adverse monsoon, low level of investment and production in non-agricultural sector caused by worsening law and order situation, considerable damage inflicted upon development infrastructures. Recession in the export and tourism on the final year of the plan due to pervading depression in the

international scenario affected plan. The growth rate of all sectors except the social sector, therefore, got setback compared to targets on this plan period. Important economic sectors such as industries and commerce, hotel and restaurant witnessed low progress. The growth rate of several sub-sectors of them diminished too negative on the last year of the plan.

2.4.2 Savings

The average annual national saving ratio stood at 16.5 percent by the end of the plan, which exceeded the targeted rate of 16.1 percent. Domestic saving increased by very low rate of 0.6 percent as against the target of 9.3 percent. There has been a set back of 3.1 percentage points on the estimated growth rate of national saving (Table 2.3). This growth in national saving was possible only because of foreign employment.

Table 2.3: The target and progress of macro economic indicators in Ninth Plan (in percentage)

Heading	Target	Progress (at constant price of 96/97)
GDP growth rate	6.0	3.6
National saving growth rate	8.8	5.7
Domestic saving growth rate	9.3	0.6
National saving/GNP ratio*	16.1	16.5
Domestic saving/GDP ratio*	14.1	11.6
Gross investment/GDP ratio*	24.3	24.4
Gross investment growth rate	6.1	3.5
Commodity export growth rate	12.5	11.1
Commodity import growth rate	8.8	-2.1
Goods and services export growth rate	11.0	0.5
Goods and services import growth rate	8.5	3.3
Current account /GDP ratio(including grant and transfer)	-4.8	-4.9
Current Account/GDP ratio(Excluding grant and transfer)	-8.5	-7.0
Consumers' price index	6.5	5.7

*At producers' cost of last year of plan.

Table 2.4 :GDP and its sectorwise growth rate in Ninth Plan (in percent)

Heading	Target	Progress
GDP (at factor cost)	6.0	3.6

Agriculture Sector	4.0	3.3
Non Agricultural sector	7.3	3.9
Industry, Quarrying & Mines	9.1	2.1
Electricity, Gas and Water	10.4	6.1
Construction	5.9	4.1
Trade, Hotel and Restaurant	7.4	1.4
Transport and Communication	8.7	6.0
Finance and real state	5.8	4.0
Social services	7.0	6.6
GDP(at producers price)	6.5	3.6

2.4.3 Investments

It was estimated that total fixed capital investment would be Rs 37271.1 crores and marginal capital output ratio of 4.1:1 at constant price of 96/97 in the Ninth Plan for 6.0 percent annual average growth rate. Out of this, the share of public sector investment was 33.6 percent while remaining 66.4 percent was of private sector. At the completion of plan period gross fixed capital formation amounted to Rs 31037.0 crores at the constant price of 1996/97. Of this, public sector occupied 37.4 percent share while the remaining 62.6 percent was that of the private sector (Annex 1 Table 6). It is obvious that expected share of investment from the private sector could not be realized. The reasons behind the increased share of public sector investment culminates mainly to recession of private sector investment due to law and order situation and large-scale investment in big projects under electricity generation. During the plan period (the first four years) marginal capital-output ratio increased to 4.5:1. It shows an increase by 0.4 points over the initial estimate of the plan. This is so because of large scale investment in capital intensive projects like electricity. The gap between investment and saving has been narrowed down to 7.0 percent from existing 9.7 percent in the base year 1996/97.

2.5 Government Expenditure:

The government expenditure amounted to Rs 27846.8 crores over the targeted expenditure of Rs 33729.0 crores at the constant price of 1996/97, which created the expenditure gap of 17.4 percent.

2.5.1 Regular Expenditure:

Regular expenditure has gone up to Rs 14936.3 crores in the plan period which is higher by 1.1 percent over the estimated target of Rs 14771.0 crores (43.8 percent of the total budget) at the constant price of 1996/97 (Annex 1 Table 8). The regular expenditure absorbed 8.6 percent of GDP on the base year 1996/97 which increased

to 11.2 percent in the F.Y. 2001/02, the final year of the Ninth Plan. It states that there has been annual average increase of 9.3 percent in the regular expenditure (Annex 1 Table 8). The share of regular side in total expenditure of the plan was estimated to be 43.8 percent, which has actually increased by 9.6 percentage points over the estimation amounting. This substantial increase in regular expenditure is due to increase in the salary and pensions to civil servants and on, rise in security related expenditure specially in the later years of the plan.

2.5.2 Development Outlay

The development outlay during the plan period targeted at Rs 18958.0 crores (56.2 percent) at constant price of 1996/97 has actually been only Rs 12910.5 crores leaving a gap of 31.9 percent. Development outlay as percent of GDP has dropped from 9.5 to 7.6 percent during the period 1996/97 to 2001/02 (Annex 1 Table 9). Similarly, the development outlay had been decelerating by 1.1 percent annually within the plan period. The share of development expenditure was proposed to be 56.2 percent of the total plan outlay but the unexpected rise in regular expenditure force to limit it to 46.9 percent during the plan period.

The target expenditure on economic services, infrastructure, social services and miscellaneous (Administrative and contingency) was 29.4, 36.3, 33.4 and 0.9 percent of the development expenditure, respectively. The actual figure turned out to be 22.7, 35.7, 39.9 and 1.7 percent, respectively. The expenditure in unproductive sector especially on miscellaneous heading has exceeded the target while the expenditure on productive sector like economic services and infrastructures has remained below the target (Annex 1 Table 10).

2.6 Sources of Development outlay

It was targeted that the financing of development expenditure would be 33.3 percent from revenue, 7.9 percent from other domestic sources, 17.2 percent from foreign grants and 41.6 percent from foreign loan in the Ninth Plan. These sources actually financed 17.6 percent, 26.2 percent (including cash balance), 19.5 percent and 36.6 percent respectively (Annex 1 table 20). As the revenue surplus failed noticeably to meet the targeted expenditures the added pressure fell on internal debt mobilization.

2.6.1 The revenue

Of the targeted revenue collection of Rs. 21084.0 crores at the constant price of 1996/97, the actual collection reached only Rs. 17222.5 crores leaving a deficit of 18.3 percent over the target. The average annual growth rate of 4.9 percent at constant prices prevailed in revenue collection (Annex 1 table 14). The ratio total revenue ratio at 10.9 percent at the beginning of the plan reached to 12.0 percent at the end of the plan, registering a growth rate of only 1.1 percentage point over the period (Annex 1 table 13). This ratio stagnated without noticeable progress specially during the last two years of the plan. Still the revenue collection dropped far below the target at the final year of the plan. The causes behind such slackening on the target of revenue collection are mainly due to deceleration in investment and production in non-

agricultural sector specially in industry because of worsening law and order situation, no widening of tax base and no effective and transparent revenue administration. The progress in revenue collection was distinct in import revenue increased by 21.2 percent, sales tax (including VAT) by 22.9 percent and income tax by 16.4 percent during the plan period while low collection of revenue marked in land tax(0.1 percent) and export tax(1.1 percent). The annual average growth rate was 4.9 percent at current prices of which the growth was 11.3 percent in income tax, 5.6 percent in sales tax, and 3.4 percent in import duties (Annex 1 table 14).

2.6.2 Budget deficit and financing deficit.

Budget deficit at constant price of 1996/97 including foreign grants Rs. 1436.2 crores was in the beginning year of the plan which rose to Rs.1665.2 crores in the final year increasing at an average annual rate of 4.3 percent during the plan. Similarly, the budget deficit without foreign grant rose from Rs. 2035.0 cores to Rs. 2327.0 cores showing 3.6 percent average annual increase (Annex 1 table 17). The share of budget deficit with and without foreign assistance is 29.1 percent and 38.2 percent, respectively, on the average during the plan period. It accounts for to 5.5 percent of GDP (Annex 1 Table 19). Deficit was targeted to finance (by internal loan and cash balance) worth Rs 531.8 crores in the base year 1996/97 of the plan which rose to Rs 832.8 crores at constant price of 1996/97 in the last year of the plan. Thus the percentage share of deficit financing in the base year of 1996/97 was 1.9 percent which has increased steeply to 2.6 percent at the final year of 2001/02 the share of deficit finance in the total internal revenue has remained 62.2 percent during the plan period (Annex 1 Table 18). The deceleration in revenue mobilization and acceleration in regular expenditure have been the main reasons to increase the amount of deficit.

2.6.3 Foreign Aid

During the plan period, the estimated foreign aid amount was Rs 11154.6 crores at constant price of 1996/97 and the share of foreign grant was expected to be 29.2 percent of it. The foreign aid totaled to Rs 7242.0 crores only at the constant price which is less by 35.1 percent of the target. But the share of foreign grant slightly increased to 34.7 percent of foreign aid. The share of foreign aid in development outlay was estimated to be 58.8 percent which has actually been 56.3 percent, lower by 2.5 percent of the target during the plan period (Annex 1Table 20,21).

The foreign debt of Nepal totaled to Rs 2063.0 crores which counts for more than 48 percent of GDP. But as it is long and soft term loan, payments of interest and installments do not appear a problem being less then 1 percent of GDP till now.

2.7 Monetary and price situation and internal debt.

2.7.1 Monetary situation

The targeted monetary expansion was calculated at 13 percent in M_1 and 14.8 percent in M_2 on the basis of estimated growth rate of 6.0 percent, inflation of 6.5 percent and expansion of monetization by 0.5 percent. During the plan period, the average annual

expansion rate reached 15.7 percent for M_1 and 17.1 percent for M_2 within the plan period (Annex 1 Table 22).

Net foreign assets was estimated to grow on an average by of 9.1 percent and of total domestic credit by 16.6 percent at current prices during the plan period. The average annual increase of 18.0 percent and 15.3 percent, respectively have been registered in net foreign assets and total domestic credit. Credit to the private sector has slackened because of emergence of adverse investment situation in industry and tourism sectors due to the security problem. Of the total domestic credit an increase of 15.4 percent in the credit to the government has been witnessed. This increase is attributable to meet the growing budget deficit due to decelerated growth in revenue mobilization (See: 1 table 22/23).

2.7.2 Price situation

Inflation (in terms of change in consumer price index) was targeted at annual average growth of 6.5 percent during the plan which has grown only to 5.7 percent, lowered by 0.8 percent than the target. The price has increased by 5.2 percent in food & beverage and by 6.4 percent in non food items and services during this period (Annex 1 table 26). The average annual price rise in GDP has been 4.7 percent only.

2.7.3 The credit and deposit situation

There has been a noticeable growth of financial institutions resulting in increased savings mobilization. The average annual growth of resource mobilization and their utilization by commercial banks has marked 17.1 percent at current prices and 12.4 percent at constant prices during the plan period. The total deposit, the main source of banking resources has increased by 13.4 percent at constant prices and by 18.1 percent at current prices. Of the total deposit, saving deposit has recorded the highest rate of increase of 19.4 percent at constant prices while fixed and current deposits 9.7 percent and 10.3 percent respectively.

On the resource mobilization front, the resource mobilization seems to have increased due to increased loan and investment to the government sector. There has been an increase of 26.3 percent (31.0 percent at current prices) of loan and investment to HMG. Similarly, loan to public enterprises has increased at an average annual rate of 9.7 percent (14.4 percent at current prices) and at 11.1 percent (15.8 percent at current prices) to private sectors (Annex 1 table 24). The sectorwise loan flow of commercial banks in FY 2001/02 has been 44.5 percent in industry, 34.7 percent in commerce, 12.4 percent in consumption, 5.0 percent in services, 2.3 percent in agriculture and 0.7 percent in miscellaneous sector (Annex 1 table 25). In the analysis of loan structure between base year and the final year of the plan, the banking sector has not been able to introduce any remarkable new destination of investment in this direction. Financial sector is weak in identifying suitable opportunities of promising investment. On the other hand, the ensuing retardation in investment environment has adversely affected the loan flow. The recovery rate of loan is less than 75 percent for large banks which is not considered a healthy. The risk on the part of deposit-holders has been increasing due to lack of sufficient monitoring mechanism to control the financial institutions in comparison to institutional growth of private sector. In spite

of efforts to minimize the government's involvement in commercial banks and provide greater autonomy to them, no remarkable achievement has been witnessed



Chapter - 3

Poverty Analysis

3.1 Various aspects of poverty

Poverty has been perceived from different perspectives. Income based poverty, weaknesses in different aspects of human development, and social exclusion are the main aspects of poverty.

The main indicator of income based poverty is the percentage of people living below poverty line. Human development capacity indicators are also equally important because these indicators do not change as per the change in income-based indicators. The typology of these capacities includes access to existing resources, human resource development and participation in social/political decision making process, etc.

The society bestows all individuals entitlement to participate in social/political decision making process and do possess right to live with human dignity. But any group or community deprived of such right by whatsoever reason it may be, belongs clearly to identified poverty group or community. It is essential, therefore, to bring them in the main stream of development with the identification of such deprivation. The evaluations of this type of causes also fall under the purview of analysis of poverty status.

3.2 Income based poverty

The first income poverty estimation on scientific basis was carried on in 1976/77 which estimated that 33 percent of total population live below poverty line. The incidence of poverty was high in mid-western and far western development regions along with rural areas highly affected. The next survey of 1984/85 estimated that 41.2 percent people live below poverty line. The difference in poverty incidence between various geographical and development regions was almost similar.

According to the next survey exclusively done in rural areas in 1990/91, it was estimated that high incidence of poverty fall hard on landless and small farmers; but poverty was not only limited to these groups.

The latest extensive household survey was conducted on in 1995/96 to evaluate poverty and measure living standard of the Nepalese people. Another survey of the same kind has not been done yet. Therefore, a brief overview of this survey at the threshold of Ninth Plan is presented in this chapter.

It was estimated at the beginning of the Ninth Plan that 42 percent of populations live

below poverty line. The Nepal living standard measurement survey had estimated annual per capita income of Rs. 4404/- to meet the expenses on daily minimum average of 2124 kilo calories from food basket and other non-food items requirements too. The income level at the current prices of 2001 turns out to be Rs 6100/-

The mid-term evaluation of the Ninth Plan has estimated that 38 percent of population live below poverty line. These macro level of estimates do not provide disaggregated statistical distributions of poverty on geographical basis. According to Nepal Living Standard Survey 1996(NLSS), 44 percent of rural population lives below poverty line whereas the figure for urban sector is 23 percent only. There is a great difference between Kathmandu Valley and other urban areas in this regard, too. It is estimated that 34 percent of people live below poverty line in urban areas excluding Kathmandu Valley. The level of income inequality is high in urban areas. Since 86 percent of the total population lives in rural areas, the nature of poverty in Nepal is rural-oriented one. The poverty pressures in Terai and Mountains are similar, but it is extremely high in Himalayan region. By to development regions incidence of poverty in mid western and far western development regions are the highest.

Table 3.1 : 1995/1996 Survey: Indicators of Poverty Measurement
(Poverty line : Rs 4404/ per capita per year)

Ecological Zones	Poverty incidence: percent of people living below poverty line	Poverty gap: Depth/intensity of Poverty(percent)	Severity of Poverty(percent)
Mountains	56	18.5	8.2
Hill	41	13.6	6.1
Terai	42	9.9	3.4
Rural/Urban			
Urban	23	7.0	2.8
Rural	44	12.5	5.1
Nepal	42	12.1	5.0

Source: World Bank (1999): Nepal; Poverty at the Turn of Twenty First Century.

Other indicators of income based poverty are depth intensity of poverty and severity of poverty. The poverty intensity indicators show how low the income of the poor living below poverty line is, and by what ratio the income should increase while the severity of poverty describes the intra-poor conditions of poverty. The NLSS (1996) puts intensity of poverty percentage to 12.1 percent i.e. in an average. The per capita income of poor living below poverty line should be increased by 12.1 percent. The incidence of poverty is 5 percent. In Nepal mountain region is most affected by poverty. Though the level of poverty is similar in the terai and the hilly regions, it is more intense and severe in hilly regions. So the data shows that problem of poverty is most severe in mountain region followed by hill and terai region.

Since the nature of income poverty is rural-based and the source to subsistence livelihood in rural areas is agriculture, the main crux lies, therefore, in the poverty incidence existing in agriculture sector and the access of poor in the development

perspectives within the sector. The low graded and least productive activities occupied by poor and that too, in small patches and insufficient amount, subsistence agriculture and low capacity to invest to increase productivity due to low income level etc. are the main components of the vicious circle of poverty existing in agriculture sector. According to NLSS 1996, the average farms size of holding for low income households is less than 1.0 hectare. The lowest 25 percent income groups have only 37 percent of their land in plain and irrigable area whereas there is 54 percent of such land with people of highest 25 percent income group. Similar difference exists in the ownership and use of land with round-the-year irrigations facilities.

Table 3.2: Household Distribution by their access to Agriculture Inputs, 1996

Household income	Ploughed (khet) land as percent of total cultivated land	Year round irrigated land as percent of cultivated land	Chemical fertilizer bought from AIC (in kg/ha)	percent of household with institutional loans
Bottom 25 percent	37	11	10	8
25-50 percent	53	14	19	16
50-75 percent	57	15	30	16
Upper 25 percent	54	18	39	16
Average	51	15	26	14
Sample household (No)	2550	2550	2679	3373

Source: World Bank (1999): Nepal Poverty at the Turn of the Twenty First Century

The state of poverty incidence is explained by limited access of poverty group to agricultural inputs, use of low amount of chemical fertilizers and the percentage of households paying institutional loan. The agricultural productivity of poor farmers is extremely low due to low grade land and limited access to agriculture resources.

Poverty is not confined to only small farmers. There is poverty even in medium and large farmers. Though the productivity of land of small farmers is higher as compared to that of medium/large farmers, the overall land productivity is very low for poor of all groups. There is deeper inter-relationship between the level of education of household chief and the level of agricultural income, i.e., higher the level of education, higher the level of farm income.

It is necessary to think over the access of poor to prerequisites of human development and their macro level state to facilitate their access to new unfolding opportunities. The access of poor households to such infrastructures as electricity, telephones and road is extremely low. According to income groups only three percent of the lowest income earning 25 percent households enjoy the service of electricity. Only 12 percent of total households do have access to black topped road within half an hour distance. Telephone service is strictly limited to urban areas. It is only on community basis that this service is recently extended to rural areas.

Table :3.3 Percentage distribution of households having access to infrastructures (1996)

	percent of households within half an hour access to road	percent of households covered by electricity services
Lowest 25 percent	12	3
25 percent to 50 percent	13	6
50 percent to 75 percent	19	11
Uppermost 25 percent	25	12
Average	18	14
Sample size	2657	3733

Source: *ibid*

Table 3.3 shows that as the income level grows the access to infrastructure also grows. Since the productivity of households having access to infrastructures is high in general, it prescribes that the access of poor to such facilities needs to be increased in order to increase their productivity.

3.3 Human Development Indicators

The progress in human development indicators (HDI) front is rapid as compared to that of per capita income in Nepal. The achievements made in extension and development of education, health and drinking water has clearly surpassed the economic growth rate.

Table 3.4 Human Development Indicators

Particulars	Beginning of the Ninth Plan	End of the Ninth Plan
Literacy Rate (Above15 years)	40	49.2
Net enrollment in primary school (percent)	69.4	80.4
Average life expectancy (yrs)	56.1	61.9
Child mortality rate(per'000 birth)	74.7	64.2
Maternal mortality rate (per'00000 life birth)	439	415
Total fertility rate (percent)	4.58	4.1
Population growth rate (percent)	2.4	2.25
percent of people using safe drinking water	61.0	71.6
Delivery service from trained health personal (percent)*	-	13.0
Human development indicators	-	0.466

* *Except trained birth attendants.*

The stock taking of main indicators of human development shows that the progress in some indicators is highly encouraging while in others it is not. The literacy rate is 49.2 percent and net enrollment in primary level is less by 11 percent of the target. It is estimated that average life expectancy at birth is 61.9 years while child mortality rate has fallen to 64.2 per thousand births. The maternal mortality rate is reduced to 415 per 100,000 live births. Similarly, the total fertility rate has gone down to 4.1

percent. There are noticeable differences among various ecological zones and urban / rural areas in HDI as in income poverty.

Table3.5: HDI of Ecological Zones 1996 and 2000

Region	Adult literacy Rate(above 15 years)		Life Expectancy(yrs) at birth		Population having safe drinking water		HDI	
	1996	2000	1996	2000	1996	2000	1996	2000
Mountain	27.5	44.5	52.7	49.8	-	79.2	0.271	0.378
Hill	40.2	55.5	58	65.1	-	76.2	0.357	0.510
Terai	35.9	46.8	59.5	62.4	-	83.4	0.344	0.474
Rural/Urban								
Urban	63.5	69	55	71.1	62	92.3	0.518	0.616
Rural	34.5	48	53.7	58.7	61	78.1	0.306	0.466
Nepal	36.7	50.7	55	59.5	61	79.9*	0.325	0.466

Source: Nepal Human Development Report 1998 and 2001

* The figure here does not confirm to others due to definition of drinking water, and because of this difference other figures may also differ with similar figures given in other places.

Mountain region is farthest left behind in case of human development indicators. Hill region is slightly forward on this front. These indicators are found noticeably high in urban areas. Though the figures are of 1996, the interregional differences, it is guessed, does not seem significantly differing any more by now, too.

3.4 Social Exclusion , Backward Groups and Areas

It is a bitter reality that some groups in society are compelled to traditional social values. These groups are denied of any new opportunities created by development opportunities as they are extremely backward. Their access to resources is extremely limited and so is their participation in decision making process. From this point of view, poverty and HDI are of crucial importance as an effort to mitigate poverty of backward and low caste groups .

Table: 3.6 Human Development Indicators by caste and ethnicity 1996

	Average life expectancy (yrs)	Adult Literacy rate (percent)	Average years of schooling	Per capita relative income (Rs)	HDI
Nepal	55	36.7	2.3	7673	0.325

Gurung, Magar, Sherpa, Rai Limbu	53	35.2	2	6607	0.299
Rajbanshi, Yadav, Tharu, Ahir	58.4	27.5	1.7	6911	0.313
Occupational Caste Group	50.3	23.8	1.2	4940	0.239

Source: Nepal Human Development Report, 1998.

The major indicators of human development reveals that some castes are high above the average while some others fall far behind. The so called low caste people, in Nepalese social hierarchy who actually are occupational castes, fall back in almost all HDIs. The NLSS shows that their average life expectancy does not exceed 50.3 years and adult literacy rate is mere 23.8 percent. The average schooling is 1.2 years. The other backward castes are Rajbanshi and Tharus and their HDI is also at low ebb. This root cause of the castes' backwardness manifests in their lack of access to development programmes which inhibits their own development process. The monitoring over these groups-specific poverty and human development condition, therefore indicate the need for additional reforms.

During the Ninth Plan period, important measures were taken to address social exclusion. Kamaiya, (bonded agriculture labourers) eradication, establishment of National Academy of Indigenous People, Commission of Dalits (the occupational caste) National Commission for Women, etc. are some of the examples in this respect. The problem lies on the fact that no rehabilitation and income generation programmes are there for freed kamaiyas. Though there is no data by what measure the improvements are progressing in this front since the HDI based on caste hierarchy is not available during the later years, it is assumed that the progress in caste-wise status should have been going forward as there is overall advancement in these indicators.

Women are other groups who are deprived and left behind interims of access to resources. It is not limited to any particular caste or area but to overall sectors of society. The difference between women and men's per capita income is not available (poverty by gender differentials). But the average life expectancy with women as the head of the household is found far below as compared to that of men. Over that the households of women-headed are mostly under extreme poverty where the source of income is not definite.

The data related to human development shows larger gap existing between men and women. Though the literacy rate of 54.3 percent for men and 21.3 for women according to the NLSS of 1996 has changed to 65.8 percent and 35.4 percent, respectively in 2000, still wide gap exists between the two. Likewise, another important indicator of average schooling year also differs considerably between men and women. In 1996 the average schooling year for men was 2.25 while for women it was only 1.13 years. Though the figure has gone up in 2000, there is no improvement towards bridging the gap.

Table 3.7 Gender Disparities in key Human Development Indicators*

	Average life expectancy (yrs)				Adult Literacy (percent)				Average schooling years			
	1996		2000		1996		2000		1996		2000	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Mountain	52.7	50.4	48.6	51.1	44.2	11.8	61.9	26.6	2.27	0.71	3.71	1.33
Hills	58.0	55.5	65.4	64.7	58.4	24.3	72.3	39.5	3.42	1.61	3.97	2.18
Terai	59.5	57.0	61.7	63.2	52.3	19.9	60.2	32.5	3.1	1.25	3.71	1.93
Urban	63.2	60.3	71.4	70.8	76.7	51.5	81.2	56.9	5.63	3.88	6.01	3.8
Rural	53.7	51.3	58.2	59.3	52.0	19.5	63.6	32.3	2.93	1.15	3.4	1.66
Nepal	55.0	52.4	59.3	59.8	54.3	21.3	65.8	35.4	2.55	1.13	4.45	2.25

Source: Nepal Human Development Report 1998 & 2001

** Since the source of data differs, the figures seem different.*

3.5 Gender Equality

Despite the fact that there has been no noticeable changes in the gap between female and male, it certainly has started to move towards positive direction. The move towards the equality is ascertained by the higher growth of HDI for women.

Though there is no remarkable difference in life expectancy among different geographical regions, the relation between literacy and schooling years shows the change. It is a statistical inference that as the decimal number moves more closely to whole number, gender equality also moves closer from the analysis of data from this perspective of the progress towards gender equality between 1996 and 2000. Yet the gap is too wide that needs additional progress efforts to be implemented to realize the desired results.

Table 3.8 Ratio of some HDI between man and woman

	Average Life expectancy	1996 Adult literacy rate	Average schooling years	Average Life expectancy	2000 Adult literacy rate	Average schooling years
Mountain	0.96	0.27	0.31	1.05	0.43	0.36
Hill	0.96	0.42	0.47	0.99	0.55	0.55
Terai	0.96	0.38	0.40	1.02	0.54	0.55
Urban	0.95	0.67	0.69	0.99	0.70	0.63
Rural	0.96	0.38	0.39	1.02	0.51	0.49
Nepal	0.95	0.39	0.44	1.01	0.54	0.51

Source: Nepal Human Development Report: 1998 and 2001

3.6 Backward Areas

There are pockets of geographically disadvantaged areas as they are climatically extreme, regionally far, and inaccessible by any means of transport. In general, people in mountain and hilly regions are backward and poor. The people of these areas, who are forced to take up animal farming and nomadic pasture dwelling life pattern engaged in traditional trade and transaction due to limited natural resources fit for acculturation, are not only backward in terms of social and economic upliftment but are also excluded from the development mainstream prevailing in the land. Similarly, the disadvantaged areas due to transport constraints especially without bridges over large rivers inhibiting connection with other parts of country are bound to stick to self-sufficient subsistence farming economy. There is problem of exclusion from consuming fruits of development in these areas and households thereof as the supply cost of infrastructure mount very high because of thinly dotted settlements.

In brief the nature and conditions of poverty existing in Nepal are as follows:

- Poverty in Nepal is rampant and its incidence is high specially in mid-

western and far-western development regions. Likewise poverty is deeper in mountain region as compared to terai and hills.

- There is high incidence of poverty in rural areas. As the non-agricultural sector development activities are especially urban-oriented, the income poverty is reducing in cities but its resultant impact in rural areas is very low.
- Though the level of poverty is high with marginal and small farmer in general, it is not limited to them only, it has extended equally to unskilled people and women-headed households. Poverty pervades the life of low caste people, specially the *dalits* in society.
- Though income evaluation on individual level could not be done, women are highly affected by poverty and backwardness as shown by the human development empowerment indicators. These indicators fall too low in case of women residing in mountain and other inaccessible areas.
- Commonly, the poor have no access into promising agricultural lands. The land under poor people's ownership lack irrigation facility hence low productivity and equally lacks transport facilities.
- If the HDIs are evaluated on district level, the incidence of poverty goes deeper into inaccessible areas without road connections.

3.7 Consultation with civil society and people

NGOs, civil society, academic intellectuals along with backward indigenous people, women activists and disabled expressed their views in various consultation programs which do not markedly differ on nature and structure of poverty. These discussions were held during the formulation process of the Tenth Plan and formation of interim poverty reduction strategy paper and in the process of selecting indicators for monitoring poverty.

These discussions helped to define those people as poor whose income does not allow two meals a day, two sets of clothes in a year, do not have a settled residence (home), can not send their children for education and those people whose access to resources and skills necessary to earn a livelihood is denied.

These discussions categorically identify that the incidence of poverty is higher on occupational castes such as Mussahar, Chamar, Damain, Sharki, Kami, Kumal, Badi, Jhangad, Dushad, and on the people of different social low castes such as Tamang, Rai, Limbu, Magar, Bhote, Tharu, and other backward indigenous people. Landless agricultural labourers, indigenous groups and people residing in remote areas are also identified as extremely poor.

3.8 Causes of poverty

- Poverty is a multi-dimensional and complex problem. The causes of poverty,

by analyzing different aspects of income and human poverty are not only economic but also social and technological backwardness, too.

- One of the main causes of poverty is low economic growth rate. The stock taking of economic achievement of last three decades shows a lower economic growth rate of approximately 4 percent while annual population growth rate was about 2.5 percent. The per capita income growth rate at a very low level could not contribute to mitigate poverty significantly.
- The economic growth rate in Nepal is not only very low but its annual variation is also very high. The main reason behind such variation of high degree has been the dependence on agriculture. Still agriculture in Nepal depends on monsoon. Though agricultural productivity has increased, it is increasing at insignificantly low rate. The concentration of poverty is high in rural areas where the main economic base is agriculture. There is no noticeable improvement in rural poverty because of low agricultural growth rate and monsoon variation.
- There is significant contribution of non-agricultural sector in the growth rate of GDP, but its impact is limited to urban areas. It has helped to lower the intensity of poverty in urban areas, but it has not affected the rural areas where majority of poor live.
- Public expenditure is one of the main factors to resolve poverty problem. However, the effectiveness of government expenditure is low because of weak prioritization, weak process of selecting projects and smaller amount of budget allocation in a number of projects. Poverty is not reduced as targeted because of ineffective public service delivery and lack of access of poor to the services delivered by the private sector.
- Lack of good governance is said to be the chief constraint to impair development efforts, and proper utilization of government expenditure on poverty alleviation program. Poverty alleviation programs have been less effective due to the factors like over centralization of decision making process, good governance related problems such as no control over loopholes, leakages and irregularities, lack of responsibility and transparency along with the low capability of government to act as facilitator as demanded by the liberal economic system as there is lack of legal and institutional frameworks necessary to promote economy with the open and competitive market environment.
- Development process has suffered because of the security problem and political instability. The economic system has been weak due to instability in government, weak bureaucracy, lack of transparency and responsibility. They all together resulted in adverse impact on poverty alleviation programs.
- Lack of desired achievements from the targeted programs of both public and private sectors and the lack of sustainability of such programs to a longer

period of time have cumulatively contributed to lower the overall effectiveness of poverty alleviation efforts.

- Social discriminations, prevailing due to traditional, social values have deprived the opportunity and access for all segments of society to education and development works. There are deprived groups of people where the poverty befalls squarely inhibiting their development of skills and technological know-how to increase productivity.

The main factors causing poverty have been identified in course of various discussions held between civil society and people. The factors included are related to problems such as distribution of farm lands, debilitated approach of poor in resources, fragmentation of holdings and causes related to weak implementation such as incapacity to curb down the leakages and irregularities, political instability, lack of uniformity between policy and programming, ineffective plan formulation, and resource allocation and weak monitoring. There are other worth-mentioning socio-economic causes such as low rate of economic growth, lack of technical education, unexpectedly low positive response from private sector and social security problem etc.

Chapter: 4

Objective, Target and Strategy of the Tenth Plan

4.1. Perspective development strategy

The main objective of the long-term development is to free the nation from the clutches of existing poverty, and to establish a cultured, modern and competent society. In view of the long term perspective prescribed in the Ninth Plan, the main socio-economic indicators of the Twelfth Plan would be to reduce the number of people living under poverty line to 10 percent, a hundred percent literacy, population growth rate to limit to 1.5 percent, all the district headquarters linked by road network, drinking water facility to all, electricity service to 80 percent of the population, maternity mortality rate to 250/hundred thousand and aggregate economic growth of 8.3 percent. The long-term development targets are presented in table 4.1, which also confirms the millennium development goals.

It has become imperative to realize socially justifiable development perspective by bringing the hitherto-left-out groups into mainstream and achieve high and sustainable growth rate stressing on proper mobilization, allocation and utilization of available resources and means, vis-à-vis the newly emerging opportunities and competitive environment arising out of liberalization in international front and the existing poverty scenario. It is necessary to increase investment in human development, as it is the target, stressing on development of education, health, safe drinking water, gender issue and other sectors. It is equally necessary to state clearly the respective role of government, local agencies, private sector, and civil society to facilitate participations of all the stakeholders concerned with development and activate still others into the folders of development services in a congenial environment by strengthening the role of government in promoting social liabilities and equity-oriented development. The long-term development perspectives in this respect are as follows:

- To achieve broader, poverty alleviation oriented, high and sustainable economic growth rate by mobilizing and utilizing effectively the available resources facilitating the liberal and market-friendly arrangements, with reforms in policy spheres and legal matters to create suitable environment for economic, social, and institutional development. Structural reforms will be carried out for equitable distribution based on geographic and social aspect, the returns of the high economic growth.
- To achieve high and sustainable economic growth rate, emphasis shall be on identification and utilization of areas of competitive along with enhancement of competitive capacity. The role of government in social liability and

poverty alleviation sectors shall definitely be promoted for balanced development.

- The role of government shall be that of catalytic, facilitator, and regulator to strengthen the liberal and open market oriented economic activities for modern and organized sectors. The role of private sector, in this perspective, shall be activated more in such sectors where it has already been more effective and active, such as agriculture, tourism, industry, commerce, transport, electricity, communications, information technology, air services and on other additional promising sectors. The safe vault thus created in government investment shall be utilized for the development of social sectors, infrastructures development and other viable areas .
- The principles of compact 20-20 shall be the guiding policy while appropriating government investments and foreign aid resources to accommodate additional budget in prioritized social sectors, to strengthen education, health and other basic aspects of social sectors.
- Government shall take a lead role in the development of women, remote and backward areas and groups. There shall be definite policy implementations for women empowerment, *Dalits* and indigenous people. Government shall implement targeted programs for vulnerable and disadvantaged groups and remote and backward area development which have been left outside of mainstream due to various reasons and promote their distinguished viabilities. It is through these measures that such areas and self-employment opportunities and groups shall be included in the mainstream and open new employment for them to alleviate poverty.
- There shall be a policy of optimum protection, utilization and development of natural resources and wealth in compliance with sustainable development based on local community participation. For this purpose capacity enhancement programs will be implemented for all concerned agencies from center to local level. In the same vein, decentralized administrative system will be geared up by emphasizing capacity building of local agencies applauding good governance. The participation of stakeholders from top to bottom shall be widened in development process to reflect peoples' aspirations. Public administration shall be made wider, quicker, effective and more responsible.
- The measures of environmental and population management shall be well integrated in each development program to formalize the concept of sustainability.
- The access of all sectors of society in available resources and areas shall be widened to facilitate development process to be more broad based and socially justifiable by opening opportunities of for optimum utilization. The mobilization and utilization of national debt shall be guided by long term perspectives . The concerned parties who mobilize and utilize the means and resources shall be equipped with necessary information, knowledge, skills entrepreneurship to enhance their awareness and capacity.

- The existing mechanism of monitoring and evaluation system shall be strengthened regularly to monitor the poverty status.

Table 4.1 Major Long-term Perspective Targets -in- Chief

Macro Economic Targets	Target up to Twelfth Plan (2016-17)
1. Annual economic growth rate(at factor cost) in percent	8.3
Agriculture	5.0
Non-Agriculture	9.7
2. Ratio of national saving/GDP (percent)	30
3. Ratio of investment/GDP (percent)	34
Major targets of physical infrastructures	
1. Districts connected with road net-work	75
2. Irrigation (in thousand hectors)	1686
3. Distribution of telephone lines (per thousand people)	150
4. Population with electricity services (percent)	80
Major social targets	
1. Child mortality rate (per thousand)	34.4
2. Total fertility rate(percent)	30.5
3. Maternity mortality rate(per '00000)	250
4. Primary education (percent)	100
5. Literacy rate (above 15 years of age)	100
6. Women literacy rate (above 15 years of age)	100
7. Population below poverty line (percent)	10
8. Population growth rate (percent)	1.5
9. Population safe drinking water (percent)	100

Source: Ninth Plan (2054-059)

4.2 Tenth Plan: objective, target, strategy

More than 38 percent of people are under poverty lines even at the end of the Ninth Plan who are not in a position to meet their minimum requirements of life. Poverty is rampant all over the country; it is more intensive in rural areas as compared to urban. The incidence of poverty is highest in remote and inaccessible areas. Some minorities and occupational castes are gripped under grinding poverty due to various reasons including defective social customs and lack of access to resources and means. The poverty in Nepal is a multi-dimensional problem encompassing economic, social and

human aspects, alleviation of which has been the main challenge of national development. Past experiences show that positive macro economic indicators alone are not enough to bring poverty incidence down to the targeted level. This fact establishes the need to direct economic growth and its distribution pattern basically towards social justice, human development, social balances, empowerment and good governance simultaneously and cumulatively. Similarly it is necessary to move into development contours inclusive of all sectors of society.

4.2.1 Objectives

The main objective of the Tenth Plan is to alleviate poverty by mobilizing optimally the means and resources on the mutual participation of government, local agencies, non-governmental sectors, private sector and civil society to extend economic opportunities and open new ones enlarging employment opportunities and widen the access to means and economic achievements for women, Dalits, peoples of remote areas and poor and backward groups through programmes like empowerment, human development, security and targeted projects thereby improve the status of overall economic, human and social indicator.

4.2.2 Targets

The set target of the Ninth Plan was to bring down the then estimated 42 percent of the people living under poverty line to 38 percent by the end of the plan. There was some improvement in this respect during the first three years of the plan as the mid – term evaluation of the Ninth Plan estimated that the people living under poverty line was brought down to 38 percent. But the growth fell so low in the remaining 2 years that this percent remained as it was and the absolute number of people living under poverty line is estimated to have increased. Keeping the progress status of the Ninth Plan in view, the target is fixed to bring down the percentage of people living under poverty line to 30 percent by the end of the Tenth Plan. In the same vein, other targets are fixed such as to boost up literacy rate to 70 percent, to lower the infant mortality rate to 45 per thousand, to increase average life expectancy to 62 years, to extend safe drinking water service to 85 percent of population, electricity service to 55 percent of population and to extend telephone service to all VDCs. It is estimated that the improvement in different social indicators will bring a 10 percent improvement in HDI. In view of the different targets of development, the expected growth rate is estimated at 6.2 percent. But, if there is no improvement in present status of security perspective and the investment environment does not show encouragement, the growth rate will be limited to 4.3 percent in the lower case. The following social and physical infrastructures as enumerated in tables 4.2, 4.3 and 4.4 are set targets of the Tenth Plan against the above backdrop of a long term prospective, which would easily be monitorable.

Table 4.2: Macro economic targets.

Particulars	Status of Ninth Plan *	Targets of Tenth Plan	
		Normal case	Lower case
1. Annual economic growth rate	3.6	6.2	4.3

(percent at factor costs)			
Agriculture	3.3	4.1	2.8
Non-agriculture	3.9	7.5	5.2
2. Ratio of national saving/GDP (percent)**	17.4	23.1	16.1
3. Total investment/GDP (percent)**	24.4	29.0	21.8
4. Fixed capital investment/GDP (percent)**	23.4	27.7	20.5
5. Marginal capital / out put ratio	4.5+	4.3	4.8

* Estimation of Plan period

** Estimation of last year (GDP at producer's price), cash deposit tentatively estimated at 1.3 percent of GDP.

+ Of first four years (fifth year not included being abnormal)

Table 4.3 Major social targets

Particulars	Ninth Plan (status of 2002/03)	Tenth Plan (final year)	
		Growth rate of 6.2 percent	Growth rate of 4.3 percent
1. Infant Mortality rate(/thousand)	64.2	45	47
2. Total fertility rate (percent)	4.1	3.5	3.6
3. Maternity mortality rate(per hundred thousand)	415	300	315
4. Rate of Contraceptive users	39.3	47	46
5. Obstetric services by trained manpower	13	18	17
6. Average Life Expectancy (yr)	61.9	65	64
7. Net enrolment in primary education (above 6 year, percent)	80.4	90	89
8. Literacy (above 6 years percent)	55.5	70	68
9. Literacy (above 15 years percent)	49.2	63	61
10. Formal literacy (above 15 years, percent)	35.6	55	53
11. Safe drinking water (benefited population, percent)	71.6	85	83
12. Population growth rate(percent)	2.25	2.1	21
13. Population under poverty line (percent)	38	30	33
14. Human development indicator	0.466*	0.517	0.512
15. Human poverty indicator	39.2*	34.0	34.52

* Source: NPC/UNDP-Nepal Human Development Report, 2001

Table 4.4 Major targets of physical infrastructure

Particulars	Tenth Plan (final year)
-------------	-------------------------

	Ninth Plan (status of 2002/03)	Growth rate of 6.2 percent	Growth rate of 4.3 percent
1. Districts with road network	60	70	70
2. Area under irrigation (/’000hectare)	1121.4	1417	1375
3. Telephone distribution (/’000 pop.)	14	40	36
4. VDCs with telephone service	1761	All VDCs	3590
5. VDCs with computer net-work		1500	1275
6. Population having electricity service (percent)	40	55	53
7. VDCs with electricity service	1600	2600	2450
8. Agriculture and rural road (km)		10,000	8500

4.2.3 Macro strategies

The targeted reduction of poverty so far has not been achieved through the planned development efforts. The main reasons behind are: lack of higher, sustained and broader economic growth rate, the majority of poor people excluded from the mainstream development process, lack of expected reforms in HDI which promotes human capacity, dependents of agriculture in climate, low productivity in agriculture and increasing population pressure, lack affective implementation of targeted programs and service delivery of government being not effective, etc.

The macro strategy of the Tenth Plan shall be the creation of fundamental basis to promote economic opportunities through high, sustainable and broader economic growth and a fair system of distribution of opportunities thus created to achieve the fixed target of poverty alleviation by controlling population growth rate and emphasising on good governance. An increase in investment in the social sector will be encouraged to encourage backward groups to take advantage of such opportunities through women empowerment, capacity building and mainstreaming of the *Dalit* and indigenous people classes to extend their access by promoting their participation in the decision making process of both national and local programme including poverty alleviation. Along with these, social security programs such as income generation, self-employment etc. shall be operated with a view to directly benefiting all people living under poverty line including geographically and socially disadvantaged classes, castes and blinds and disabled and other vulnerable people.

The strategies of the Tenth Plan can mainly be grouped into following four categories :

- a) High, sustainable and broader economic growth.
- b) Social sectors and rural infrastructures development.
- c) Targeted programs
- d) Good governance

a) High, sustainable and broader economic growth

As it is clear that without economic growth poverty alleviation is not possible, and economic growth alone would not be sufficient to alleviate poverty, efforts would be

geared to keep economic growth rate high, sustainable and broad so that poor people shall have easy access to returns achieved. For this purpose economic reform process will effectively be strengthened to facilitate open and liberal economic policies.

The development of agriculture, forestry, industry, water resource sectors will be emphasized more as there are wide prospects to create opportunities for employment and income generation and to achieve high sustainable and broad economic growth rate. While developing these sectors, attention will be paid to keep them in line with unfolding demand schedule at national and international markets. In order to extend rural employment and income generation activities, commercialization of agriculture based mainly on Agricultural Prospective Plan (APP) shall be enhanced emphasizing on the development of services sector such as tourism, communication and information technology, finance and real estate, construction and transport etc. Priority will be accorded to measures, which increase productivity and lower production costs. For this purpose, implementation of appropriate technology package will be promoted.

The role of government would be *catalytic, facilitating and regulatory* in the areas where the private sector is attractive. But the government would play leading role in developing remote areas, in uplifting vulnerable and disadvantaged groups, schedule castes, *Dalit* and other low castes and the areas where private sector is not attracted. The role of local bodies, private sectors and non-government sector will clearly be stated at policy level and their respective contributions will be encouraged in the development process. The role of local bodies and private sector will be put on the forefront in order to make development process sustainable and transparent.

b) Social sectors and rural infrastructures development

Social sector development is emphasized to upgrade the quality of life pattern and to develop infrastructures as a fundamental basis for rapid economic growth. The sub-sectors of social sectors such as basic education, health and safe drinking water etc., are accorded special priority because of their significant roles in human capacity development and their determining position in human development, which directly affect poverty alleviation. Economic utility aspects and qualitative improvements of services along with increased access of common people in social services sectors are duly considered while developing infrastructures.

c) Targeted programs

Targeted programs are meant to enhance the capability of those communities and areas which are lagging behind in the main stream of development as defined by liberal and market-oriented economies system. Targeted and empowerment programmes shall be promoted to enhance the welfare of vulnerable, disadvantaged and exploited groups, the *Dalits* and indigenous scheduled caste groups and to improve respectful life for disabled, vulnerable and incapables and senior citizens. Similarly, various targeted programmes will be implemented for mainstreaming, empowering and bringing about gender equality.

d) Good Governance

The emphasis on good governance is expected to produce result-oriented and effective management of service delivery and implementation of projects / programmes thereby correcting the weaknesses in practical field. For the enhancement of good governance, participatory economic development is stressed to strengthen monitoring and evaluation system, to make decision making procedure and public expenditure pattern more responsible and transparent, to implement effectively decentralization at local level and to enforce administrative mechanism to be efficient, capable, responsible and effective. The working capacity and reliability of local bodies will be enhanced to mobilize local resources through decentralization. Transparent bases of projects selection, prioritization and transparency in their implementation will be followed strictly to upgrade effective implementation of development programmes.

Priority will be given on the utilization of new technology, productivity and enhancement of work efficiency and population management to implement above mentioned four strategies effectively and to make their cumulative effects positive and high to achieve the target of the plan. Participatory development process will be encouraged by managing active participation of private sectors, non-government sector and civil society along with public sectors and local agencies to reduce poverty through socio-economic transformation of rural areas. The role of women in these strategies of poverty alleviation is regarded as central point, which calls for priority on women empowerment and their mainstreaming.

4.2.4: Areas with Special Thrust

Following area with special thrusts are identified in the Tenth Plan on the basis of national priority, existing problem and development prospectus:

a. Agriculture development, sustainable management of natural resources and biodiversity

The income and employment of the majority of Nepalese people living in rural areas depend on agriculture. The Agriculture Prospective Plan for twenty years has the vision that poverty alleviation depends on the development of agriculture. The experience of other developing countries shows that the positive impact on agricultural development squarely falls on poverty alleviation. Thus the first priority in the Tenth Plan has been accorded to agriculture in view of the main objective of plan being poverty alleviation. The period of the Tenth and the Eleventh Plans will be celebrated as agricultural-decade to successfully implement the long term agriculture perspective plan. As there are close and complimentary relationships between agriculture and natural resource management, the sustainable management of natural endowments and biodiversity aspects are broadly included in agriculture development prospective.

b. Rural infrastructure development and rural energy

Our experience has visualized the necessity to develop rural infrastructures for the economic upliftment of rural sectors through continuous modernization of increased production by utilizing rural productive capacity. In the same way, rural energy development helps to mobilize rural economy and to solidify social transformations as these program help add to alleviate poverty for which the development of rural infrastructures and rural energy are especially emphasized in the Tenth Plan.

c. Population management, social service and basic social securities.

In view of low level of social indicators in Nepal as compared to other nations, weaker existence of social security measures and mounting additional pressures on available social services, it has been dire necessity to increase investment in these sectors as well as to stress on population management in order to raise the living standard of rural masses, facilitating their capacity enhancement so as to make them capable to utilize the unfolding opportunities of employment and improve their production and productivity. In compliance with this basic policy that there shall be an increase in the investment in social sectors

d. Under the role of private sector, development of tourism, water resources, information technology, industrial and commercial sector

It has been visualized that as the development of areas like tourism, water resources, information technology, industry and commerce and their extension pushes up the country's economic development and contributes significantly to increase employment opportunities, the role of government in the development of such sectors is defined to be a catalyst, regulator and facilitator and encourage the private sector for active participation.

e. Human resource development and women empowerment

It has been a felt-need to accord proper priority on human resource development in order to achieve macro economic growth through sustained increase in national production and productivity and to develop capacity to internalize the benefits arising out of such endeavours. Besides, it is necessary to step up special program for capacity enhancement of women as a remedy to redress existing exploitation and related problems due to gender inequalities. For this propose, it has been conceptualized to involve them in decision making process via empowerment activities and to widen their access to means and resources, raise their social-economic status and thereby accelerate additional pace towards poverty alleviation direction. It has been stressed to imply women related programs to full extent in related fields and agencies .

f. The targeted programs for upliftment, employment and basic security of Dalits, indigenous people and disabled class

Past experience clearly shows that weaker section of society fall behind because each one sector or class has no easy access to the fruits of economic development. In this connection, to identify disabled, Dalits, indigenous people and other

deprived sections into main stream of development, it is necessary to enable them to competently fight for employment. Besides, the government should pilot strong and separate package of program of basic security for blinds, disabled and vulnerable section of society .It has been taken into consideration to move specially through targeted projects.

g. Strengthening of local bodies, Non-government and community based organization (NGOs,CBOs)

In compliance with decentralization policy, the program for strengthening of all local bodies will be implemented, as their involvement is important to formulate and implement effectively micro-plan to operate at local level. Similarly, as NGOs, cooperatives, CBOs and civil society can contribute largely in poverty alleviation programs by helping locally launched people's consciousness campaign and transporting and delivering necessary goods and services timely and safely at low cost, their mobilization program is also emphasized.

h. Thrust on Areawise development and remote areas

Government shall launch specific programs for development of remote and backward areas. The guiding policy to develop such areas would be to explore and exploit the locally available resources and possibility to their full extent to produce desired results. The plan shall take up development of Karnali water shed as the specific remote area with high priority. Similarly, the development district left behind in development MWDR and FWDR shall also be accorded high priorities.

i. Use of better high-tech technology in rural area

It is through better use of new technology that the product and productivity will be increased to bring positive change in rural economy. Reform and revitalization of rural technology is a long felt need in Nepal. The proper use of sophisticated technologies at increased scale like information and biotechnology and capacity development in health will help to bring remote areas in the main stream of national development. It has been stressed to develop rural capability to utilize the opportunities of trade and employment emerging at national and international level and to integrate the markets with it for the rural products and thereby transfer technology, skills and knowledge to rural areas. It is assumed that this process would play a significant role in alleviating rural poverty.

j. Reform and assurance of good governance

It is relevant to strengthen and reform the existing legal and administrative frameworks to facilitate transparency process as it would not only be effective to control possible irregularities and corruption but also control the quality of development programs both on the formulation and implementation levels. In this respect, it is necessary to move through the medium of decentralization process into related sectors to provide guarantee and reforms and capacity enhancement

of agencies directly involved in corruption control so that the clean, accessible and efficient administration may prevail.

k. Protection and conservation of environment:

In compliance with the priority of sustainable development as proposed by Earth Summit-Rio, 1992, the integrated development of social, economic and environmental aspects is stressed keeping in line with the inter-relationship between poverty and environmental depletion. In this connection, special attention will be paid for the protection of environment and control of pollution while utilizing natural resources, biodiversity and infrastructure development to accelerate economic growth rate. Similarly, for augmenting of environmental consciousness, programmes will be implemented focusing on security, protection, rehabilitation and prudent application of environmental technology along with environmental health, education and other concerns. In addition, the urban environment shall be made healthier.

l. Development of national and regional infrastructures

It is necessary to develop coordinated essential infrastructures to optimally utilize available of national and regional resources such as road transport, air transport, telecommunications and information services, production of hydro-electricity power, distribution grids, extension of development epicentre, etc. to achieve high, sustainable and broader growth rate. Among them, the role of government shall be crucial one to develop highways, hydropower distribution grid, airports and extension of epicentres. In other areas, private sector is expected to be attracted go with suitable policy formulations. The whole strategy of developing national and regional infrastructures is guided centrally by this principle.

4.2.5 The summary logframe of development strategy of Tenth Plan

Each ministry concerned with development activities is directed to formulate its programmes as envisaged in the Tenth Plan and the log-frame thereof of each ministry must confirm to the broad log frame of the Plan itself. Policies and programs have to be designed on the basis of the logframe and should prioritize the proposed program accordingly. The objectives, indicators of programs, basis of verification, anticipated level of obstacles should be explicitly stated in such log-frames. It is assumed that progress monitoring and evaluation of the Tenth Plan would be based on this logframe. In short, the logframe formulated for the Tenth Plan is as follows:

Policy and Program Log Frame- development strategy of the Tenth Plan

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Target: Poverty incidence among Nepalese people (men and women) significantly reduced.

Four major strategies

High , sustainable and broad based economic growth	Social sector and infrastructure development	Targeted program	Good governance
Objective: Regeneration capabilities of broad based economic regimes sustainably strengthened	Objective: Production capabilities of human resources sustainably enhanced.	Objective: Productive capabilities of marginalized (deprived, disadvantaged, remote and isolated communities sustainably enhanced.	Objective: Overall governance of national development process sustainably improved with increased transparency , accountability, pluralism and decentralization.
Results:	Results:	Results:	Results:
<ul style="list-style-type: none"> ▪ *Agriculture development, sustainable management of natural resources and biodiversity • Increase in agriculture productivity and income. <ul style="list-style-type: none"> - Food production - Horticulture related high valued agricultural production like vegetable, fruits, silk, honey. - animal products (meat, eggs, milk product) - fish products - agricultural technology 	<ul style="list-style-type: none"> ▪ *Human Resource Development and Women Empowerment • Development of Quality Education <ul style="list-style-type: none"> - Women education - Pre-primary and primary education - Secondary education - Higher secondary education - Higher education - Informal education - Vocational and Technical education - Special education - Teachers training - Curriculum and text material - Increment of quality health service - Infant protection - Safe maternity 	<ul style="list-style-type: none"> ▪ Targeted programs for dalits, indigenous people, deprived, remote for their upliftment and employment. • Deprived and disadvantaged communities empowered for self-help development. • Remote area communities empowered for self-help development. • Empowerment of disabled • Implementation of peace and development program ▪ Emphasis on remote area and regional 	<ul style="list-style-type: none"> ▪ Promotion and guarantee of good governance • National administration structure reformed to coordinate and facilitate development programs. • Regional growth centres with complementing regional development administration structures operating to facilitate and coordinate regional development process. • Pluralism for strengthening management of social and

<ul style="list-style-type: none"> - Quality control - Agro-biodiversity: protection and promotion - Co-operatives • Increase in productivity and income of forest sector <ul style="list-style-type: none"> - Forest (grass, fuel wood, timber) - Soil conservation. - Agricultural forest - Herbal and high valued non-timber forest product - Biodiversity protection and promotion. • Development of tourism, water resource, information technology and industry and commerce in the private sector. • Increase in production and income of industry and commerce. <ul style="list-style-type: none"> - Export-oriented production. - Restructuring of industries. - Trade promotion - Small and cottage 	<ul style="list-style-type: none"> - Control of contagious and infectious diseases - Curing of non-contagious diseases - Basic health services • Women empowerment and mainstreaming • Safe drinking water and improvement in sanitation <ul style="list-style-type: none"> - Rural drinking water - Urban drinking water - Sewerage - Rural and urban waste-management - Development of rural infrastructure and rural energy - Rural electrification - Rural and agriculture roads - Community irrigation - Rope way - Financial (credit and saving institutions) - Alternate energy - Agriculture related service - Market management - Utilization cooperative system ■ Population management along with social service and basic social security • Population program 	<p>development</p> <ul style="list-style-type: none"> • Remote area and isolated communities empowered for their self-help development. • Special program for the development of backward region • Special priority on the development of Karnali region. 	<p>economic institutions</p> <ul style="list-style-type: none"> ■ Strengthening of local bodies, non-government and community organization • Strengthening of local self government bodies (DDC, VDC and Metropolis) for coordination and simplification of local development program • Non-government organization and civil societies functioning effectively in facilitating national, regional and local development programs.
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<ul style="list-style-type: none"> industry <ul style="list-style-type: none"> - Agri-based industries • Increase of employment-friendly service sector. <ul style="list-style-type: none"> - Rural employment - Urban employment - Foreign employment • Development of tourism sector <ul style="list-style-type: none"> - Development and diversification of tourist destination - Hotel/tourist accommodation. - Transportation - Market promotion - Improvement in services. - Eco-tourism. - Cultural tourism • Development and extension of private sector • Development of national and regional infrastructures <ul style="list-style-type: none"> - Highways - Airways - Tele-communication and information system. 	<ul style="list-style-type: none"> - Family planning and maternal and child program - Migration - Settlement • Increase in social security <ul style="list-style-type: none"> - Insurance System - Security of old and vulnerable ■ Improvement in rural technology and utilization of suitable technology • Increase in implementation of appropriate technology (including information technology) <ul style="list-style-type: none"> - Agricultural technology - Bio-technology - Micro and Rural industrial technology - Telecommunication and information technology - Labour intensive and environment-friendly technology in rural infrastructure. ■ Environment protection and promotion <ul style="list-style-type: none"> - Environment health - Environment education/awareness - Environment technology - Promotion of urban environment - Control of air, water 		
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

<ul style="list-style-type: none"> - Production of hydro-electricity. - Distribution system of electricity - Extension of development centers - Development of financial services. 	<p style="text-align: center;">and land pollution</p>		
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------	--	--

4.3 Role of different agencies

People being the focal point of development, their spontaneous participation is imperative. As a matter of fact, it is not possible to meet all the needs and aspirations of people by the government alone with its limited resources and means in the national development process. There is distinctive role of government, non-government sector, private sector, political parties, occupational institutions, educational bodies and local agencies in this process and it is pertinent to clearly define their duties and responsibilities. In the present context, the role of these different agencies is enumerated as follows.

4.3.1. Role of Government

The primary responsibility of the country's development lies with the government. It would play leading role in the development process and create amicable environment to have helping hands from various other sectors. In this context, the role of government will be as follows:

1. To establish law and order situation, to guarantee the fair and free justice, to raise people's consciousness and to modernize the concerned agencies equipping them with resources and means to increase the quality of their services.
2. To prepare and implement the national program of human right for its effective protection and promotion and strengthen the National Commission for Human Rights.
3. To formulate plan and policies for long term perspective development with definite mission.
4. To play the leading role in programmes such as poverty alleviation, mainstreaming and development of indigenous and *Dalits* development of remote areas, women development and empowerment, empowerment of disabled and guarantee social security provisions for senior citizens and elderly people's.

5. To promote and prepare a suitable environment for the private sectors to involve it in economic activities such as, industrial ventures, trade and commerce, tourism and water resource as facilitator by developing basic infrastructures and human resource.
6. To assert regulator's role to safeguard the welfare of the mass, to maintain the quality standard of goods and services and to guarantee easy supply.
7. To increase the efficiency of public corporations, to move forward the privatization process with priority, to create healthy competitive environment by discouraging monopoly.
8. To involve private sector directly or indirectly by creating an environment of participation in the development works of necessary infrastructures and quality manpower to assist sustainable and high growth rate essential for employment promotion and poverty alleviation.
9. To contribute to sustainable development by promoting quality services through the transfer of necessary authority as well as resources and means to local bodies directly involving them in development works as stipulated in Local Self-Governance Act, 2055. In this process, to motivate them to actively contribute to achieve national targets through population management, employment promotion and poverty alleviation, literacy campaign, extension of women education and empowerment, upliftment and mainstreaming of *Dalit* and indigenous people, incapacitations of disabled, social security of vulnerable people along with environmental protection.
10. To manage necessary provision of efficiency to implement, monitor and evaluate local level development works along with their formulation and prioritization by mobilizing peoples' participation and to transfer the responsibility of such projects to local bodies including mobilization of resources and means .
11. To promote participatory involvement of NGOs and community sector and civil society with government and local bodies. To encourage these bodies to prevail as pressure groups and monitoring agents to standardize and make their projects people oriented.
12. To protect and promote natural, cultural and historical resources and heritage while utilizing them optimally. To implement regulatory provisions such as environment laws, rules, instructions, code of conduct etc while protecting the environment by government.
13. To take lead in promulgating social justice and regional balance and in framing policies and programmes to distribute returns of development to common people.
14. To coordinate, monitor and evaluate and direct different development and reconstruction works of the nation.

4.3.2. Role of local bodies

The role of local bodies, in the context of enlarging participation of people from all sectors in development process and bringing backward areas and groups into main stream of development to speed up development pace, shall be as follows:

1. To speedup the participatory development effort ahead at local level on the basis of conceptual framework of decentralization through people's empowerment programme and capable local-self governance.
2. To help promote the establishment of civil society on the basis of people's participation by adopting such aspects as democratic process, transparent dealings, bearing responsibility at NGOs level, etc.
3. To implement effectively the national programmes such as population management, poverty alleviation, employment promotion, women empowerment, upliftment and mainstreaming of disabled, *Dalits* and indigenous people, security of vulnerable, literacy campaign and extension of women education of local levels.
4. To promote necessary capacity to implement local level development works and reconstructions and the formulation of planning, prioritization, mobilization of peoples' participation and implement, monitor and evaluate them spontaneously.
5. To stress on socially justifiable distribution pattern of development returns in balanced way through mobilizing local resources and means.
6. To manage and mobilize spontaneously the local resources to make effective and sustainable local development works amidst the common participation of government, non-government, community and private sector, too.
7. To make necessary provision for promotion of size and quality of services and benefit for the majority of the common people through programmes transferred to local level.
8. To manage institutionally established infrastructures to provide basic services to all at the local levels.
9. To enable the local bodies to be responsible to people of concerned local areas and to shoulder the responsibility accorded on them by local self-government acts.
10. To protect local resources by organizing peoples' participation at the formulation and implementation levels of local plans to control pollution and sustain local environment.

4.3.3. Role of the private sector

The private sector is accustomed to move spontaneously under the prevailing policies and rules in the country to invest in those sectors where the return is maximum. As this sector simply does not work only as business unit but moves cooperatively in groups and/or organizations for mutual benefits taking care of all concerned including national welfare, its role should be defined in separate prospective in the process of national development. At the same time, it is desirable to clearly define the


role of the private sector in the context of limiting HMG's activities in business sector and promoting private sector to enter with necessary investment in accordance with the principles of economic decentralization. For the healthy development by mobilizing optimally the available resources and means in dynamic and competitive environment in order to enable all economic sectors to help mitigate level of the poverty, the role of private sectors will be as follows:

1. To strengthen the role of the private sectors in the economic development by increasing investments and production.
2. To play active role to develop competitive market and production provision and to make efforts to move ahead to cope international competition.
3. To play the role of active helping hand to monitor the standardization and promotion of quality of products.
4. To abide by laws and rules and help make payment of tax according to regulations.
5. To develop an environment of harmonious relationship between investors and labourers in business world, to help eradicate child labour and act cooperatively in the areas of social security.
6. To deal in transparent business works to protect the consumers' rights, keeping the business code and integrity in tact.
7. To move forward to invest in physical and social infrastructure sectors by utilizing the encouragement provided by the government.
8. To help the government in formulating private sector related policies.
9. To promote the prestige of private sector at mass by extending co-operation and showing readiness to participate on the grounds of social morality in community programmes such as poverty alleviation rehabilitation and people's welfare.

4.3.4. The Role of non-government sectors and civil society

Under the extended conceptual framework of civil society, role of non-government organizations with defined goals possess important place in the process of national reconstruction. In the context of mobilization of growing participation of people and encouraging and strengthening local development to promote programmes for the effective realization of the main objective of Tenth Plan being alleviation of poverty through women education and empowerment, mainstreaming of indigenous people, *Dalits* and disabled and security of helpless people, population management, growth in income generation and environment protection, the role of non-government sector of local and national standard and civil society will be as follows:

1. To help achieve the target of poverty alleviation by operating programmes in prioritized sectors as envisaged in the Tenth Plan.
2. To perform or help perform the works in sectors like social reforms, population control, campaigns for people's consciousness, skill development



including women education and employment, mainstreaming of indigenous people, disabled and *Dalits* and security of helpless people .

3. To conduct programmes of income generation and employment creation through social mobilization to help promote employment and poverty alleviation.
4. To participate in monitoring activities by familiarizing local bodies, the programmes like poverty alleviation, promotion of social consciousness, environment protection including development performances and promotion of income generation and social mobilization.
5. To implement people's consciousness programmes and help ease the supply of services in remote areas where the reach of government and private sector is rather limited.
6. To help involve in regional development by increasing the presence of NGOs in remote and backward areas.
7. To help conduct programmes of national priority by helping locally active NGOs co-work with INGO's and private sector.
8. To keep transparent accounts/audit system and abide by rules for transparency and responsibility in the working style of NGOs.

Chapter-5

Economic growth rate, management and appropriation of resources and means

Economic growth rate and sectorwise allocation of investment is largely directed to high, sustainable and wide economic growth, qualitative improvement of social services, development of infrastructures and targeted programmes to achieve the poverty alleviation target of the Tenth Plan. The involvement of the private sector will be encouraged in modern sectors like commerce, tourism, electricity and communication and information technology to fulfill the said objectives. The focus of investment policy is to divert the government resources, which it can save with the involvement of the private sector in the areas it has been investing so far, to social and other infrastructure development sectors, including targeted programmes related to poverty alleviation where private sector is least attracted. For the strong economic structures and over all macro economic stability, the fiscal and monetary policies would also be reformed during the plan period.

5.1. Analysis of economic growth and investment

The input output analysis the main basis upon which the projection of the main indicators of economic growth, investment, employment and others in the Tenth Plan has been made. The macro models are used for the macro economic structural analysis to project necessary sectorwise investment, growth rate and other indicators. Similarly, considering the present situation, the projections are made in two bases, expected and general. The expected growth rate is the high rate for the Tenth Plan period in view of the existing condition and investment, and other indicators are projected accordingly. The alternative economic growth rate of general standard has also been projected in the plan.

5.2 Economic growth rate

It is necessary to have growth rate of 7 percent of GDP during the Tenth Plan and the following consecutive two plans in order to reduce the number of people living below poverty line to 10 percent by 2017 in conformity with the long-term goal projected by the Ninth Plan. To achieve such growth rate, it is important to lower down the population growth rate to 1.5 percent annually on the one hand and on the other, the emphasis should be given to increase productivity, and to raise productive capacity while utilizing them and the standard of their service and optimum benefit.

The annual growth rate of GDP by 3.6 percent is estimated during the Ninth Plan while the targeted growth rate was 6 percent on average. It is estimated that the GDP (at factor cost) had Rs. 4029.5crores in the fiscal year 2001/2002, the final year of Ninth Plan (Table-5). The slow down in the growth rate of GDP was due to declined productivity especially in industrial and tourism sectors as a result of volatile security situation, in both national and international scenarios. The first four years of the plan recorded an average growth rate of 4.6 percent while in the final year the economy contracted by 0.5 percent.

Although average annual growth rate of more than 7 percent in the Tenth Plan period is necessary to effectively finance poverty alleviation programs, it seems difficult at the current volatile political situation. Even if the situation normalizes soon, the investments cannot be mobilized for more than 6.2 percent growth. It would not be practical to project production level on the basis of preceding years' GDP levels and its growth rate as much of the resources need to be diverted to bring the infrastructures of public utilities in operations which were destroyed severely in the last few years. It needs great deal of adjustments even to stick to proposed 6.2 percent growth rate if the suitable structural reforms could not be brought forward in time.

5.3 The projection of alternative growth rate:

It is not possible to achieve the proposed 6.2 percent desired growth rate without bringing considerable reforms in existing law and order situation. That is why the economic growth rate have been clarified into two levels of expected and normal rate in live with the law and order situation.

5.4 Economic growth rate and the basis of resource allocation

Following bases of resources allocation in different investment sectors have been taken into consideration to achieve the targeted growth rate of the Tenth Plan.

1. To emphasize on the appropriation of resources in prioritized sectors with quick returns and with wider effects and to encourage the infrastructure development towards the industrial and productive areas with higher rate of returns.
2. To bring desired impact on poverty alleviation by developing agriculture as a leading sector which contributes major share in GDP and has wide ranging effects in the proliferation of rural employment according to Agriculture Perspective Plan.
3. To stress in women education and health in social sector and emphasize on human resource development by widening the access of women in such services and to facilitate them to move forward in development efforts.
4. To promote private investment in electricity, communication and information technology, rural energy and other modern sectors of attraction and involve them more intensively.

5. To introduce additional reforms to ease Foreign Direct Investment (FDI), and also to promote the domestic private investment.
6. By curtailing the unproductive public expenditure of the government, the resources and means would be used most efficiently. Locally available resources, means and skills would be expedited and the administrative reforms would be introduced to make the government transparent, efficient and effective.
7. By strengthening the rights of local bodies and to promote good governance regional investment would be promoted.
8. Strengthen the security of vulnerable people, by mainstreaming backward, oppressed society and physically challenged population.
9. To increase the national savings by ensuring macroeconomic stability through money and capital market development
10. To increase production and productivity by promoting the use of rural and other suitable technology to increase the contribution of rural sectors in economic growth.

5.5 Normal economic growth rate

The normal economic growth rate of the Tenth Plan has been 6.2 percent. In terms of sectorwise classification, the estimation ranges between 4.1 percent in agricultural sector and 7.5 percent in non-agricultural sector (Table 5.1).

A number of important policy reforms had been adopted from the Agricultural Perspective Plan during the Ninth Plan. But the implementation could not be effective. The policy of the Tenth Plan puts them in high priority and continue with additionally available resources and means namely irrigation, agricultural and rural roads, rural electrification including credit and marketing along with easy supply of suitable fertilizer, seeds and new technologies. The policy adopted will progressively support the land reforms process. It is on the successful implementation of these policies that reform in agricultural sector is expected to meet the proposed 4.1 percent growth rate.

The government will act as a facilitator to promote economic activities such as trading, hotels, industries and constructions, where the private sector is more interested to transfer the labour from agriculture to non-agriculture sectors increasing employment opportunities in these areas. It is estimated that the annual growth rate is expected to be 7.8 percent in industries and mines, 7.9 percent in constructions and 7.3 percent in trade and commerce, hotels and restaurants.

In electricity, related areas the annual growth rate is expected to increase by 11.1 percent during the plan period as this area needs consolidation of past investments, purposed projects and other permanent sources of powers to strengthen the industrial environment. Keeping in view of the ongoing projects it is estimated that the proposed growth rate in gross domestic product may not be difficult to achieve in this sector.

The growth rate in transport and communication is fixed at 7.7 percent. As the high growth rate in communication has positive impact on agriculture, industries and tourism sectors, it is felt that extra efforts along with earlier programmes is necessary. The achievements in financial sectors is expected to be 5.3 percent in the Tenth Plan as the stress falls not on extension but on reforms and working procedures of the financial enterprises.

In view of the lower status of social indicators of Nepal as compared to South Asian Countries, it has been necessary to fulfil the basic needs of human life by achieving high growth rate in social sector. For this purpose, a growth rate of 8.1 percent has been proposed.

5.1: The Tenth Plan's GDP and sectorwise value addition (at constant price of 2001/02; for the growth rate of 6.2 percent)

(Rs. in million)

Sectors	Estimated GDP Of 2001/02		Estimated GDP Of 2006/07		Annual growth rate of Tenth Plan/ Percentage	Average annual growth rate during the Ninth plan /Percentage *
	Production	Percentage	Production	Percentage		
Agriculture, Irrigation and forest:	158439.0	39.32	193694.0	35.58	4.1	3.3
• Non-Agriculture:	244513.0	60.68	350648.0	64.42	7.5	3.9
• Industry mines	34859.0	8.65	50747.0	9.32	7.8	2.0
• Electricity Gases & Water	8114.0	2.01	13983.0	2.57	11.1	6.1
• Construction	42232.0	10.48	61716.0	11.35	7.9	4.1
• Commerce, hotels & Restaurants	40391.0	10.02	57449.0	10.55	7.3	1.4
• Transportation and Communication	34664.0	8.60	50229.0	9.23	7.7	6.0
• Finance and real estate	43494.0	10.79	56308.0	10.34	5.3	4.0
• Social services	40759.0	10.12	60166.0	11.05	8.1	6.6
GDP(at factor cost)	402952.0	100.0	544343.0	100.0	6.2	3.6

* At constant price of fiscal year 1997/98

5.6 Capital investment and marginal capital output ratio

The estimated incremental capital output ratio is 4.3:1 for the current plan. The fixed gross capital investment of Rs 60980 crores is to be made in the Tenth Plan on the basis of estimated capital/output ratio and the targeted growth rate of 6.2 percent (table 5.2). Such fixed capital investment will be 13.8 percent to agriculture sector and 86.2 percent to non-agriculture sector. Of the estimated marginal capital output ratio 4.1:1 of the Ninth Plan, it increased to 4.5:1 (first four years) due to increase investment in capital-intensive sectors and lack of corresponding increase in

production. It is expected that the efficiency in capital utilization will be increased in the Tenth Plan through administrative and structural reforms, scientific approach in project selection, reforms in development administration, control in the leakages of resources and means, special efforts to be carried in promoting productivity and prioritization of labour-intensive industries and business and their growth.

Table 5.2 : Gross and sectorwise fixed capital investment in the Tenth Plan (at constant price of 2001/02 ;for the growth rate of 6.2 percent)

Sector	Incremental capital output ratio*	Fixed capital investment amount (Rs. in million)**	Percentage of total investment
Agriculture Irrigation and forest	2.39	84400.0	13.84
Non-Agriculture	4.91	525423.0	86.16
• Industry& mines	2.31	36677.0	6.01
• Electricity	14.68	86147.0	14.13
• Gases & Water			
• Construction	0.68	13176.0	2.16
• Commerce, hotels& Restaurants	2.61	44564.0	7.31
• Transportation and Communication	7.86	122289.0	20.05
• Finance and real estate	7.13	91301.0	14.97
• Social services	6.76	131270.0	21.53
Gross fixed capital formation	4.30	609823.0	100.0

* At the estimated growth rate of improvements by 5 percent in the Tenth Plan as against the comparison of available data of past year.

** There may be some differences in the calculated figures after 2 digits of decimal in marginal capital output ratio. .

5.7 Allocation of development expenditures

The allocation of development expenditures is made in conformity with the main objective of poverty alleviation of the Tenth Plan. The projected development expenditure is to grow by 15.4 percent annually as compared to the development achievements made in the fiscal year 2001/02 to keep the economy in desirable track and absorption. Though the projected figure seems to be high, the above mentioned causes that brought down development expenditure by 17 percent in the F/Y2001/02, as compared to the previous F/Y the simulated figures comes to 9.3 percent annually. The actual growth rate of development expenditure will come to around 14.3 percent at current prices as compared to that of F/Y 2000/01 calculated against the inflationary rate of 5 percent annually. The government expenditure is targeted to the areas of wide ranging effects and to the sectors where there are high and quick returns. The government has downsized its activities where the private sector is active and hence they are encouraged to invest more in those areas. The growth rate

of fixed capital investment is estimated to be 10 percent annually during the plan period. The estimated gross capital investment is disaggregated whereby 72.2 percent will be in the private sector and the remaining 27.8 percent in public sector (table 5.3). Of the total investment of the government 74 percent is directed to capital formation.

Table 5.3: The sectorwise distribution of fixed capital investment of the private and the public sector in the Tenth Plan. (At the constant price of 2001/02, for the growth rate of 6.2 percent)

(Rs in million)

Sector	Public sector		Private sector		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Agriculture Irrigation and forest	31806.0	18.74	52594.0	11.95	84400.0	13.84
Non-Agriculture	137930.0	81.26	387493.0	88.05	525423.0	86.16
• Industry & mines	1419.0	0.84	35258.0	8.01	36677.0	6.01
• Electricity Gases & Water	33337.0	19.64	52809.0	12.00	86146.0	14.13
• Construction	0.0	0.00	13176.0	2.99	13176.0	2.16
• Commerce, hotels & Restaurants	2012.0	1.19	42552.0	9.67	44564.0	7.31
• Transportation and Communication	34366.0	20.25	87923.0	19.98	122289.0	20.05
• Finance and real estate	2692.0	1.59	88609.0	20.13	91301.0	14.97
• Social services	64104.0	37.77	67166.0	15.26	131270.0	21.53
Gross fixed capital formation	169736.0	100.00	440087.0	100.00	169823.0	100.00

The projected sectorwise allocation of development expenditure of public sector in the Tenth Plan is as presented in table 5.4. It is estimated that in the plan period the development expenditure will amount to Rs.23400 crores. As the agriculture has wide implications in poverty alleviation, the higher percentage (24.0) of development expenditure has been to earmarked to this sector. This is high by 5 percentage points as compared to the actual of the Ninth Plan.

The sectors such as electricity, communication, etc, where private sector is more attracted, a friendly environment is created to involve them more closely in these activities. The policy guideline, adopted in the Tenth Plan directs the saving of government not by moving in such infrastructures, to be used in social sectors like education, health and drinking water where the governments involvement is of utmost necessity. In electricity development, the proposed expenditure is brought down to 15.4 percent as compared to 18.1 percent of the Ninth Plan and the complimentary expenditure is to be made by the private sector. In communication, the main policy is to develop through private sector. The resource generated through such changed investment pattern is added in sectors like agriculture, social services and rural transportation in conformity with poverty reduction strategy. The investment in social sector is expected to increase by 2.6 percent over the 36 percent of Ninth Plan to reach to 38.6 percent target. As the policy is to attract the private sector investment in transport and communication sector, the appropriated development expenditure in this

portfolio is only 15.6 percent reducing the development expenditure of the Ninth Plan by 2.3 percent points.

Table 5.4: The sectorwise allocation of total development investment in the Tenth Plan (At the constant price of 2001/02; for the growth rate of 6.2 percent)

(Rs in million)

Sector	Purposed in Ninth Plan		Achieved in Ninth Plan		Purposed in Tenth Plan	
	Amounts	Percentage	Amounts	Percentage	Amounts	Percentage
Agriculture, Irrigation and forestry	67438.0	27.1	32674.0	19.2	56210.0	24.0
Non Agriculture	181859.0	72.9	137099.0	80.8	177819.0	76.0
• Industry and Mines	2088.0	0.8	2673.0	1.6	2271.0	1.0
• Electricity, Gas & Water*	46631.0	18.7	30750.0	18.1	36004.0	15.4
• Commerce, Hotel & Restaurant	3836.0	1.5	3219.0	1.9	3511.0	1.5
• Transport & Communication	43842.0	17.6	29832.0	17.6	36428.0	15.6
• Finance & Real Estate**	329.0	0.1	6628.0	3.9	2746.0	1.2
• Social Service@	83026.0	33.3	61136.0	36.0	90386.0	38.6
• Miscellaneous#	2107.0	0.9	2861.0	1.7	6473.0	2.8
	249297.0	100.0	169773.0	100.0	234029.0	100.0

* Including alternative energy.

** Including the investments in financial sector from Ministry of Finance

@ Including the expenditure on drop control project under Home Ministry

Including the expenditure on economic and revenue administration, general administration, projects and statistics, science and technology, supply, constitutional bodies and other various economic sectors.

5.8 Sources of investment and development expenditures

Foreign debt burden has increased due to substantial share of foreign aid components in the previous plans. Special attention has been paid not to increase the proportion of foreign aid in the development expenditure in spite of hard-time in the Tenth Plan along with increase in national saving rate, control in unproductive regular expenditure, and increase in revenue collection and also to keep the development expenditure within the sustainability limit .

Of the total capital investment (including cash balance) of Rs. 64070 Crores, the national saving will finance Rs.50610 Crores (79 percent) and remaining Rs. 13460 Crores (21 percent) by foreign aid in the Tenth Plan. The share of the actual of national savings in total investment is higher by 3.4 percent points compared to 75.6 percent of the Ninth Plan. The possibility of increase in national investment has surged up with the adoption of open-economic policy and increase in export and the increasing remittance from abroad. The proportion of the private sector investment is

assumed to increase by 5.6 percent points as compared to the similar investment made in Ninth plan in the context of increasing role of the private sector and the policies pursued in the Tenth Plan are expected to augment private sector's participatory role.

In the foreign aid sector the target is to mobilize more grants and raise its contribution to 40 percent as compared to the past experience of around 35 percent. The contribution of foreign aid resource in total development expenditure was 56.3 percent in the Ninth Plan which is estimated to be 57.5 percent in the Tenth Plan. In the same way, the percentage contributions of revenue surplus and internal loan are estimated to be 21.4 percent & 21.1 percent respectively. (table 5.5)

Table 5.5: Sources of fixed capital investment expenditure in the Tenth Plan (at the constant price of 2001/02; for the growth rate of 6.2 percent)

(Rs. in million)

Sectors	Amount	Percent
Gross Investment	64076	
• Fixed capital investment	60982	100.0
- Public sector	44009	(72.2)
- Private sector	16974	(27.8)
• Change in Cash balance	3094	
Total Resources	64076	100.0
• National savings	50614	(79.0)
• Foreign Aid	13462	(21.0)
Revenue	32116	
Gross Expenditure	50520	100.0
• Regular expenditure	27117	(53.7)
• Development expenditure	23403	(46.3)
Sources of development expenditure		100.0
• Revenue surplus	4999	(21.4)
• Foreign aid	13462	(57.5)
- Grants	5385	(23.0)
- loans	8077	(34.5)
• Internal loans	4941	(21.1)

5.9 The impact of investment and development expenditure on macro economy in the plan period.

The people will have increased capacity to pay tax and to save in the Tenth Plan period as a result of increased employment opportunities and target group development, mobilization of more resources in productive areas, construction of development infrastructures, prioritization and the selection of projects at the implementation label. This will help to mobilize additionally revenue and the efforts to economize the expenditures will also increase the national savings.

The policy of keeping macroeconomic indicators within desirable limits is adopted in the Tenth Plan. The targeted average growth rate of regular expenditure as a percentage of GDP will be 11.0 percent are that of internal loan 2.0 percent, foreign aid 5.4 percent development expenditure 9.5 percent. The growth rate in revenue is postulated to be 13.0 percent and national savings rate at 20.4 percent. The

investment ratio is estimated to be 25.9 percent (table 5.6). The resource gap that exist after revenue surplus and foreign aid will be finance by internal loan. There will be no adverse effect in economic achieving stability as the internal debt will be mobilized up to 2 percent of GDP. Efforts will be made to keep the average annual inflationary rate at 5 percent and money supply (M₁) at 11.5 percent.

Table 5.6: The proposed investment, development expenditures and their sources of the Tenth Plan (at the ratio of GDP*; for the growth rate of 6.2 percent)

	<i>(In percentage)</i>		
	The last year of Ninth Plan	Average of Tenth Plan	The last year of Tenth Plan
Gross investment (including change in cash balance)	24.4	25.9	29.0
• Fixed capital investment **	23.2	24.6	27.7
- Public sector	10.0	8.0	7.9
- Private sector	13.2	16.7	19.9
• Change in cash balance**	1.2	1.3	1.3
Gross national savings	17.4	20.4	23.1
• Domestic savings	11.6	13.9	16.2
• Net factor income	5.4	6.2	6.5
• Net transfer	0.4	0.4	0.4
Net current accounts (excluding grants and transfer)	-7.0	-5.0	-5.9
• Regular expenditure	11.7	11.0	9.7
• Revenue	12.0	13.0	14.0
• Development expenditure	7.6	9.5	11.5
• Foreign aid	4.7	5.4	5.9
- Grants	2.1	2.2	2.0
- Loan	2.6	3.2	3.9
• Internal loan	2.6	2.0	1.4

* *At producers' cost*

** *Due to practical discrepancy in the growth rate of change in cash balance in the available data in the statistical table as it differs in the ratio of fixed capital investment and change in cash balance. The ratio has remained same with the gross investment.*

Table 5.7: The projection of main macroeconomic indicators of Tenth plan (at the constant price of 2001/02; for the growth rate of 6.2 percent)

Particulars	<i>(Rs. in million)</i>		
	2001/02	2006/07	Growth Rate (percent)
Gross Domestic Product (at factor cost)	402950	544350	6.2
Gross Domestic product (at producers price)	420260	566120	6.1
Gross consumption	371520	474260	5

Domestic savings	48750	91860	13.5
National savings	73180	130640	12.3
Gross investment	102550	163970	9.8
Forced Capital formation*	97320	156890	10
Change in cash balance	5230	7080	6.2
Imports of goods for commodity and services	121530	173660	7.4
Exports of goods for commodity and services	67720	101560	8.4
Imports of goods for commodity	105820	142950	6.2
Exports by goods for commodity	51300	73150	7.4
Net factor income	22730	36610	10
Current accounts(excluding transfer and grants)	-29380	-33330	2.6
Money supply (M1)	79620	137270	11.5
Consumers price index	1000	1280	5
Revenue	50450	79250	9.5
Development expenditures	31900	65370	15.4
Regular expenditure	49150	55140	2.3
Total foreign aids	19650	33330	11.1
Foreign loan	10950	22100	5.2
Foreign grants	8700	11230	5.2
Internal loan	10950	7930	-6.2

* Due to practical discrepancy in the growth rate of change in cash balance in the available data in this statistical table it differs in the ratio of fixed capital investment and change in cash balance. The ratio has remained same with the gross investment.

As the total employment reached 99 lakhs 59 thousands, unemployment was recorded at 5 percent and semi-unemployment 32.3 percent, if we include the semi-unemployed in unemployment column, the total number of unemployment will be 17.4 percent at the end of the Ninth Plan. During the Tenth Plan additional employment opportunity that 10 lakhs 53 thousands is expected to be generated, which will decrease unemployment to 4.1 percent, semi-unemployed to 22.3 percent and including both as unemployed, the rate will fall down to 13.5 percent.

5.10 Projection of growth rate

If law and order situation persists as it is it may not be possible to achieve investment and economic growth as projected. In such a situation the national economy will remain at low level equilibrium due to reasons such as low possibility of curtailing regular expenditure and increasing development expenditure, low level of revenue collection, low flow of remittances from foreign employment, low level of national saving, low inflow of foreign aid due to the low level of debt servicing capacity and decline in imports and exports. In such situation, there will be an increase of marginal capital output ratio by 10 to 15 percent. The possibility of remaining development expenditure at Rs 20500 Crores at current prices and Rs 17840 Crores at constant price as compared to the development expenditure of 2001/02 at constant prices, the percentage of regular expenditure of GDP may increase to 12.3 percent (at factors cost), the internal loan may reach 2.0 percent of GDP. The average national saving

ratio will be 16.3 percent and investment ratio may be limited to 21.6 percent. Thus economic growth rate will be limited to 4.3 percent. Even to achieve this growth rate, the foreign aid component in development budget must reach 67.1 percent and the revenue ratio must be a 12.9 percent. Following table reveals (table 5.11-table 5.12) different assumption of projections.

In case the existing law and order situation continues, the risk of investment in industries and business will go rise, sharp decline in inflow of foreign capital, declining the loan-able capacity of the country and due to low of economic growth rate, the level of internal saving will slow down rapidly. It will be very difficult to guess actually the resulting growth rate, in such a situation and in the context of population growth rate at 2.25 percent poverty will widely expand as the per capita income becomes negative.

Table 5.8: GDP growth and sectorwise value addition (at constant price of 2001/02; for the growth rate of 4.3 percent)

(Rs in million)

Sectors	Estimated GDP Of 2001/02		Estimated GDP Of 2006/07		Annual growth rate of Tenth Plan (%)	Average annual growth rate during the Ninth plan* (%)
	Production	Percentage	Production	Percentage		
Agriculture, Irrigation and forest:	158439	39.32	181897.9	36.57	2.8	3.3
Non-Agriculture:	244513	60.68	315553	63.43	5.2	3.9
• Industry mines	34859	8.65	45343.8	9.12	5.4	2.0
• Electricity Gases & Water	8114	2.01	11977.4	2.41	8.1	6.1
• Construction	42232	10.48	55195.5	11.10	5.5	4.1
• Trade, hotels & Restaurants	40391	10.02	51796.2	10.41	5.1	1.4
• Transportation and Communication	34664	8.60	45304.5	9.11	5.5	6.0
• Finance and real estate	43494	10.79	52158.3	10.49	3.7	4.0
• Social services	40759	10.12	53777.2	10.81	5.7	6.6
GDP(at factor cost)	402952	100.00	497450.9	100.00	4.3	3.6

* At constant price of fiscal year 1997/98

Table 5.9: Gross and sectorwise fixed capital investment (at the constant price of 2001/02, for the growth rate of 4.3 percent)

Sectors	Marginal capital/output ratio*	Amount of fixed capital investment (Rs. in million)**	percent of Gross investment
Agriculture, Irrigation and forest	2.68	62787.5	13.73
Non-agriculture	5.55	394469.2	86.27
• Industry and mining	2.58	27060.3	5.92
• Electricity, gas and water	16.41	63396.7	13.86
• Construction	0.75	9775.7	2.14
• Trade, hotel and restaurant	2.12	33312.1	7.29

• Transport and communication	8.78	93461.2	20.44
• Finance and real estate	7.97	69017.4	15.09
• Social services	7.56	98445.9	21.53
Gross Fixed capital formation	4.84	457256.7	100.00

* At the estimated growth rate of improvements by 5 percent in the Tenth Plan as against the comparison of available data of past year.

** There may be some differences in the calculated figures after 2 digits of decimal in marginal capital output ratio. .

Table 5.10 : The sectorwise distribution of fixed capital investment of private and public sectors in the Tenth Plan.(At the constant price of 2001/02; for the growth rate of 4.3 percent)

Sectors	Government Sector		Private sector		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Agriculture, Irrigation and forest	24092	18.61	38695	11.8	62788	13.73
Non-agriculture	105344	81.39	289125	88.2	394469	86.27
• Industry and mining	1066	0.82	25994	7.93	27060	5.92
• Electricity , gas and water	24980	19.30	38416	11.72	63397	13.86
• Construction	0	0.00	9776	2.98	9776	2.14
• Trade, hotel and restaurant	1531	1.18	31781	9.69	33312	7.29
• Transport and Communication	26743	20.66	66718	20.35	93461	20.44
• Finance and real estate	2072	1.60	66945	20.42	69017	15.09
• Social services	48950	37.82	49495	15.1	98446	21.53
Total	129436	100.00	327820	100.00	457257	100.00

Table5.11 The sectorwise allocation of gross development investment in the Tenth Plan (At the constant price of 2001/02; for the growth rate of 4.3 percent)
(Rs in million)

Sectors	Proposed in Ninth plan		Achieved in Ninth Plan		Proposed in Tenth Plan	
	Amount	percent	Amount	percent	Amount	percent
Agriculture, Irrigation and forest	67438	27.1	32674	19.2	42578	32.9
Non-agriculture	181859	72.9	137099	80.8	135772	76.1
• Industry and mining	2088	0.8	2673	1.6	1706	1
• Electricity , gas and water*	46631	18.7	30750	18.1	26979	15.1
• Trade, hotel and restaurant	3836	1.5	3219	1.9	2673	1.5

• Transport and communication	43842	17.6	29832	17.6	28348	15.9
• Finance and real estate **	329	0.1	6628	3.9	2113	1.2
• Social services***	83026	33.3	61136	36	69022	38.7
• Miscellaneous ****	2107	0.9	2861	1.7	4933	2.8
Total	249297	100	169773	100	178350	100

* Including alternative energy.

** Including the investments in financial sector from ministry of finance

*** Including the expenditure on drop control project under Home Ministry

**** Including the expenditure on economic and revenue administration, general administration, projects and statistics, science and technology, supply, constitutional bodies and other various economic sectors.

Table 5.12: Sources of fixed capital investment expenditure in the Tenth Plan (at the constant price of 2001/02; for the growth rate of 4.3 percent)

(In Rs. million)

Sectors	Amount	Percent
Gross Investment	486530	
• Fixed capital investment	457260	100.0
- Public sector	327820	(71.7)
- Private sector	129440	(28.3)
• Change in Cash balance	29280	100.0
Gross Resources	486530	(75.4)
• National savings	366840	(24.6)
• Foreign Aid	119690	100.0
Revenue	291270	(60.9)
Total Expenditure	456250	(39.1)
• Regular expenditure	277900	100.0
• Development expenditure	178350	(7.5)
Sources of development expenditure		
• Revenue surplus	13370	(67.1)
• Foreign aid	119690	(28.9)
- Grants	51470	(38.2)
- loans	68220	(25.4)
Internal loans	45290	

Table 5.13 The proposed investment, development expenditures and their sources in the Tenth Plan(at the ratio of GDP*; for the growth rate of 4.3 percent)

(In percentage)

	The last year of Ninth Plan	Average of Tenth Plan	The last year of Tenth Plan
including change in cash balance)	24.4	20.8	21.8
• Fixed capital investment **	23.2	19.5	20.5
- Public sector	10.0	8.4	8.6

- Private sector	13.2	11.1	11.9
• Change in cash balance**	1.2	1.3	1.3
Gross national savings	17.4	15.7	16.1
• Domestic savings	11.6	9.1	9.2
• Net factor income	5.4	6.1	6.5
• Net transfer	0.4	0.4	0.4
Net current accounts (excluding grants and transfer)	-7.0	-5.1	-5.7
• Regular expenditure	11.7	11.9	11.1
• Revenue	12.0	12.4	13.0
• Development expenditure	7.6	7.6	8.4
• Foreign aid	4.7	5.1	5.7
- Grants	2.1	2.2	2.2
- loans	2.6	2.9	3.5
• Internal loans	2.6	1.9	0.8

* *At producers' cost*

** *Due to practical discrepancy in the growth rate of change in cash balance in the available data in the statistical table as it differs in the ratio of fixed capital investment and change in cash balance. The ratio has remained same with the gross investment.*

Table 5.14 The projection of main macroeconomic indicators of the Tenth Plan (at the constant price of 2001/02; for the growth rate of 4.3 percent)

Particulars	2001/02	2006/07	<i>(Rs in million)</i>
			Growth Rate (percent)
Gross Domestic Product (at factor cost)	402950	497450	4.3
Gross Domestic product (at producers price)	420260	417350	4.2
Total consumption	371520	469850	4.8
Domestic savings	48750	17500	-0.5

National savings	73180	83070	2.6
Total investment	102550	112580	1.9
Fixed Capital formation*	97320	106110	1.7
Change in cash balance	4240	6470	4.3
Imports of goods and services	121530	141540	3.1
Exports of goods and services	67720	76470	2.5
Imports of goods	105820	120250	2.6
Exports by commodity	51300	59660	3.1
Net factor income	22730	33400	8.0
Current accounts balance (excluding transfer and grants)	-29380	-29500	+0.1
Money supply (M1)	70780	111500	9.5
Consumers price index	1000	1280	5.0
Revenue	50450	67264	5.9
Development expenditures	31900	43420	6.4
Regular expenditure	49150	57650	3.2
Gross foreign aids	19650	29507	8.5
Foreign debt	10950	17930	10.4
Foreign grants	8700	11580	5.9
Internal debt	10950	4290	-17.1

* Due to practical discrepancy in the growth rate of change in cash balance in the available data in this statistical table it differs in the ratio of fixed capital investment and change in cash balance. The ratio has remained same with the gross investment.

5.12 The sectorwise allocation of gross development expenditure

Sectorwise allocations of projected development expenditure for achieving estimated economic growth rate of 6.2 percent and alternative growth rate 4.3 percent have been the presented in following table. Compared to 6.2 percent growth rate, the appropriation in agriculture sector is less only by 0.1 percent point for 4.3 percent growth rate. The investment in electricity is lower by some percentage points and it is added in transportation and social sectors.

Table 5.15 : Detailed sectorwise allocation of gross development expenditure of the Tenth Plan (at the constant price of 2001/02)

(Rs. in million)

S.N	Particular	For the Growth rate of 6.2 percent		For the Growth rate of 4.2 percent	
		Amount	Share (percent)	Amount	Share (percent)
1	Agriculture, Irrigation & forest	56210	24.0	42578	23.9
a	Agriculture	17860	7.6	13523	7.6
b	Irrigation	22750	9.7	17225	9.7

S.N	Particular	For the Growth rate of 6.2 percent		For the Growth rate of 4.2 percent	
		Amount	Share (percent)	Amount	Share (percent)
c	Forest	4960	2.1	3755	2.1
d	Land reform And Survey	2370	1.0	1794	1.0
i	Land reform	980	0.4	742	0.4
i	Survey	1390	0.6	1052	0.6
e	other agriculture*	8270	3.5	6280	3.5
2	Non-agriculture	177819	76.0	135772	76.1
3	Industry, geology & mines	2271	1.0	1706	1.0
4	Electricity, gas and water	36004	15.4	26979	15.1
a	Electricity and other energy	36004	15.4	26979	15.1
5	Trade, hotel and restaurant	3511	1.5	2673	1.5
a	Tourism	2600	1.1	1979	1.1
b	Commerce	561	0.2	427	0.2
c	Labor	350	0.1	266	0.1
6	Transport and communication	36428	15.6	28348	15.9
a	Road Transport	27418	11.7	21336	12.0
b	Civil Aviation	1705	0.7	1327	0.7
c	Communication	7305	3.1	5685	3.2
7	Finance and real estate**	2746	1.2	2113	1.2
a	Financial Reforms	2746	1.2	2113	1.2
8	Social Service	90386	38.6	69020	38.7
a	Education	18800	8.0	14356	8.0
b	Health	14000	6.0	10691	6.0
c	Drinking water	29220	12.5	22313	12.5
d	Local Development	24700	10.6	18861	10.6
e	Other social services	3666	1.6	2799	1.6
i	Population and environment	207	0.1	158	0.1
i	Women and social welfare	1008	0.4	770	0.4
iii	Culture	1080	0.5	825	0.5
iv	Housing	1126	0.5	860	0.5
v	other	245	0.1	187	0.1
9	Miscellaneous	2473	2.8	4933	2.8
a	Science and technology	2300	1.0	1753	1.0
b	Supply	1168	0.5	890	0.5
c	Revenue and economic	250	0.1	190	0.1

S.N	Particular	For the Growth rate of 6.2 percent		For the Growth rate of 4.2 percent	
		Amount	Share (percent)	Amount	Share (percent)
	administration				
d	Constitutional bodies	400	0.2	305	0.2
e	General administration	160	0.1	122	0.1
f	Planning and statistics	495	0.2	376	0.2
g	Mid and far western special program (including Karnali) ***	700	0.3	535	0.3
h	Various economic services	1000	0.4	762	0.4
	Total	234029	100.0	17835100	100.0

* Additional appropriation in the priority sectors of long-term development plans.

** Including financial reforms

*** In this allocation additional amount of Rs 30 crores for agriculture program is included in headings of other agriculture & including this amount, the appropriation in this heading is Rs 100 crores for 6.2 percent growth rate and Rs 76.2 crores for 4.3 percent growth rate.

Chapter - 6

Macro-Economic Sector

6.1 Savings

6.1.1 Background

Higher rate of savings mobilization is essential for boosting investment necessary to achieve higher economic growth rate. But at present, the level of domestic savings is low. For attaining the targeted economic growth of the Tenth Plan it is necessary to bring about consistency between domestic saving, and investment. For this, identification of measures that assist savings to increase is called for. The balance between savings and investment is a condition that determines the achievement of targeted growth of the economy.

6.1.2 Review of the Ninth Plan

a) Ninth Plan: Progress against Target

During the Ninth Plan period the GDP at FY 2053/54 (1996/97) at constant price was envisaged to increase from Rs. 39.16 billion to Rs 53.85 billion. Accordingly, Gross Domestic Savings was targeted to increase by an average annual rate of 9.3 percent. In the final year 2058/59 (2001/02) of the Ninth Plan Gross Domestic Savings has reached Rs.48.74 billion at current price and Rs 38.69 billion at constant price of FY 2053/54. Thus, it increased by an average rate of 5.4 percent at current price and 0.6 per cent at constant price. only. Gross Domestic Savings to the GDP ratio in FY 2058/59 (2001/02) has been estimated to decline to 11.6 percent, whereas in FY 2053/54 it was about 14.0 percent. (Annex-1, Table 7)

b) Problems and Challenges

The main constraints to savings mobilization are: low level of saving capacity of the general public, lack of savings habits among the capable ones, and lack of easy access to saving instruments, and weak institutional frameworks, among others.

6.1.3 Long-term Prospect

In order to satisfy investment requirements for development, domestic savings will be made as a permanent and sustainable source. Gross Domestic Savings and Investment as per cent of Gross Domestic product will be maintained at 30 per cent and 34 per cent respectively by the Twelfth Plan.

6.1.4 Tenth Plan

a) Objective

The objective of the plan is to raise gross domestic savings and support investment programs to achieve poverty alleviation target.

b) Quantitative Targets

As per cent of GDP gross domestic savings will be increased to 16.2 per cent and investment/ gross capital formation to 29 per cent by the end of the tenth plan.

c) Strategy

1. Priority will be accorded to institutional saving mobilization thereby adopting the measures that can generate savings in corporate sector.
2. Emphasis will be given to generate revenue surplus by reducing regular expenditure of the government. Moreover, initiatives will be taken to increase savings by reducing expenditures through privatization of government enterprises.
3. Arrangements will be made to motivate the collection of deposit from the small depositors by offering positive interest rates, and providing easy access to banking and financial services.
4. Savings will be augmented through the remittances obtained from the Nepalese from Foreign Employment Promotion.

d) Policy

- ***Priority to Institutional Saving Mobilization Program (related to strategy 1)***
 - Mobilization of financial savings will be ameliorated by the expansion of banking and financial institutions as well as by creating conducive environment to bring about diversification in saving instruments.
- ***Emphasis on Revenue Surplus through reduction in Government's regular expenditure (related to strategy 2)***
 - Government regular expenditure will be restrained within limit. Measures will be adopted to increase revenue collection and government savings be raised by the privatization of public enterprises.
 - As per the suggestion of the Public Expenditure Review Commission, efficiency will be raised and austerity measures be adopted in expenditure management. Also, subsidy in government consumption expenditure be gradually reduced and thereby raising government savings.
- ***Promotion of small deposits by offering positive interest rates and also facilitating banking and financial services. (related to strategy 3)***
 - Deposit mobilization will be increased by improving banking services through financial sector reforms.

- Saving opportunities will be created through market expansion of insurance, provident fund and bond markets.
- Arrangement will be made to make the national saving certificate accessible to small depositors. Also, deposit insurance system will be arranged for their protection.
- Emphasis will be given in generating savings by identifying new areas of investment.
- By controlling the price inflation, the capability and the willingness to save will be promoted.
- ***Promoting Savings through Foreign Employment (related to strategy 4)***
 - In order to increase income from foreign employment promotional measures will be adopted.
 - Institutional arrangements will be made for the inflow of income earned by the Nepalese working abroad.

6.2 Revenue

6.2.1 Background

Essentially,, government needs a huge resource in order to alleviate wide -spread poverty in the country. Government involvement in various sectors like: physical infrastructure development, social service expansion, maintenance of law and order situation, guaranteeing welfare to ethnic groups, rural and remote areas development, etc, and thereby accelerating the economic growth call for adequate domestic resource mobilization. Therefore, revenue mobilization, which has become a significant part of domestic resource mobilization, should be accelerated and made sustainable.

6.2.2 Review of the Ninth Plan

a) Ninth Plan: Progress against Target

- In the base year 2053/54(1996/97) of the Ninth Plan, the revenue in proportion to the gross domestic product remained at 10.8 percent, which increased only to 12.0 percent at the final year of the Ninth Plan 2058/59(2001/02) against the target of 12.3 percent.
- The revenue collection (at current price) remained Rs.30.37 billion in FY 2053/54 (1996/97), whereas it was estimated to reach to Rs.50.51 billion at the final year 2058/59(2001/02). Thus, during the plan period, the annual average increase in revenue at current price was 10.8 percent and at constant price it was 4.9 percent (Annex 1, table 13,14). Similarly, of the total revenue collection, the ratio of tax revenue and non-tax revenue

in FY 2053/54 (1996/97) was 80.4 and 19.6 per cent respectively, whereas in FY 2053/54 (1996/97) the proportions were 80.1 and 19.9 per cent respectively (Annex 1, Table 15).

b) Problems and Challenges

- Negative implications on tourism sector brought about by both domestic and international disturbances, and deteriorating security situation in the country affected the economy adversely.
- Narrow tax base, lack of compliance among the tax payers to pay tax normally, lack of flexibility in taxation, lack of effectiveness in administrative machinery in revenue collection, poor professional competency, leakages in tax proceeds, lack of transparency on existing tax-laws etc. are some of the problems affecting revenue collection..

6.2.3 Long-term Prospect

In order to increase revenue as a proportion of gross domestic product, development of a broad-based and sustainable revenue structure is a prerequisite; which would help channelize domestic resources for poverty alleviation programs.

6.2.4 The Tenth Plan

a) Objective

The objectives of the Tenth Plan are to increase revenue elasticity by broadening tax base, maximum mobilization of domestic resources and gradually reducing dependency on foreign assistance.

b) Quantitative Targets

- By the final year of the plan, the revenue ratio is targeted to be 14 percent.
- As per cent of gross domestic product, direct tax, indirect tax, and non-tax are targeted to be 3.5, 8.7 and 2.8 percent respectively.
- The number of income tax payers will be increased to 3,00,000. Similarly, number of "Value Added Tax" registered taxpayers will be increased to 40,000.
- Contribution from revenue surplus to development expenditure will be maintained to a minimum of 22 percent by the end of the plan.

c) Strategy

- To bring about effectiveness in revenue mobilization, the tax base will be broadened through structural reforms. To develop value added tax as a primary source of domestic revenue, its scope and coverage will be expanded. Custom tariffs will be further simplified by bringing every income-generating sector within the income tax net.

- Administrative and legal reforms will be prepared to make tax administration simple, transparent and perfect. The mechanisms designed for controlling revenue leakages will be used effectively.
- Non-tax revenue will be increased through reforms on income and dividend received from telecommunication, electricity and drinking water sector through the cost based pricing. Likewise, reforms will be made in other sectors for this purpose.

d) Policy :

- ***Broadening the tax base through institutional reform (related to strategy 1)***
 - The direct and indirect tax will be adjusted in consonance with foreign trade structure, protection of domestic industries, accession to the World Trade Organization and South Asian Free Trade Arrangement (SAFTA).
 - The areas of income generations that have not been incorporated within tax base will be brought under the tax net thereby adopting the policy to gradually reduce the income tax burden.
 - Areas where VAT is waived will be reviewed. Arrangements will be made to adopt the task of issuance of tax invoice up to consumer level and to implement it strictly.
 - Adjustment will be made in Custom tariffs in the context of World Trade Organization membership.
 - “Public-private sector partnership” will be promoted to increase participation of the private sector on revenue policy formulation.
 - Proceeds realized through privatization of government enterprises will be used in clearing the liability of the government enterprises and in repaying the government loans.
 - Various awareness and promotional programs will be initiated to bring potential taxpayers into the tax net.
 - An integrated information system will be developed for the regular monitoring of revenue policy reforms and implementation.
 - A permanent revenue board will be established and activated for making institutional arrangement that assists in providing prompt understanding on current situation of the economy and assist in financial decision-makings.
- ***Setting tax administration simple, transparent and healthy (related to strategy 2)***
 - The monitoring capacity of the agencies involved in controlling revenue

leakages will be extended and the effectiveness of the monitoring units that are working at the central level will be increased.

- Professionalism of staff in revenue administration will be enhanced through regular trainings.
- Revenue laws will be made more transparent and practicable by removing impediments in the areas of custom tariffs, excise, VAT and income tax.
- Design and implement performance indicators applicable to specific units and to staff up to executive level.
- The monitoring process will be made more effective by setting up permanent revenue police.
- Revenue tribunal will be made active for early settlement of tax litigations thereby reducing the tax arrears. A separate institutional arrangement will also be made for the management of the tax arrears that exist after the decisions made by the tribunal.
- ***Non-tax revenue will be increased through reforms in dividends, duty and loan/ investment. (related to strategy 3)***
 - Prices of goods and services to be sold by the public sector will be governed by cost and prevailing market prices with a view to augment the share of non-tax revenue.
 - The dividend policy will be reviewed every two years to help realize an appropriate rate of return on investment made by the government in the public enterprises.
 - The principal, interest and royalty due from the public enterprises will be claimed, on a planned basis, as per investment made by government in those enterprises.

6.3 Foreign aid

6.3.1 Background

The considerable gap that exists between saving and investment and the increased need for public investment to conduct activities for poverty alleviation and sectoral programs, foreign assistance has assumed important role in the national economy. In this context inflow of foreign aid should be made conducive to national needs.

6.3.2 Review of the Ninth Plan

a) Ninth Plan: Progress against Target

During the Ninth Plan (at constant price of 2053/2054(1996/97)) contribution of foreign aid was targeted to be 58.8 percent of development expenditure (17.2 percent grants and 41.6 percent loan), while during the plan period the actual figure stood at 56.3 percent (19.5 percent grants and 36.8 percent loan).

b) Problems and Challenges:

- Most of the development projects financed through foreign assistance are neither able to accomplish the targeted goals nor establish the ownership of His Majesty's Government and Nepalese people in such development efforts.
- Debt liability is on increase. Total foreign debt in FY 2058/59 (2001/02) has reached Rs.207 billion, consequent to which debt servicing obligations (principal and interest payment are also increasing over time).

6.3.3 Long-term Prospect

Maximum utilization of foreign aid to achieve self-sufficiency in resource mobilization for poverty alleviation and sustainable development is necessary. In addition to this, from longer-term perspective foreign aid is expected to meet increasing need of poverty alleviation programs.

6.3.4 Tenth Plan

a) Objective

To alleviate poverty and achieve sustainable higher economic growth rate through effective utilization of foreign aid.

b) Strategy

1. To give appropriate priority to development activities to be implemented through foreign aid by bringing about improvements in quality, effectiveness and efficiency of management.
2. To enhance equity based development partnership by redefining the relationship between His Majesty's Government and donor communities.

c) Policy

- ***Increasing the effectiveness of foreign aided development activities (related to strategy 1)***
 - Efforts would be made to receive more grant assistance and soft loans.
 - Technical assistance would be requested for the implementation of specific economic and social sectors.
- ***The interlinkages between His Majesty's Government and donor communities would be redefined (related to strategy 2).***

- To bring about greater impact of foreign assistance and for ensuring accountability, government's and people's roles, leadership, and ownership will be determined.
- Flow of external assistance from international non-government organizations will be mobilized as per their quality and also national requirements.

6.4 Government Expenditure Management

6.4.1 Background

Based on the involvement of the government in economic and social transformation of the country, prudent management of public expenditure in different sectors is very essential. For this, austerity measures would be adopted and effectiveness of expenditure would be strengthened.

6.4.2 Review of the Ninth Plan

Budget manual has been prepared and brought under operation for the purpose of reducing expenditure, developing effective accounting standard, initiating programs in the Mid-Term Expenditure Framework (MTEF) and managing actions related with price subsidies. Action has been initiated to bring all kinds of assistance from donor agencies into the budgetary framework. A bill has been tabled into the parliament to amend Arthik Karyabidhi Ain 1998) for financial transparency, expenditure management and for maintaining account of government goods.

6.4.3 Problems and Challenges

The deteriorating law and order situation and political instability, the tendency of regular expenditure exceeding development expenditure, lack of performance based budgetary system, inability to curtail the number of projects, delay in privatization of government enterprises have been witnessed as the main problems faced during the process of implementation.

6.4.4 Long-term Prospect

The long-term objective of public expenditure management is to achieve the goal of poverty alleviation through the flow of national resources and wherewithal into the priority sectors.

6.4.5 The Tenth Plan

a) Objective

To support poverty alleviation efforts through the flow of national resources and means in the priority sectors.

b) Quantitative Targets

- To achieve the ratio of gross national savings to gross domestic product at 23.1 per cent and that of total investment to gross domestic product and 27.7 percent.
- To limit the ratio of regular expenditure to gross domestic product at 9.7 percent and to attain the ratio of development expenditure to gross domestic product at 11.5 percent.

c) Strategy

1. Austerity measures will be adopted in the regular expenditure of the government.
2. Effective administrative and functional mechanism will be set up to help achieve efficiency in expenditure management.
3. Appropriation of public expenditure, disbursement, expenditure authorization, decision making process, accounting, auditing, reporting and dissemination of financial information will be made transparent, prompt and return based.

d) Policy

▪ *Austerity in Public Expenditure (related to strategy 1)*

- Constant monitoring will be made to check whether or not the activities have been implemented in line with the financial act, and regulations or not within the specified timeframe. The machinery assigned for the purpose will be strengthened.
- Achievement based evaluation system will be effectively implemented.
- Accounting system will be reformed to ensure the operation and maintenance of the assets generated from government expenditures. Also the reports will be prepared reflecting the assets and liabilities so as to arrest the leakages, if any..
- Regulations regarding public procurements will be framed to help curb irregularities.

▪ *Efficiency in Expenditure Management (related to strategy 2)*

- Sectoral expenditure policy will be framed to ascertain productivity, efficiency and economy of expenditure on the basis of available means and poverty alleviation national priority.
- Foreign loan assistance will be reduced in phases and further initiation will be made to obtain grant assistance for more important development projects.
- Through the privatization of the public enterprises, government

involvement will be reduced gradually. Private sector investment in modern sectors like electricity and communication will be promoted.

- Financial discipline will be maintained and accounting standards and information system will be made effective and strong.
- In the selected agencies, system of evaluation of expenditure efficiency will be adopted.
- Information system on budgetary operations will be improved.
- ***Return -based Appropriation of Public Expenditure (related to strategy 3)***
 - Annual budget/three-year budget will be prepared making them consistent with the allocated amount for the prioritized sector in periodic plan and medium-term expenditure framework.
 - Objective of the project will be made the basis for budgetary allocation and effective monitoring will be carried out for the time bound programs.
 - Foreign assistance will be directed towards priority sector only. And while allocating budget the on-going projects will be prioritized so that implementation of new projects will be initiated based on availability of new resources.
 - Foreign assistance, specifically foreign loan will be channeled towards prioritized programs and projects. All kinds of expenditures to be disbursed by donor agencies will be brought into budgetary framework and will be made transparent.
 - Services hitherto delivered by central level agencies will be handed over to the local levels with emphasis on fiscal management based on the principle of decentralization.

6.5 Money, Banking and Credit

6.5.1 Background

Policies of liberalization, globalization and privatization pursued in the overall economic sector during 1990's have resulted in speedy financial liberalization. Financial sector liberalization and reform program adopted since the Eighth Plan (1992-1997) have been further extended in the Ninth Plan (1997-2002). The Nepal Rastra Bank Act, 2001 and the Debt Recovery Act have already been enacted. However, credit flow has not been sufficient as required by the rural and agricultural sectors.

There have been endeavors to accomplish the objectives of the monetary policy through necessary adjustments in bank rate, cash reserve ratio and open market operations and also by reducing financial intermediation cost of the commercial

banks. Financial intermediation augmented through efficient implementation of fiscal policy and monetary policy has been supportive in attaining overall economic stability.

6.5.2 Progress review of the Ninth Plan

The main objective of monetary policy in the Ninth plan was to maintain economic stability. Adequate surplus in balance of payments, maintaining of foreign exchange reserve in excess of the amount required to cover six months of imports goods and services and maintaining price stability had been the main policy goals. The Ninth Plan had set the target of maintaining annual average inflation at 6.5 percent. Improvements in supply situation especially of food items helped contain price rise within the target. During the plan period, an average annual surplus of Rs. 6.41 billion (in constant price) in balance of payments had been achieved as against the target of Rs. 4.4 billion (Annex 1, Table 31).

With regard to broad money supply, an annual average growth target of 15 percent was set. But the annual average growth of 17.1 percent was witnessed exceeding the targeted growth by 2.1 percentage points.. However, during the review period, rate of growth of the narrow money supply reached 15.7 percent against the annual average growth target of 13 percent. In credit supply, bank credit flow to the His Majesty's Government sector, during the plan period, was set to an annual average rate of 3.2 percent, whereas such credit had increased by an average of 15.4 percent. While growth rate of bank credit to public enterprises and private sector had slowed down than targeted in the plan against the target of the plan. Bank credit allocation for public enterprises was limited to a growth rate of 12.1 percent during the review period against the targeted growth rate of 21.5 percent. Bank credit flow to the private sector remained at 15.9 percent, lesser than the target rate of 20 percent. As a result, total domestic credit has increased only by 15.3 percent against the target of 16.1 percent during the review period. (Annex 1, Table 22).

To stabilize and strengthen the financial sector, necessary legal and institutional reforms in the financial sector were effected in addition to the development of prudential norms as per the international standard. Rural Micro-Credit Development Center was established to extend refinancing facilities to the financial institutions which provide rural micro-credit. Debt Recovery Act has been passed by the parliament which would be instrumental in reducing bad debts of the banks and financial institutions.

6.5.3 Problems and challenges

The maintenance of financial stability has been the major challenge Price stability had been achieved for the first four years of the Ninth Plan. Similarly, balance of payments had been favorable. However, in the final year of the Ninth Plan due to adverse effects led by internal and external factors, tourism sector was adversely affected. Due to domestic security problem, budgetary operation was disturbed resulting in fiscal imbalance to grow. Against this backdrop, maintaining economic stability is going to be the major challenge the monetary policy would have to face.

6.5.4 Long-term Prospect

The long-term objective of monetary policy will be maintaining economic stability in order to accomplish sustainable economic growth rate.

6.5.5 The Tenth Plan

a) Objective

The prime objective of the monetary policy is to maintain macro-economic stability by ensuring adequate liquidity in the economy and sufficient credit flow to the private sector to attain sustainable and high growth rate in the economy supported by price stability and favorable balance of payments.

b) Macro - Quantitative Targets

- To maintain inflation at an annual average rate of 5 percent.
- Broad money supply to grow at an annual average rate of 14.5 percent.
- Credit to government from the banking system to increase annually at an average rate of 6.3 percent.
- Credit to the private sector from the banking system to increase at an average annual rate of 20 percent.
- Total internal borrowings of the government will increase at an average rate of 16.2 percent.
- Narrow money supply will increase at an annual average rate of 11.5 percent.
- Balance of payments, on the annual average, will remain surplus by Rs. 3.7 billion.

c) Strategy

1. Service standard of banking and financial sector will be enhanced and stability be maintained. Likewise, payments system will be developed to make them secured, healthy and capable. Through the promotion and service extension of the overall banking and financial system, credibility of the public will be regained
2. Policy and programs of banking, credit and financial institutions will be designed in favour of rural areas.

d) Policy

- ***Stability and service extension of banking and financial system (related to strategy 1)***
 - Total autonomy will be given to the central bank in the operation of monetary policy making it conducive to economic development.

- In addition to bringing about necessary adjustments in the bank rate and cash reserve ratio, open market operations will be augmented for short-term monetary management.
- Credit to the government from the banking system will be reduced enabling the private sector to utilize major share of total bank credit.
- Conversion of debt instruments and overdraft into the marketable treasury bills will be continued.
- Initiation will be made to sell the HMG's development debentures through auction.
- Inspection and monitoring system will be strengthened to ensure healthy financial transactions of the non-bank financial institutions inclusive of savings and credit cooperatives, Employee Provident Fund, Citizen Investment Fund and mutual funds.
- A system of full security of credit from the bank and financial institutions will be ensured through effective implementation of the acts, laws incorporating legal provisions concerning bankruptcy, merger, acquisition, contract and private property.
- The system of monitoring, supervising and regulating of the financial sector will be further strengthened.
- Bank and financial institutions under government ownership will be gradually privatized through reforms in their management.
- Institutional arrangement will be made for making debt recovery of the financial institutions effective.
- Additional legal and institutional arrangements will be made to develop Nepal as an international offshore financial center.
- Credit Rating System will be developed for attracting national and foreign investors.
- Deposit insurance system will be established.
- Educational credit will be arranged in the technical and higher education in support of human resource development.
- ***Encouraging Banking and Financial Services towards Rural Areas (related to strategy 2)***
 - In order to increase rural and industrial credit, credit operations of the Agricultural Development Bank, the Nepal Industrial Development Corporation, the Employee's Provident Fund, the Citizen Investment Fund and the Insurance Corporation will be strengthened and

restructured. The operating areas of public investment will be expanded. With an objective to increase the flow of long-term credit in industrial as well as in commercial sectors, the establishment of specialized development banks will be encouraged.

- Encouragement will be made to establish finance companies in development regions where they are not yet established. At the same time their scope of service delivery will be expanded, wherever possible.
- For the development of the cooperative societies, cooperative banks will be established with necessary amendments in the prevailing cooperative act. Furthermore, special emphasis will be placed towards maintenance of Good Corporate Governance.
- For the development of micro-credit as well as minimizing risk elements the deprived group may encounter while getting involved in micro-credit business, “Micro Credit Insurance” will be managed.
- Financial intermediary that supply micro- credit will be augmented in favor of socially and economically deprived groups and women in the rural sector.
- Rural development banks will be privatized and will be persuaded to provide banking services in the potential hilly districts.
- Policy will be adopted to gradually phase-out the priority sector lending programs of the commercial banks. But the credit program for the deprived sector will be maintained and continued.
- In order to increase opportunities for income generation and employment promotion of the deprived and marginal-income groups, flow of credit will be extended to rural areas through small credit unions, village banks, Non-government organizations and micro credit agencies

e) Programs and Implementation Modalities

- The services of the rural development banks, small farmer development projects, micro- credit programs for women and programs of non-government organizations established with similar objectives will be extended in a sustainable and effective manner to raise the flow of institutional micro-credit for the social and economic benefits of the deprived groups including women of the rural area.
- Since operating cost of the commercial banks and development banks are found to be higher while providing small loans directly through them in the rural areas, system of identifying local financial intermediaries will be managed with priority for providing wholesale banking through commercial and development banks. Similarly, to create opportunities for income and employment for the deprived and marginal income groups, village banks,

small credit unions, Non-government organizations and micro credit institutions will be organized

- Various acts have been under operation in the recent years in the context of implementation of different financial institutions. An act relating to deposit taking institution will be formulated by integrating these acts and henceforth, implemented.
- Banks and financial institutions will be allowed to raise capital from the external financial markets to mobilize long-term capital.
- Debt Tribunal will be established under Debt Recovery Act with the objective of reducing the amount of bad debt. Moreover, by establishing Asset Management Company, the amount of bad debt will be reduced considerably.
- A modern clearing house will be established to promote payments system to be active, secured and effective.

Table 6.1 :Projection of Monetary Situation in the Tenth Plan*(Rs.in million)*

S.No	Particulars	Final Year of Ninth Plan 2001/02*	2006/07
1.	Net Foreign Assets	89287	107591
2.	Total Domestic Credit	205690	437635
	a. HMG	59203	80354
	b. Public Enterprises	12249	18589
	c. Private Sector	134239	334030
3.	Fixed Deposits	146566	305194
4.	Net Other Liabilities	68796	99688
5.	Narrow Money Supply	79616	137207
6.	Broad Money Supply	226182	445129

* Preliminary estimate.

While making projections on total money supply, projections on surplus in balance of payments targeted towards the source and total credit supply have also been considered.

6.6 Foreign exchange and Balance of Payments

6.6.1 Background

In order to facilitate the imports of industrial raw materials, capital goods and transfer of advanced technologies, the stability of exchange rate is a prerequisite. In view of the growing dependency on foreign resources for economic development there has been a paradigm shift in the concept of foreign assistance world-wide. As such "Trade not Aid " has got prominence. The process of liberalization which commenced during 80's has gained dynamism during the late 20th century, resulting in global economy to be more liberal and integrated. On the whole, the international trade has become instrumental in activity expansion, growth and maintenance of stability.

6.6.2 The Ninth plan: Target and Progress

a) International Trade

In the Ninth Plan, export was targeted to increase, on an average, by 12.5 percent. However, even though the execution of SAFTA and Nepal's accession to WTO could not be accomplished, the renewal of Nepal-India trade agreement brought about positive outcome on Nepal's export to India, thereby resulting in total export growth by 11.1 percent at constant price, which is marginally lower than the target. Import, which has been targeted to increase annually at an average of 8.8 percent, has decreased by an annual average of 2.1 percent (Annex 1 Table 28).

b) Foreign Exchange and Balance Of Payments

During the ninth plan satisfactory performance have been witnessed in the area of foreign exchange and balance of payments. Trade deficit, on an annual average, has contracted by 9.4 per cent which is consistent with the plan target to gradually minimize trade imbalance. Private transfer receipts have supported to reduce the current account deficit gradually augmenting services and transfer net as envisaged in the plan. (Annex 1, Table 31). In FY 1997/98 the ratio of current account deficit to GDP remained at 5.9 percent, In the final year of the ninth plan some progress has been noticed whereby this ratio has declined to 4.7 per cent. As against the target of the plan to maintain current account deficit to GDP ratio at 8.5 per cent (excluding the government subsidy and Indian Excise refund), it has declined to 7.0 per cent by the end of the plan.

Despite encouraging achievement in the trade sector, receipts from service sector were not as expected. In contrast to targeted increase on an annual average by 11.4 per cent services receipts declined by 26.4 per cent on an annual average affected as it was by domestic as well as external shocks.

Under transfer receipts, net private transfer has increased, on an annual average, by 23.4 percent. During this period, even though there has been some decline in foreign grants, net transfer income has increased, on an annual average, by 9 percent compared to the target to increase it by the 6.0 percent (Annex 1, Table 32) .

Under capital account, net foreign capital inflow has declined by 19.1 percent. Notwithstanding the target of the Ninth Plan to maintain foreign exchange reserves to cover 5 months of import of goods and services by the end of the plan such reserves increased to cover 10 months of imports.

6.6.3 Problems and Challenges

The problems encountered during the implementation of 9th plan were as follows:

- Obstacles created in industrial and tourism sectors due to deteriorating law and order situation.
- Negligible export to mainland China and Tibet, an autonomous region of China, in spite of significant increase in import from there.
- Abrupt crisis faced by Pashmina industry and the slackness witnessed in export of woolen carpets.
- Poor implementation of Duty Drawback Scheme relating to export.
- Slackening in the export of Nepalese ready-made garments because of economic recession in America and lack of competitiveness due to duty free quota facilities made available to Sub-Saharan African Countries.
- Inability to operate the dry port based on broad gauge railway at Birjung, the main entrance for foreign trade, even after the completion of its construction, due to lack of railway pact with India.

- Inability to completely channelize into banking channel the convertible foreign currency earnings made by the Nepalese involved in employment overseas.
- The inflow of foreign direct investment has not been as expected.

6.6.4 Long-term Prospect

It is essential to bring about stability in exchange rate through sustainable balance of payments surplus while managing external sector in line with the terms and conditions of the World Trade Organization and South Asian Preferential Trading Arrangement (SAPTA). For this, the concepts like: reducing the trade deficit and current account through diversification of exports, commodity-wise and country-wise, maintaining the foreign exchange reserve to an optimum level by obtaining a sustainable surplus in balance of payments through inflow of private foreign capital, and making Nepalese Currency gradually convertible also into capital account transaction. The plan had the target to maintain current account deficit to GDP ratio at less than 4 percent and to maintain the foreign exchange reserve adequate to cover six months of imports of goods and services.

6.6.5 The Tenth plan

a) Objectives

Main objectives of balance of payments would be: to attract foreign investment through reforms in foreign exchange and balance of payments and limiting the current account deficit to a desirable level. To facilitate the imports of capital goods and support the transfer of improved technologies to bring about dynamism in the economy. To create conducive climate for investment by maintaining exchange rate stability.

b) Quantitative Targets

- To gradually increase the export-import ratio as well as to generate Rs.3.70 billion annual surplus in balance of payments by maintaining a condition through which major portion of trade deficit could be financed by service and transfer income.
- To enable export to cover at least 60 percent of the imports.
- Not to exceed the current account deficit above 3 percent of the GDP.
- To maintain the foreign exchange reserve at the level sufficient to cover six months of imports goods and services.

c) Strategy

1. Country-wise and commodity-wise export diversification would be made for exports promotion.
2. In the process of providing convertibility to capital account, additional

facilities will be offered to the industries operated in the private sector for mobilizing capital through external sources.

3. Foreign exchange inflow will be encouraged through investments and income generation.
4. Nepal will be developed as an International Financial Center.

d) Policy

▪ *Export diversification and promotion. (related to strategy 1)*

- Nepalese export-oriented industries will be supported to enable them to stand competition in the international market. Priority will be accorded to imports of capital goods and raw materials which are not adequately available in the country.
- Exports will be enhanced by providing special incentives to the industries producing goods based on indigenous resources and wherewithal. Additional institutional arrangement will be made to ensure the quality of such goods.
- Arrangements will be made to retain larger share of tourist expenditure within the country through development of tourism as the significant source of foreign currency earnings.
- Study will be done to make necessary raw materials available within the country itself for the export-oriented and productive industries. Special facilities will be offered to industries utilizing such products.

▪ *More liberalization to encourage inflow of capital from external source. (related to strategy 2)*

- Existing exchange regime will be reviewed for undertaking timely reforms.
- Capital account transaction will be made flexible gradually.

▪ *Encouragement for investment of foreign exchange and inflow of income. (related to strategy 3)*

- Initiation will be made for easy access to foreign employment by identifying markets to explore employment opportunities for the Nepalese in foreign labor markets. Remittances out of such earnings will be expanded through the banking channel.
- Productive investment will be encouraged by having institutional arrangement for the inflow of savings received through earnings of Nepalese residing abroad.
- Foreign investors will be attracted by proper dissemination of

information on benefits that could be received while investing in Nepal by ensuring the guarantee of industrial security.

- Legal provision will be made to check money laundering for controlling illegal monetary outflow.
- *Developing Nepal as an International financial center. (related to strategy 4)*
 - Initiation will be made to develop Nepal as an international financial center. Acts and regulations will be amended as required and procedures improved and publicity campaign intensified in its favor.

6.7 Foreign Investment

6.7.1 Background

Foreign investment is necessary in view of the limited financial and other resources available within the country. It is equally so to speed up industrialization. Foreign investment is essential because foreign capital, advanced and modern technology, expertise, and administrative skills can assist in the development of industrial infrastructure and explore foreign markets for Nepalese products. To attract and become a destination for foreign investment Nepal would design and offer competitive programs.

6.7.2 Review of the Ninth plan

According to the data obtained during the ninth plan, it seems that a total of 373 projects have been approved. Total cost of those project amounted to Rs 24.8 billion, out of which Rs 9.4 billion i.e. 37.9 percent of the total investment has been the share of foreign investment. It is estimated that in total of 373 projects, 21796 persons have been employed.

Out of the total approved projects, 46.9 percent were related to production, 26.8 percent to service, 24.1 were percent to tourism, and 2.2 were percent related to energy.

Of the projects having foreign investment, the number of Indian investors remained the highest with 30.8 percent share in total followed by American investors with 12.3 percent, Chinese with 11.5 percent and other 40 countries with 45.4 percent.

6.7.3 Problems and Challenges

- Relatively limited domestic market of Nepal, inadequacy of capital owing to narrow base, and lack of adequate physical infrastructure are the major constraints.
- Lack of administrative simplicity, delay in decision making process, and shortages of skilled manpower are other impediments.

- Deteriorating law and order situation of the country and insufficient promotional measures are other factors confronting foreign investment.

6.7.4 Long-term Prospect:

Nepal will be developed as an attractive and secured destination for foreign investment through timely reforms in policies, legal and institutional frameworks. By so doing, it is expected to assist in economic and social transformation of the country, thereby contributing reasonably in the process of poverty alleviation.

6.7.5 The Tenth Plan

a) Objective

The main objective is to develop Nepal as an attractive, secured and reliable investment destination.

b) Strategy

1. Along with administrative and legal reforms, the process of inflow of foreign investment will be made simple, easy and transparent. To solve the problems encountered by industries with foreign investment, arrangements will be made for regular monitoring.
2. Foreign investment and Technology Transfer Act, 1992, and Industrial Enterprises Act, 1992, the existing labor laws, etc. will be reviewed to make investment environment more conducive. Measures will be adopted to resolve the problems relating to labor in export-oriented industries.
3. The Board of Investment constituted by HMG will be strengthened and made effective to supervise, monitor, and coordinate the investment promotional programs and also to provide necessary guidance.

c) Policy

- ***Administrative and Legal Reforms (related to strategy 1).***
 - Effective arrangement will be made so that the investors can receive incentives and infrastructure services as provisioned from one specified place. For this, one-window committee will be activated, strengthened, and procedures simplified.
 - In order to make investment promotional programs competitive, the processes needed will be made easy, simple and transparent, thereby providing attractive incentives to the investors.
 - The system of investments withdrawal will be made simple and transparent
- ***Foreign investment and Investment Friendly Labor Act (related to strategy 2).***

- Proper studies will be conducted for offering attractive incentives and facilities at par provided by neighboring and other competing countries to attract foreign investment
- Labor act will be made more flexible.
- ***Investment promotional programs (related to strategy 3).***
 - Areas of comparative advantage will be identified based on pre-feasibility studies. Information materials supportive to investment promotion will also be provided as deemed necessary.
 - Foreign-based Royal Nepalese Diplomatic Missions will be involved in encouraging entrepreneurs, businessmen and investors of respective countries to make investment in Nepal.

6.8 Public Enterprises and Privatization:

6.8.1 Background

Over several years in the past, the tendency remained to establish and operate public enterprises with substantial investment in order to accelerate the economic growth rate. Many public enterprises encompassing several economic, services and other sectors especially those which got less attraction from the private sector were set up with government investment and /or donor supports. However, due to lack of corporate culture and weak operational efficiency, and outward interference in decision making processes, the performances of the public enterprises remained poor. Consequently, the rates of return on investment remained very low. The financial liabilities the government had to bear in the enterprises went on increasing year by year. The overall economic and financial conditions of the enterprises continued to deteriorate. As a result, the public enterprises instead of accomplishing the set objectives turned out to be burdensome to the national economy.

6.8.2 Review of the Ninth Plan

The objectives of the Ninth Plan were to increase business capacity of the public enterprises, to bring about reforms in the quality of goods and services produced, to solicit appropriate adjustments in pricing policies, to arrest leakages and misappropriations etc. Also, the plan had the objectives to make the capacity and the shape of the enterprises market-based and market friendly. The goal of the plan was to gradually privatize the state –owned enterprises by entrusting the private sector to assume the responsibility of trade and industry development. In reality, the Ninth Plan could privatize only one public enterprise. At the last year of the plan period some enterprises were liquidated, some were brought under reforms in organizational structure thereby reducing the administrative overheads, making them capable to run at commercial basis.

During the plan period, the examples of unsuccessful privatization were noticed due

to returning of two enterprises (that were handed over on the basis of management contract and lease) back to government. The private sector was unable to operate the privatized enterprises due to the need of legal action that was deemed necessary to resolve the issues which emanated because of lack of compliance of conditionalities agreed upon between the buyer and the seller.

6.8.3 Problems and Challenges

- Absence of mutual cooperation and understanding among the agencies concerned with privatization and absence of clarity on responsibility of each.
- Lack of involvement of employees/workers and management of the enterprise during the process of privatization.
- Inefficiency of the system for providing gainful employment to the workers/employees displaced in the process of privatization.
- Complexity in the work to financial resources and wherewithal required for the settlement of debt burden and other liabilities owed by the enterprises.
- The valuation system of assets and liabilities of the enterprises always remained disputed.
- Modality of privatization remaining always disputable and the process of privatization being more complex and time consuming.
- Absence of business orientation in management, lack of administrative decision-making process and capability as well as absence of responsibility and accountability.

6.8.4 Long-term Approach

The long-term approach is to make the economy strong and competent by orienting it towards market mechanism. For this, public enterprises, which need not be retained in the public sector will be gradually handed over to the private sector. At the same time, the objective would be to enable the people to have easy access to goods and services consumed by them at the competitive price and better quality.

6.8.5 The Tenth plan

a) Objectives

The objective of the Tenth Plan is to make the economy vibrant, dynamic and competitive by promoting the private sector by creating conducive environment and privatizing the public enterprises which need not be retained in state ownership and management.

b) Quantitative Targets

At least 15 enterprises will be privatized and handed over to the private sector within the plan period through privatization of a minimum of 3 enterprises per annum

inclusive of those which could not be privatized during the ninth plan.

c) Strategy

1. The nature of activity, scope, status of financial transaction, need for additional investment, etc. would be the basis for the privatization of the PE,s. In the process extensive participation will be encouraged to make privatization competitive and transparent.
2. Even those enterprises, which have to be maintained under the public sector, will be operated on the commercial principles.

d) Policy

- ***Making the process of privatization competitive and transparent. (related to strategy 1)***
 - Priority will be accorded to privatize the public enterprises on competitive area that could attract the attention of the private sector.
 - Enterprises that are deemed unnecessary to be operated under public sector and even fail to attract the private sector will be liquidated.
 - General public will be informed through regular monitoring of the works in progress and also about the compliance / non-compliance of the conditions of the agreements made while affecting privatization deal of a given public enterprise. Also they will be informed whether or not the necessary goods and services have been made available appropriately after the privatization of those enterprises.
 - Improvements will be made in the process of privatization by resorting to promoting wider participation of the public as much as possible.
- ***The public enterprises that need to be retained within the ownership and management of the government will be run on commercial principles (related to strategy 2).***
 - Through continuation in the development of competitive environment, which has been initiated in areas like drinking water, electricity and telecommunication, the necessary regulatory machinery will be developed for the public enterprises in these sectors to promote investment from private sectors.
 - Foreign investment will be promoted in those feasible enterprises which come under the area of national priority that can bring in foreign capital as well as modern technology.
 - Public enterprises will be encouraged to operate commercially by providing autonomy to them.

6.9 Debt Management

6.9.1 Background

With a view to reducing the imbalance between resources and expenditures, HMG has been borrowing from domestic as well as foreign sources since the past several years. The payments of interest and principal against the borrowed amount have become the primary reason for increase in regular expenditure. There is a condition under which domestic debt cannot be raised beyond specified percentage of gross domestic product. Likewise, there are several conditions that have to be fulfilled in the use of foreign loans. Consequent to these factors there is a big constraint in the inflow of foreign loan.

6.9.2 Review of the Ninth Plan

At the commencement of the Ninth plan, the total amount of domestic and external debt outstanding stood at Rs 167.97 billion. Out of this, the proportion of domestic debt was 21.4 percent. It is estimated that, during the ninth plan, there has been a gradual increase in domestic and external debt, which has amounted to Rs 276.77 billion by the end of the plan. There has been a slight change in the structure of debt up to the end of the plan (2001/02). In order to measure the impact of debt on the economy the ratio of revenue to domestic and external debt has been calculated. The baseline scenario of the ninth plan showed this ratio at 18.1 per cent and at 18.2 per cent at the terminal year of the plan. In the base year debt financing which had siphoned off 31.1 per cent of regular expenditure increased to 34.1 per cent at the final year of the plan. In the base year the interest burden of domestic debt was more than that of external debt. The payment of principal was, however, greater in external debt than in domestic one. But in the terminal year both interest and principal payments were greater in external debt than in domestic one.

6.9.3 Long-term Approach

Maintaining macro-economic stability and protecting the country from debt burden, effective management of domestic and external debt has been the long-term objective. In this context, the long-term approach has been to mobilize domestic resources on a sustainable basis and be effortful to receive soft loan from the external sector.

6.9.4 The Tenth Plan

a) Objective

- To mobilize domestic resources in consonance with the structural changes of the economy for sustainable development.
- Government will assume to play the role of a regulator and a facilitator for effective operation of economic activities.

b) Strategy

1. Based on the national policy of involving the private sector in the expansion of economic activities, government will gradually refrain from direct involvement in economic transaction, thereby controlling the increases in public debt.
2. In order to check the excessive monetization of the fiscal deficit the overdraft facilities from the Nepal Rastra Bank to the government will be disbursed at the minimum level.

c) Policy

- ***Controlling debt mobilization in government sector (related to Strategy 1)***
 - To utilize foreign debt in sectors only with national priority.
 - A limit will be set for raising debt for each financial year to keep future debt service obligations as a fixed proportion of regular expenditure.
 - To restrain the internal debt as proportion of GDP below 2.0 percent, on an average annual basis
 - Based on the proper evaluation at the prevailing interest rate structures initiative will be taken towards repaying the previous debt found costly.
- ***Minimizing overdrafts from Nepal Rastra Bank (related to strategy 2)***
 - While financing the budget deficit internally, priority will be given to raise loans from individuals and non-bank institutions.
 - Preventing the use of overdraft as regular source of meeting budget deficit.

6.10 Capital Market

6.10.1 Background

The medium-term and long-term funds are to be pooled and lent to the private sector as the source of financing its current and potential economic activities. The need for capital market development in Nepal is conceived in this context. The eighth plan established some infrastructure for the development and expansion of capital market. Accordingly, the system of stock exchange got started during the plan. Additional infrastructures both physical and institutional were expanded in the ninth plan for the promotion of the healthy and qualitative market. There is a greater need for the widening and deepening of the capital market as a support to development and growth of the economy.

6.10.2 Review of the Ninth Plan

A high level financial service and monitoring committee was postulated to be set up

in the ninth plan. This was deemed necessary for coordinating the activities of money market, foreign exchange market, capital market and insurance market and other components of financial market. A transparent and healthy capital market was to be developed and supported by the committee but no realization was noted in the plan in this regard.

The stock exchange has made an arrangement of public issue of shares for the general public related to those of the listed companies. Likewise, the Nepal Rastra Bank has established conditions for the banks and financial institutions to sell shares publicly within the stipulated time. The Stock Exchange Board has prepared a working manual called "Share allocation manual" which will help attain wide ownership. Nepal Stock Exchange has prepared a code of conduct to be complied by those involved in stock exchange activities. This is in consonance with the professional ethics, which needs to be followed by promoters of the companies, directors, managers, authorities in the stock exchange, stock exchange business persons, auditors, lawyers, and advisors. The Chartered Accountants Association has been designing the level of accounting and auditing standards, which need to be followed as per the international standard. In the process of regulatory norms to be established the preliminary study has already been conducted for the amendments and improvements of the stock exchange act

As far as up dating and making the returns and reports transparent to correctly reveal the situation of the companies, market sentiments, transactions conducted by the stock exchange dealers are concerned no tangible progress was witnessed in the ninth plan. The Stock Exchange Board and the Nepal Stock Exchange have published and distributed free of cost educational and informative booklets for awareness creation in investment activities. The Radio Nepal and The Nepal Television have been publishing regularly the share prices on the daily basis. The stock exchange transaction act is under continuous reform. This is in line with the objective of establishing central registration system and depository system of the stock exchange as per the targeted feasibility study and establishing regulatory framework.

As a support to liquidity increase it was planned to disburse fund from the Provident Fund Corporation, National Insurance Company, Credit Guarantee Corporation, Citizen Investment Fund to the stock exchange. But no other institutions have disbursed any fund except the Citizen Investment Fund, which has disbursed some amount albeit meager.

Public issue of securities were planned to be limited to companies working under competitive environment and capable to offer better rate of returns. Put in practice, other categories of companies are also doing this function.

The performances in several fronts of capital market remained far below targets including the raising of fund, listing of the companies etc.

6.10.3 Problems and challenges

- Slow pace of private sector institutional development in the widening of ownership.
- Companies were witnessed to be credit bias and were found to be less interested to use share market opportunities.
- Dominance of ordinary shares in the capital market and the virtual absence of other categories of securities. Many of the industrial and commercial ventures which issued public shares turned sick.
- Likewise, the dissemination of price related information and other economic information to the public by the listed companies have been delayed neither timely annual meetings of these companies have been held. These shortcomings have resulted in the absence of transparency in the capital market.
- Infrastructures like standard accounting and auditing practices, credit ratings, security deposits and are not well developed. These remain as unresolved issues in the capital market

6.10.4 Long-term approach

The long-term approach of capital market development in Nepal is to avail financial resources for infrastructure development in the area roads, electricity, communication, water management etc. by broad based ownership of the people in the share ownership. In the process the involvement of the private sector has been highly emphasized. The Nepalese stock exchange market will be oriented towards globalization. Accordingly, the market will be widened and broadened such that at least five per cent of the total population will be counted as investors. Likewise of the total transactions in the market the share of institutional investors will be raised minimum at 50 per cent and market capitalization price will be raised to a minimum of 25 percent of GDP.

6.10.5 Tenth Plan

a) Objective

- The participation of the general public will be raised through the media of stock exchange in projects with private sector involvement and the rate of return will be made available to them.
- Industrial ventures will be promoted and employment opportunities created by raising financial resources at reasonable and competitive cost through stock exchange.
- The medium-term and long-term capital needs of development projects to be

operated by HMG, PE,s, Municipalities, will be fulfilled through public issues of securities. By doing so the the amount of foreign loans will be minimized.

b) Quantitative targets

- The number of people investing in the share capital of the organized institutions will be raised at least to three per cent of the total population of the country.
- Organized institution to raise Rs. 7 billion through primary issues.
- The amount of transactions in the secondary market to reach Rs. 12 billion.
- The value of capitalization in the stock market to reach 15 per cent of GDP.
- Additional 40 companies to be listed in the stock exchange market.

c) Strategy

1. Security exchange market will be modernized.
2. Regulatory system of security exchange market will be made effective.

d) Policy

- *Modernization of the Security Market (related to strategy 1)*
 - Effective regulatory norms related to organized sector and capital market will be established as measures to protect the interest of the investors.
 - Allocative and operational efficiencies of the capital market will be enhanced.
 - Stock market will be made transparent and reliable.

e) Program and Implementation Framework

- One window system will be established for public issue through the Security Board. The working capacity of the board will be enhanced.
- Ownership change will be made instantaneously just after the dealing of security.
- Simple method will be developed for the share issuance and dealings of the public enterprises which have been privatized.
- A permanent committee will be constituted encompassing agencies i.e. Ministry of Finance, The Nepal Rastra Bank, The Security Board, and Insurance Board for developing a healthy and competitive financial market in a coordinated way. This will ensure the development of regulatory agencies for future. The secretariat of the Committee will be in the Security Board

- Based on feasibility studies, stock exchange facilities will be expanded in other regions enabling savers of those regions to deal in such markets.
- The regulatory benchmark will be established for Security Board and Nepal Stock Exchange.
- Arrangement will be made to publicize procedures in different aspects relating to stock exchange activities.
- Code of conduct will be in place for the security regulators, employees of security market and also for the director, manager, auditor, advisor of organized enterprises and security dealers.
- Institutional arrangement will be in place for imparting training on several aspects of capital market including regular study and research.
- In order to check persons to take undue advantage out of the dealing of securities and having access on unpublished sensitive information a severe penalty clause will be enacted.
- In order to authorize buying-selling of securities through power of attorney, necessary legal provision will be made for the Security Board with the support of Ministry of Law.
- While privatizing the government enterprises shares will be sold through the Security Market to the maximum possible extent.
- Excluding the goods to be imported by convertible foreign currency, the international financial institutions will be encouraged to raise the required amount for other purposes by issuing debentures in Nepalese currency.
- Nepal Security Exchange Market will be privatized in the process of modernization and will be developed as self-regulatory agency adopting the Good Governance Practices.
- Security deposit system will be established to save investors through possible forgery and fraud in security dealing and for immediate ownership transfer system of the securities dealing.
- Investor Security Fund will be established to save the investors against possible loss through the security brokers or to minimize the loss.
- Financial incentive will be granted for the promotion and good governance of the companies having wide ownership.
- Legal system will be made to promote the process of transformation of shares, debenture and collective saving program suitable for various investing

groups.

- Arrangements will be made to enable the dealings of government debentures through security market thereby presenting the benchmark for returns and increasing liquidation.
- Legal reformation and development of investment regulatory system, having security regulatory sectoral-right, will be pursued to encourage the incoming of Contractual Savings in Capital Market.
- Arrangement will be made for annually submitting “Compliance Report” to confirm whether the securities issuing organized institutions listed in security exchange market or permitted to undertake security dealings have complied to act, law, rules or not.
- The process of entrance and exit of security dealers will be made simple through the adoption of Prudential Norms.
- Besides providing assistance to JCAN in establishing International Accounting System, the establishment and operation of Disclosure Review System in the companies, which have been made public, will be accomplished.
- Necessary regulation of capital market, market conduction, manpower development as well as educational training and information for the investors will be provided.
- The gradual automation of the dealings of the security exchange market will be carried on, on the basis of feasibility.
- Dealing procedure will be developed having the facility to conduct dealings from the local level and OTC Market will be established through expansion of Floor Trading existing centrally.
- Inspection of compliance of the listing administration and member and dealing regulation of those companies listed as self-regulatory body will be done.
- Central Deposit System will be instituted and applied to make the clearance of security account transparent and prompt as well as for the settlement.

6.11 Contractual Saving and Investment

6.11.1 Background

The financial sector of the country is mostly confined to short-term and medium-term

deposit and credit transactions. In the process, the commercial banks and some finance companies have relatively developed. But the contractual saving and investment institutions have remained undeveloped. In fact, their development would have helped mobilization of resources for long-term investment and developed capital market.

6.11.2 Long-term Prospect

The long-term prospect will be to supply capital investment necessary for the long-term projects conducted through private sectors from financial savings and investment institutions.

6.11.3 The Tenth plan

a) Objective

- To provide social security, savings mobilization and investment management services.

b) Quantitative Targets

- To mobilize savings of at least Rs. 6.69 billion through the Citizen Investment Fund.
- To invest at least 50 percent of the total means mobilize through the Citizen Investment Fund in securities.
- To have dealings of securities through the Citizen Investment Fund, of at least Rs. 1 billion.
- To arrange the issue of securities through the Citizen Investment Fund worth a minimum of Rs. 3.50 billion.
- To increase the number of new capital funds.

c) Strategy

1. Contractual savings and investment institutions will be allowed to play the leading role in enhancing liquidity of security, maintaining balance between demand and supply of security and managing the price of security.
2. National and Multi-National investment managers will be encouraged to operate capital funds.

d) Policy:

- *Promotion of the leading roles of contractual savings and investment institutions . (related to strategy 1)*
- Mobilization as per long term saving investment plans of different nature will be encouraged.

- Public awareness will be enhanced in small investors to prevent them from possible risk involved in direct share investment by encouraging them to invest in shares through mutual fund.
- Structure, ownership pattern, working area and managerial system in the institutions under government sector will be reviewed.
- ***Encouragement for National and Multi-National Investment Managers encouraged (related to strategy 2)***
 - Institutions under government sector will be made private sector-oriented market friendly.
 - Necessary amendments in the legal structure will be made to manage and operate funds through National and Multi-National Investment Managers.
 - Environment will be created to encourage Multi-National Savings and Investment Managers establish joint-venture private production and mutual funds.

e) Programs and Implementation Framework

- Appropriate legal and institutional arrangement will be made for establishing and operating gratuity and mutual risk bearing capital funds.
- The inspection and monitoring of the institutions under government sector will be well managed and strengthened.
- The Employees Provident Fund and Citizen Investment Fund will be encouraged to make loan investments in industrial, infrastructure development, information technology, communication, hydro-electricity projects operated through the private sector.
- Reforms will be made in legal structure to make legal structure and investment policy of the Employees Provident Fund and Citizen Investment Fund private sector-oriented market friendly.
- Disclosure standard will be set to make the transaction, financial, fiscal and management status of the Employees Provident Fund and Citizen Investment Fund and other funds fully transparent.
- The Citizen Investment Fund and Employees Provident Fund will be activated as the institutional investor in security dealings to manage unusual fluctuations in security prices and to maintain balance between demand and supply of security.

6.12 Insurance

6.12.1 Background

The insurance business propounded with the objective to provide financial returns as well as security against possible economic, social and natural risks has metamorphosed by the time. . At present, 18 Insurance companies are operating in the country. Out of which, 12 are non-life insurance companies, 4 are life insurance companies and 2 are both life and non-life.

During the Ninth Plan period, it is estimated that the total insurance premium earned by the insurance companies was increased by 320.4 percent with an annual average growth rate of 64.1 percent. Similarly, during the period total insurance fund is estimated to have increased by 123.2 percent with an annual average growth rate of 24.6 percent.

6.12.2 Problems and Challenges

Constrain in the scope of insurance business, lack of association with the overall financial sector as a means of savings and investment, huge capital outflow as reinsurance money, unhealthy competition among insurance companies, investment of insurance fund only in traditional instruments, non-transparent transaction of insurance companies, possible liability of insurance companies not made public, lack of full confidence of the life-insured with the insurance companies, Non- formulation of insurance related appropriate legal structure etc. are the problems existing in the insurance sector.

Major challenge of the insurance sector is to contribute in economic development by means of the flow of insurance funds in development projects of the private sector through development and expansion of the insurance sector as the strong medium of long-term savings and investment by associating it with the overall financial sector and, to strengthen regulatory system of the Insurance Board.

6.12.3 Long-term vision

The long-term prospect is to make Nepalese insurance sector comparable with the international insurance market through the extension of innovative policies in insurance business by providing economic, social security to industrial sector, other business and general public against possible risks brought about by different factors like economic, social activities and natural catastrophe.

6.12.4 The Tenth Plan

a) Objective

- To provide economic, social security against the risks occurred through economic and social activities as well as natural catastrophe.
- To bring about reduction in the outflow of funds through the insurance.

- To make the insurance business reliable by securing the investment of the insured in the life insurance.

b) Quantitative Targets

- At present, the contribution of insurance sector to gross domestic product (non-agriculture sector) is 1 percent, which will be increased at least to 2.5 percent.
- At present, a total of Rs. 11 billion has been allotted as development fund through insurance premium, paid up capital and insurance fund, which will be increased to Rs. 20 billion.
- At present, the insurance fund amounts to Rs 7.24 billion, which will be increased to Rs 12 billion.
- At present, insurance premium earnings amounts to Rs 2.79 billion, which will be increased to Rs. 5.5 billion.

c) Strategy

- Insurance will be developed as a powerful medium of financial savings mobilization.
- Insurance will be strengthened as a business that provides economic-social security.
- Insurance will be developed and extended as a competitive and reliable investment sector.
- Insurance will be developed as an important supplier of long-term capital necessary for development projects.

d) Policy and Program

- ***To develop Insurance as a powerful medium of financial savings mobilization. (related to strategy 1)***
 - Promotion of annuities schemes will be encouraged.
 - The existing investment manual will be made private sector oriented market friendly to ensure competitive returns to the insured by investing the amount of life insurance fund in several instruments of money market and capital market.
- ***To develop Insurance as a business that provides economic-social security. (related to strategy 2)***
 - Necessary arrangement will be made to widen the scope of insurance sector by operating insurance policies for ensuring the risks prevailing in the sectors like health, third party liability (means of transportation),

credit, deposit and securities etc.

- In the context of minimum public awareness concerning insurance, educational programs will be launched for increasing extensive public awareness about the importance of insurance for creating the situation to benefit small industrialist, trader and general public as well through the economic social security to be received.
- ***To develop Insurance as a competitive and reliable investment sector. (related to strategy 3)***
 - Re-insurance company will be established through joint ventures with the foreign insurance companies.
 - Comprehensive surveyor package will be prepared and executed to make claim assessment practical and efficient.
 - An Insurance Institute will be established under the Insurance Board to undertake regular study and research in insurance sector, to provide training on different aspects relating to insurance sector and to assist in the development of overall insurance sector.
 - National life insurance fund or other alternative arrangements will be made to save or minimize the insured from the losses to be occurred through liquidation or dissolution of the life insurance companies.
 - Necessary legal and institutional arrangement will be made to strengthen regulatory process, efficiency and capacity of the Insurance Board.
- ***To develop Insurance as an important supplier of long-term capital. (related to strategy 4)***
 - Appropriate legal provision will be made to reduce outflow of capital against insurance premium by having the system of insuring national assets within the country itself.
 - Foreign actuary will be gradually displaced through the availability of highly technical service like actuary within the country itself.

6.13 Price

6.13.1 Background

Price inflation remaining within a certain limit can facilitate to maintain a congenial environment for investment, keep economic growth high and help alleviate the poverty. High price inflation can inflict the fixed and low-income group as well as jeopardize the efforts made for poverty alleviation. Thus, in the tenth plan through the balanced implementation of monetary and financial policy, the fluctuation in price caused by demanding party will be balanced. Adverse effect in price will be

prevented through reforms in production and supply management. It is essential to give priority to the monitoring and analysis of price, since through effective monitoring and analysis of price the orientation of economy can be apprehended. Since the price regulated by capacity growth seen in competitive environment can even be lesser than the state-monopoly-oriented price and the distribution system will gain more prevalence, price determination will be handed over to the market system based on competition. Reasonable arrangements of policy-wise and legal structure have become essential towards confirming the competitive environment. Through this, since the effectiveness in use of means will increase and the distribution system will be more prevalent, the artificial price inflation or monopolistic intention will be terminated thereby supporting the extensive target of poverty alleviation through accessible price system.

Even though the price is determined from the market, in order to make supply of the indispensable commodity accessible and without jeopardizing the environment for market price determination through price inflation caused by natural calamities and other artificial reason, it also becomes necessary to accomplish some tasks to influence the market. Considering these factors, following targets and strategies will be adopted in context of price in the Tenth Plan.

6.13.2 The Tenth Plan

a) Objective

The target will be to restrain price inflation within a certain limit with the viewpoint to provide consistency to economy, to maintain the perfect environment of investment and to prevent the adverse effect that may befall upon the poor due to price inflation. Thus, in the Tenth Plan period, it is targeted to restrain the price inflation at 5 percent.

b) Strategy

1. The impact on price will be regarded while implementing monetary and financial policies.
2. According to the principle of market, price will be allowed to be determined through management of demand and supply.
3. Price stability will be maintained through development of competitive market instrument, market monitoring and supply management.

c) Policy

- ***Considering impact of implementation of monetary and financial policy on price. (related to strategy 1)***
 - Price inflation will be controlled through maintaining the price extension within a desired limit.
 - The impact on price will be considered while formulating policies related with tax and foreign exchange rate.

- ***Strengthening the demand and supply management. (related to strategy 2)***
 - Based on the principle of competition, private sector friendly policy and legal structure will be developed.
 - To strengthen the supplying aspect; policy wise, legal and other financial institutional infrastructures will be developed and strengthened which promote domestic as well as foreign investment.
 - Necessary arrangements will be made to disseminate information about the market to small farmers/entrepreneurs in order to include them in the market and to make the market more competitive.
 - Necessary outlines will be developed to protect and promote consumer's right and interest in context of cost of goods and services as well as quality including other services.
 - Economic activity sector, especially through the extension of areas like wholesale market, collection center, fair market to have positive impact on subsistence-oriented farmer from market, gradually will be made more market oriented.
- ***Development of competitive market instrument and price stabilization. (related to strategy 3)***
 - Besides giving emphasis on development of competitive market instrument; monopoly nature, attitude to increase price artificially and situation that hinders the supply management will be checked.
 - The process of regular monitoring and analysis of price and regular dissipation of information will be strengthened.
 - If conditions call for the control of price due to some natural catastrophes or excessive demand, there will be a policy to balance the price through fluctuation in supply level that effects the market. In this context, policy will be adopted to keep storage for indispensable good and to augment its capacity

Policy and Program Log Frame- Macro Economic Sector*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Macro Objective: Recurrence of Broad Based Economic Activities.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk and Obstacles
<p>Sectoral Objectives: Consistency between economic resources and expenditures</p>	<ul style="list-style-type: none"> • Improve financial policy. • Improve public expenditure management. • Adopt suitable monetary policy. • Create congenial environment that can attract foreign assistance • Consistency of monetary policy with real sector. • Formulate favorable policies in relation to foreign trade and external economic relation. • Adopt privatization policy to flow the facilities and infrastructure in competitive environment. • Adopt policy to encourage the use of internal and external public debt in areas which yield quick and better returns. • Policies will be practically put 	<ul style="list-style-type: none"> • Domestic savings/ratio to reach 16.2 percent against the present ratio of 11.6 percent. • Budget deficit not to exceed 5.5 percent of the GDP. • Regular expenditure as a proportion of GDP will be reduced to at least 9.7 percent. • Revenue surplus to cover 20 percent of development expenditure with reform. • Revenue to be a minimum of 14 percent of GDP. • Interrelation existing between savings, revenue and expenditure management based on budget system established. • M2 to increase only by 14.5 percent. • Annual surplus Rs. 3.7 billion in balance of payments. • Inflation contained at less than 5 percent. • A rise in the proportion of foreign 	<ul style="list-style-type: none"> • Publications of Central Bureau of Statistics. • Economic survey, Ministry of Finance. • Financial Report, Nepal Rastra Bank. • Nepal Rastra Bank • Privatization Section, Ministry of Finance. • Security Board and Nepal stock Exchange. • Insurance 	<ol style="list-style-type: none"> 1. Interest rate will be made positive to increase Domestic Savings 2. Revenue collection will be increased by bringing more transparency in administration. 3. Prudent management public expenditure will be in place 4. To maintain monetary stability by controlling credit 5. Linkage of foreign assistance with plans and program. 6. Make balance of payments favorable. 7. Promote foreign investment 8. Privatize public enterprises. 9. Make the public debt dynamic. 10. Banks and financial 	<ul style="list-style-type: none"> • Adverse effect in investment • Financial imbalance • Imbalance in application of means. • Extensive declination in net foreign asset. • Policy and programs of donor agencies. • Imbalance in flow of service net and transfer net income.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk and Obstacles
	<p>in use such that state-owned banks and financial institutions be able to work in deregulated and competitive environment.</p> <ul style="list-style-type: none"> • Policy will be taken to raise of financial resources through capital market for the expansion of economic activities • Adopt policy to increase the contribution of contractual savings/ investment necessary for in providing resources needed for the implementation of economic activities. • Pursue policy to develop insurance sector as a dependable instrument in financing economic activities. 	<p>investment in total investment witnessed.</p> <ul style="list-style-type: none"> • Flow of adequate resources from capital market • Comparative contribution made from contractual savings and investment institutions in the economy. • Number of customers in Insurance business. • Growth rates of import and export. 	<p>committee and progress report of other Insurance companies</p>	<p>system will be made second and balanced as well as reliable.</p> <ol style="list-style-type: none"> 11. To develop and extend the capital market. 12. To develop and extend the contractual savings and investment institutions. 13. To develop and strengthen insurance sector. 	<ul style="list-style-type: none"> • Attitude of Foreign investors. • Limitations of ability to procure national debt and policy and attitude of foreign loan donor. • Strength of management side • Public reliance. • Competitive potentiality of Insurance agencies.

* Quantitative targets based on 6.2 percent of economic growth.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
Outcomes/ Results 1. Growth in Domestic savings	Policy and Working Policy <ul style="list-style-type: none"> • Priority to institutional savings • Improve public enterprises. • Effective implementation of Medium Term Expenditure Framework. • Privatization of public enterprises • Minimize government subsidy. • Administrative Strengthening 	<ul style="list-style-type: none"> • Saving capacity of household. • Extra savings in private and public business enterprises. • Government savings. • Profit of public enterprises. • Domestic Savings ratio reaching 16.2 percent 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Report of other related institutions. 	<ul style="list-style-type: none"> • To launch programs which can assist in raising the income of agricultural as well as non-agricultural sector • To develop interest rate as relative deficiency reflecting tool of financial means. • To mobilize financial institution for the extension of micro-enterprises • To formulate program which can bring the remittance obtained from foreign employment into banking network. • To make participatory program based on public-private sector partnership for the formulation of revenue policy • To accelerate the program that maintains the number of employee to appropriate level. 	<ul style="list-style-type: none"> • Institutional management for the entrance of external resource. • Attractive and perpetual structure of interest rate. • Availability of sufficient means.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
2. Increase in revenue collection	<ul style="list-style-type: none"> • Broaden and extend the base of tax. • Increase in flexibility of revenue • Develop Value Added Tax(VAT) as the basis of revenue. • To make tax administration more simple, transparent and immaculate. 	<ul style="list-style-type: none"> • Increase in number of tax payer-the number registered in income tax and VAT will reach 3,00,000 and 40,000 respectively. • Ratio of revenue to the gross product targeted at 14 percent. • Manual understandable by public, about the process and agency for paying tax will be prepared. • Ratio of Revenue surplus in development expenditure targeted at 20 percent. 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Progress report of Internal revenue Department 	<ul style="list-style-type: none"> • To organize programs like seminar, training, to bring all the income generating sectors within the boundary of income tax. • To adjust tax rates considering foreign trade structure, protection of industrial enterprises, World Trade Organization Membership and South Asian Free Market Management. • To bring substantial program in order to increase the proportion of VAT in revenue collection. 	<ul style="list-style-type: none"> • Favorable climate for agriculture. • Law and order situation • External sector situation.
3. Best use of foreign assistance	<ul style="list-style-type: none"> • Assurance of transparent and effective utilization of foreign assistance. • Adoption of policy to make grant and loan concessional. • Priority to grant rather than loan. 	<ul style="list-style-type: none"> • Effect of foreign assistance in employment and income growth. • Share of foreign assistance in priority sector. • Access of vulnerable group and less developed remote area to means. • Increase in number of programs culminating in time. 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Report of donor agencies 	<ul style="list-style-type: none"> • Mobilization of Foreign assistance in High priority programs through prioritization of development programs. • To formulate programs, which can assist in developing skill and technology through available foreign assistance by increasing the skill and competence of local people, to contribute in future as well. • To arrange policy wise management to promptly solve any problem related with foreign assistance. 	<ul style="list-style-type: none"> • Continuation of favorable policy of foreign donor countries and multi-dimensional institutions. • Continuation of the system allowing reimbursement of expense expended by Nepal.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
4. Effective public expenditure management	<ul style="list-style-type: none"> Flow of national resources and means into priority sector. Economy in public expenditure and improvement in the process of expenditure management. Forward the financial management process based on decentralization. Reduce the need of Foreign assistance. Maintain economic discipline. 	<p><u>In proportion to GDP</u></p> <ul style="list-style-type: none"> National savings 23.1 percent and Gross investment 27.7 percent Regular expenditure 9.7 percent and development expenditure 11.5 Internal debt 1.4 percent. Foreign debt 3.9 percent. 	<ul style="list-style-type: none"> Economic survey. Economic Report of Nepal Rastra Bank. HMG's white paper 	<ul style="list-style-type: none"> To make plans, the major foundation. To enforce compliance of the economic rules and regulations strictly. To flow the means on the basis of effectiveness of investment. 	<ul style="list-style-type: none"> Arrangement of Financially accountable act. Availability of foreign means.
5. Maintenance of monetary stability	<ul style="list-style-type: none"> Implementation of financial means to assist in economic expansion. Prevent the deterioration of Macro economic balance during monetary and loan extension. To make balance of payment congruous. To maintain money supply within desirable limit. 	<ul style="list-style-type: none"> Monetary extension M2 not to exceed above 14.5 percent Adequacy of Foreign exchange reserve to suitable limit through surplus in balance of payment. Credit allotted for private sector less than 70 percent of Internal loan. Growth of Annual Credit allotted for HMG, by an average of 6.3 percent. Price increase rate remaining below 5 percent. 	<ul style="list-style-type: none"> Monthly, annual and economic report of Nepal Rastra Bank and other reports. 	<ul style="list-style-type: none"> To bring economic and monetary program that extends the credit allotted to private sector through reduction in credit supplied to government To reduce the monetary expansion possible through excessive flow of Foreign asset, Nepal Rastra bank will formulate program to sell government debenture and if needed will issue its own debentures too. 	<ul style="list-style-type: none"> Flow of foreign resources. Budget deficit situation of HMG.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
6. Favorable balance of payment.	<ul style="list-style-type: none"> To broaden and stabilize the base of export. To associate import with the material needed for export and development To make the service and transfer sector, transparent and attractive. To create and extend industrial investment friendly environment. To make exchange rate time congruous. To attract executive capital received in capital account. 	<ul style="list-style-type: none"> Import to cover at least 55 percent share of export. Current account deficit not to exceed 3 percent of GDP. Increase in import of raw material and capital goods rather than consumable goods. Annual surplus of 3.7 billion in balance of payment. Condition of foreign exchange reserve capable of bearing import of goods and service for at least 6 months. 	<ul style="list-style-type: none"> Economic survey Economic Report of Nepal Rastra Bank. Four-monthly bulletin of Nepal Rastra Bank. Publications of Federation of Nepal Chamber Commerce, and Industry and Nepal Chamber of Commerce 	<ul style="list-style-type: none"> To formulate program that assists export in sectoral and objective diversification. To formulate programs so that the Foreign-based diplomatic mission of Nepal may contribute in promoting foreign trade. To confirm business institutional programs so that the demand of Nepalese goods may reach Economic ordering unit. 	<ul style="list-style-type: none"> National and international law and order situation. Lack of demand due to external economic recession. Competitive capacity.
7. Promotion of foreign investment	<ul style="list-style-type: none"> To provide additional incentives and facilities which can attract foreign investment and to formulate legal structure investment policy. To make administrative procedure transparent, easy and simple. Institutional development of institutions responsible for investment promotion. 	<ul style="list-style-type: none"> Increase in foreign investment amount out of total investment amount in comparison to past. Identification of additional areas for foreign investment. Foreign investment to assist national investment. 	<ul style="list-style-type: none"> Reports of Ministry of Industry, Commerce and Supplies. Statistics of foreign trade and balance of payment section of Nepal Rastra Bank. Economic survey. 	<ul style="list-style-type: none"> To launch programs providing additional incentives and facilities and to reinforce legal structure. To implement foreign investment favorable programs after identifying them. To formulate programs to provide information to related investor. To formulate investment promotion friendly programs through Share Market. To bring programs to encourage foreign investors through diplomatic missions of Nepal. 	<ul style="list-style-type: none"> National/ international law and order situation. Availability of facilitating agents and infrastructure for foreign investment

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
8. Management and privatization of public enterprises	<ul style="list-style-type: none"> To forward the process of privatization in competitive environment. Not to support monopoly in any circumstances during the process of privatization. To create share ownership on broad base Enterprises if conducted by government, will be conducted commercially. 	<ul style="list-style-type: none"> Quantitative increase in number of shareholders. Privatization of 15 enterprises during the plan period, with at least 3 per year. 	<ul style="list-style-type: none"> Report of Privatization unit of Ministry of Finance. Write-ups and reviews on privatization by experts. 	<ul style="list-style-type: none"> To conduct programs related with the evaluation of institution to be privatized, protection of employee interest, study and analysis of returns etc through government investment. To make arrangements to empower commission that studies the procedure of privatization and work efficiency of corporations. To formulate essential programs by the privatization unit for the privatization of the enterprises on the basis of priority and to monitor them. 	<ul style="list-style-type: none"> Entrance and release of time-relevant labor. Concern of assistance provider in privatization of institutions constructed through foreign assistance
9. System congruous public expenditure	<ul style="list-style-type: none"> To maintain foreign debt at manageable level. To gradually reduce internal debt. 	<ul style="list-style-type: none"> Level of foreign debt. Expenditure against foreign debt service. Ratio of annual internal debt to GDP not to exceed 1.6 percent. 	<ul style="list-style-type: none"> Economic survey 	<ul style="list-style-type: none"> To supply foreign loan in priority sector. To formulate programs to utilize foreign loan assistance in economic sector that assists in increasing productivity and export. To formulate program that can assist in making the revenue and expenditure administration simple and transparent. 	<ul style="list-style-type: none"> Policy and program of donor countries and institutions Condition of internal debt mobilization.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
10. Banking and financial system : balanced, immaculate and reliable	<ul style="list-style-type: none"> To develop balanced financial sector To make regulation of financial sector effective. To establish coordination between financial means and nature of loan/investment. To develop security -oriented loan into business oriented loan/investment. To develop good governance system in organized institution involved in management of mobilization of means and utilization of means. To strengthen saver/investor's protection system. 	<ul style="list-style-type: none"> Increase in contribution of capital market, contractual savings/investment and life insurance in long term investment. Reduction in financial abuse and crime. Business oriented credit of banks and financial institutions. Promulgation of credit situation of banks and financial institutions. Accretion in production and profit of organized institutions. Implication of accounting standard. Regularity in project sanction and analysis of business/assets 	<ul style="list-style-type: none"> Reports of Nepal Rastra Bank, Security Board, Insurance Committee, Citizen Investment Fund, Employee Provident Fund. Reports of Ministry of Finance, Ministry of Industry, Commerce and Supplies, Nepal Stock Exchange. Annual report of organized institutions. 	<ul style="list-style-type: none"> To arrange the machinery that can assist in maintaining high level of coordination between regulatory agencies of financial sector. To bring programs, which will help to develop institution management that can regularly project the demand and supply of financial means. To bring programs to assist in reinforcement of regulatory capacity of financial regulatory agencies. To establish credit rating system. To arrange security funds/ insurance programs for the security of the savers/investors. To make program that can make the management, transaction of banks and financial institutions as well as activities of regulatory agencies transparent. 	<ul style="list-style-type: none"> Stability in regulatory condition of HMG, Nepal Rastra Bank, Security Board, Insurance Committee, Nepal Stock Exchange and Institute of Chartered Accountants.
	<ul style="list-style-type: none"> To make coordinated reforms in banking and financial laws 	<ul style="list-style-type: none"> Management of saver, investor security fund and insurance scheme. Incorporation of financial institutions other that capital market and insurance related institutions in regulatory area of Nepal Rastra Bank. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> To formulate and implement Accounting and Book-Keeping System according to international standard. 	<ul style="list-style-type: none">

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • To establish a system that legally regulates the process of project formulation, business/asset evaluation etc. • To implement appropriate Institutional Code of Good Governance to develop Good Governance System • To study the legal, institutional and ownership structure of government finance dealers. • To bring all the financial instructions except the capital market and insurance related institutions under the regulatory area of Nepal Rastra Bank. • To implement program of coordinated reform in company law, bankruptcy law including financial law. 	<ul style="list-style-type: none"> • Indifference of general public towards bank and financial system.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
11. Development and expansion of Capital Market	<ul style="list-style-type: none"> To create broad share ownership situation. To develop capital market as important supplier of long-term capital. To increase the width and depth of security market. To make the security market completely transparent and reliable. To increase the liquidity of security market. To make arrangements for immediate transference of share ownership. To associate security market with the institutions and organizations of sectoral and international level. 	<ul style="list-style-type: none"> Ownership of at least 3 percent of total population in share capital of organized institution. Mobilization of a minimum of Rs. 5 billion from Security market. Transaction in stock exchange market to reach Rs. 10 billion. Increase in number of institutional investors in security transaction. At least 40 additional organized institutions being listed. At least 50 percent share in security transaction belonged to contractual savings/investment institutions and insurance companies. 	<ul style="list-style-type: none"> Publications, reports of Security Board, Nepal Stock Exchange. 	<ul style="list-style-type: none"> To conduct program to encourage organized institutions to issue shares as much as possible. To make arrangement to market shares to public as much as possible through security market while privatizing public enterprises. To make necessary legal and institutional arrangements to encourage organized institutions of public and private sector and municipality to raise capital by means of security. To set an environment to invest means of contractual savings/ investment institutions and insurance funds in security. To make necessary arrangements to actualize security transaction outside Kathmandu valley. 	<ul style="list-style-type: none">
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Market capitalization reaching at least 15 percent of GDP. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> To make legal and institutional arrangements to enhance the participation of institutional investors in security market. 	<ul style="list-style-type: none">

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • To conduct programs to encourage the organized institutions in development of different types of security based on the nature of savings/means. • To set an environment to collect money for non-import local expenditure through marketing of debenture in Nepalese Currency, in the process of investment by International Finance Corporation and Asian Development Bank in Nepal. • To establish Nepal Security Exchange Market as Self-Regulatory institution according to Non-community concept. • To make arrangements to easily avail the status of regulation, transaction of security and economic, financial, and managerial status of organized institution to general public. • To make legal, institutional arrangement to develop Security Deposit System. • To implement code of conduct for security regulators, employees of security market including board of directors of organized institution, advisers, security dealers 	<ul style="list-style-type: none"> •

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • To conduct awareness program as well as to make the legal action effective in order to discourage non-transparent transactions. • To make arrangements to make the security transaction possible through power of attorney. • To make institutional arrangement to provide trainings to those concerned ones (regulators, exchange market, businessmen, organized institutions, security dealers etc) related with the Security market. • To make necessary arrangements for the Security Board to get membership of IOSCO 	<ul style="list-style-type: none"> •

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
12. Development and extension of contractual savings and investment institution.	<ul style="list-style-type: none"> To develop and promote the contractual savings and investment funds as source of long-term financial means for capital oriented projects. Contractual savings and investment institution under government sector will be made private sector-oriented market friendly. To enhance the role of contractual savings/investment institution as institutional investor in the security market. To develop different types of savings/investment funds. 	<ul style="list-style-type: none"> Savings Mobilization of at least 6.69 billion by Citizen Investment Fund. Investment of at least 50 percent of means of Citizen Investment Fund in Security. Citizen Investment Fund to manage the issuance security amounting at least Rs.3.5 billion. Transaction of at least Rs. 1 billion of security by Citizen Investment Fund. 	<ul style="list-style-type: none"> Report and publication of Employee Provident Fund and Citizen Investment Fund. Reports of Security Board Nepal Stock Exchange, publications and reports of Nepal Rastra Bank, Security Board. 	<ul style="list-style-type: none"> To make necessary legal and institutional arrangement to encourage domestic and foreign multinational companies to promote gratuity funds, mutual funds and risk bearing capital funds. To make arrangements to supply means of employee provident fund, and citizen investment fund in long-term projects like infrastructure development, information, technology, communication and hydroelectricity. To bring program necessary to make investment policy and legal provision of employee provident fund, and citizen investment fund, private sector oriented market friendly. To create environment to flow means of employee provident fund, and citizen investment fund in shares of organized institutions. To prepare and apply the framework of disclosure standard of employee provident fund, citizen investment fund and other funds. To set legal arrangements to involve employee provident fund and citizen investment fund as the main institutional investors in security trans. 	<ul style="list-style-type: none"> Change in policy wise commitment of HMG and Nepal Rastra Bank. Declination in cleanliness and credibility of Security Market. Policy wise transformation of Employee Provident Fund and Citizen Investment Fund.

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • To develop manpower necessary to enhance the project property evaluation capacity of employee provident fund and citizen investment fund 	<ul style="list-style-type: none"> •

Objective	Strategies	Indicators	Information Sources	Major Programs	Risk factor and Hindrance
13. Extension and strengthening of insurance sector.	<ul style="list-style-type: none"> • To extend the area of insurance business. • To strengthen the insurance area. • To develop and extend insurance area as economic, social security provider. • To secure the investment of insured in life insurance. • To develop insurance area as an important medium for saving and investment. 	<ul style="list-style-type: none"> • Increase in number of different insurance schemes. • Increase in number of insured. • Entrance of additional instrument of insurance. • Comparative increase in bonus to be received by insured in life insurance. • Contribution of insurance sector in GDP(Non-agricultural sector) reached 2.5 percent. • Insurance fee reached 5.5 billion. • Rs. 20 billion invested from insurance sector. • Flow of means of life insurance fund towards long-term projects and security. • Insurance academy established under insurance committee. • Rs. 12 billion insurance fund. 	<ul style="list-style-type: none"> • Economic survey, reports and publications of Nepal Rastra Bank, Insurance Committee and Insurance companies. • Reports and Publications of Security Board and Nepal Stock Exchange. 	<ul style="list-style-type: none"> • To create environment that encourages insurance companies to start off new types of insurance. • To perform a study concerning promotion of annuities schemes. • To manage legal and institutional arrangement to promote reinsurance business. • To formulate legal system that necessitates the insurance of domestic property within in the country. • To reinforce institutional system to enhance the regulatory capacity of insurance committee. • To prepare and apply the disclosure framework to enhance the transparency of insurance companies. • To launch public awareness programs about insurance. • To implement detail package about surveyor. • To make arrangement to bring about timely changes in investment policy of life insurance fund. • To establish National Life Insurance Fund or arrange other alternatives. 	<ul style="list-style-type: none"> • Change in work-wise commitment of HMG and insurance committee.

Chapter - 7

Cross Cutting Sectoral Policy

7.1 Poverty Alleviation and Employment

Employment is the foremost means of transforming economic development into an opportunity to alleviate poverty. Providing employment to poverty-stricken masses can reduce poverty to make economic development efforts more sustainable. It also strengthens social and political stability.

Employment is the outcome of investment and development efforts. Although, investment and level of economic transaction influence economic activities in subsistence level, they influence the opportunities for employment at a later stage. Without economic growth efforts mere employment-oriented programs cannot provide employment opportunities to the whole labor force. Therefore, employment should be conceived as an important link in the process of economic development thereby considering that how more employment opportunities can be generated in the development process. With a view to extend the access of the poor community to the employment opportunities created by a broad and sustainable economic growth meant for poverty alleviation, it is essential to increase their competitive capacity through the development and empowerment.

Poverty is particularly rampant in the rural areas. Poor communities generally exist among peasants with marginal land holdings, occupational castes, dalits, tribes and matriarchal households. Targeted efforts are also required to provide basic needs as well as minimum social services and assurance of security to the backward rural and destitute groups through the creation and expansion of opportunities for income generation and employment. If the employment opportunities created by investment are not well managed and necessary arrangements to increase productivity are not made, capital will gradually replace labor. Similarly, if the rights and interests of the labor are not protected and due remuneration is not provided, it deteriorates the management-labor relations. Such situation can displace labor and adversely affect investment, leading to decrease in employment opportunities. In order to prevent such possibility, institutional development is essential to protect labor's right and interest as well as to create harmonious relationship with the management.

According to the census of 1998 the population of the country was estimated at 23,151,000. Out of this, the economically active population involved in labor market has been 10,482,000. By the end of the Ninth Plan, the total figure of employed manpower reached 9,959,000, whereas the unemployed were estimated to be 5 percent. However, the percent of underemployed has also remained at 32.2 percent. This in proportion to total unemployed labor will be 12.4 percent. Including the 5 percent of fully unemployed, the total unemployment figure is estimated to remain at 17.4 percent. In this respect, the strategies and activities, which will be adopted

during the plan period in the process of poverty alleviation through employment are as follow:

Strategy

1. To increase opportunities for employment through extension of economic and social development activities.
2. To promote labor-intensive business in order to increase the access of the poor to employment opportunities.
3. To launch targeted programs related to income employment and generating for backward classes and areas.
4. To increase the productivity through training opportunity and adoption of appropriate technology in order to augment the income for the existing employment.
5. To enhance entrepreneurship and protection of basic rights and interests of labor in a balanced way.
6. To extensively utilize the opportunities for foreign employment by producing skilled manpower.

Policies and Action Plan

Increase in employment opportunities does not mean that the poor will have access to them. Since, it is difficult to produce manpower for the employment opportunities resulting from new opportunities and technologies, following policies will be adopted to facilitate the access of the available manpower especially the poor to such employment opportunities:

- ***To increase employment opportunity (related to strategy 1)***
 - Integrated coordination of skill, capital and market system will be made available to direct the majority of unemployed people belonging to the trained, informal and unorganized sector to self-employment.
 - Priority will be given to labor intensive technology to increase employment opportunities. Infrastructures will especially be developed keeping the needs of the private sector in view. This is expected to encourage private sector investment for increasing employment.
 - Keeping in view the fact that employment will not increase if basic training demanded by the employment cannot be provided, training programs will be made more detailed and manageable as per the demands of the market.
 - Provision will be made to supply information relating to employment opportunities through the service labor market information center and other rural information technology service centers.
 - Entrepreneurship will be developed for encouraging self-employment. Other policy measures will be adopted for developing small and medium enterprises toward this direction.

- The system of formulation and evaluation of macro economic policies will be initiated in the light of the analysis of their effects on employment.
- ***To increase the access of poor to employment (related to strategy 2)***
- Participation of non-government organizations and the private sector will be included under the guidance of HMG to increase the access of the marginalized classes and areas to technical education and trainings.
- Provision will be made to provide the access of means to the marginalized class to increase the employment opportunity. Programs will be launched for the upliftment of those emancipated after the abolition of Kamaiya tradition.
- Opportunities for employment will be provided, by increasing the participation of poor and marginalized class in different types of infrastructure development programs through public expenditure for increasing their access to employment.
- ***To implement targeted program of income generation and employment for the marginalized class (related with strategy 3)***
- Targeted programs will be effectively implemented in association with the Poverty Alleviation Fund, for vulnerable classes and areas, which have not been able to enter the mainstream of development.
- Targeted social mobilization procedure will be developed to alleviate poverty through upliftment and empowerment of deprived and oppressed class.
- Direct support will be provided to the process of poverty alleviation and increase in employment by contributing in population control, increase in productivity and economic and social transformation through women empowerment with special emphasis on female education, health and employment.
- ***To enhance productivity for the increment of income level of employment. (related with strategy 4)***
- Entrepreneurial programs, skill development and other types of trainings will be organized for increasing the income level of the existing employment opportunities through enhancement of productivity.
- The skill-oriented programs will be implemented to increase the productivity of laborers through joint-participation of management and trade union.
- ***To maintain labor interest and harmonious relation between management and labor (related with strategy 5)***
- Labor act, regulation, and institutional reformation will be gradually maintained to protect the rights and interests of the labor in order to fix their wage rate.
- In line with to the commitment made by HMG in the convention of children rights, worst form of child labor will be eliminated.
- ***To promote foreign employment(related with strategy 6)***

- Opportunity for the foreign employment and the capacity for income generation will be increased through development of skilled manpower.
- Policy arrangement will be made to manage and secure foreign employment.
- Foreign-based Nepalese diplomatic missions will be mobilized to promote foreign employment.

Programs

In the Tenth Plan the macroeconomic policies will be reviewed to increase the employment opportunities. Following sectoral and focused employment and income generating programs will be launched:

- In order to attain high and sustainable economic growth the macro economic policies will be reviewed, and necessary legal and institutional reforms will be made. Economic reform programs, reformation of tax administration, public expenditure, labor act, project selection process, monitoring and programs of reformation in government's regulatory system will be implemented.
- The agricultural sector will be taken as a lead sector influenced by the market to increase the rate of development in the rural areas and providing employment opportunities to the majority of the people through increase in agricultural production and productivity. Since, the increase in agricultural income will lead to the increase in the demand for labor intensive goods and services, related programs will be implemented to further increases the employment opportunities.
- In order to prevent the recessionary effect on economic growth rate due to the limited domestic market, efforts to export to foreign markets will be increased to create additional employment opportunities. The creation of an export processing zone, the promotion of management and technology as well as skill oriented trainings for increasing competitive capacity through increase in productivity, timely reforms in labor act, are the programs that will be introduced to promote export.
- The duty, responsibilities and rights of labor will be clarified to maintain business transparency of business institutions.
- Foreign-based Nepalese diplomatic missions will be activated to make regular diplomatic initiative in order to identify prospective site for foreign employment, necessary skill and the steps to manipulate them, so that such foreign employment opportunities may be created.
- Foreign employment has become a major source of employment and income for the last few years. In order to utilize this source to its maximum extent, programs will be launched to arrange skill-oriented trainings demanded by foreign employment and to provide credit facility for foreign employment as well as to strengthen the monitoring system.
- In the rural and remote areas opportunities for self-employment and other employment will be increased through implementation of different income

generating and entrepreneurship development programs with the participation of national development volunteers along with different government and non-government organizations/institutions

Target

Due to increased production and the contribution to employment from different sectors, additional 1.053 million jobs are expected to be created during the Tenth Plan while the total employment is expected to reach 11.02 million till the end of the plan. At the end of the plan the economically active population is expected to reach 11.58 while 4.1 percent of this figure will be fully unemployed. Whereas, the underemployed will be 22.3 percent and this as a portion of unemployed labor will be 8.6 percent. Thus, at the end of the plan the total unemployed including the fully unemployed is expected to decrease to 13.5 percent (Table 7.1)

Table 7.1 Projection of Employment, Unemployment and Underemployment Figures

(in '000s)

Particulars	FY 2059/60	End of the Tenth Plan
Population	23151	25905
Population of age group 15 and above	13878	15867
Total labor force available in labor market	10483	11582
Total Employed Labor	9959	11012
a. Agricultural sector (Percent)	78.1	70.6
b. Non-agricultural sector (Percent)	21.9	29.4
Total unemployed labor	524	570
(in Percent)	5.0	4.1
Total underemployed labor	3215	2456
(in Percent)	32.3	22.3
Underemployed (in proportion to fully unemployed labor) percent	12.4	8.6
Total unemployed labor (including fully unemployed) percent	17.4	13.5

7.2 Human Resource Development

Human resource development is indispensable for the social and economic development of the country. Development of proper human resource is necessary to be acquainted with the new technologies and to develop them to suit our situation. As indicated by the Human Development Index 2001, although the standard of Nepal is not far behind in comparison to South Asian Countries, Nepal lags behind in terms of the standard needed for development. The infrastructures such as employment, education, health, social practice required for human resource development have not reached adequately, particularly in rural area, women, oppressed and other backward areas. Social practices and beliefs also could not be development-oriented. Special policies and programs are required for proper development of Human resources in

order to utilize comparative benefits of agricultural sector, achievements from market-oriented economy, opportunities necessary for the development of management and leadership. Thus in the plan period, human resource development will be emphasized in order to move forward competitively in the development and use of science and technology and to push the economy forward by creating opportunities for comparative benefits.

The activities of private sector in the development of education and health sector have increased. Private sector has already made big investment in these areas. This on one hand has reduced the government's burden, whereas on the other hand has opened many opportunities for education and health also. The number of those receiving health and education services through private efforts in different other academic institutions of the world is increasing day by day.

Strategy

1. To increase the participation of private sector in education.
2. To give high priority to basic education and health service through government investment.
3. To emphasize on technical and vocational training and affiliate with employment opportunity

Policies and Action Plan

- ***Increase in participation of private sector in education (related to strategy 1)***
 - Competitive environment in educational service will be developed through encouragement to private sector for quality education.
 - National education policy will be made private sector friendly.
 - Regulatory system will be prepared for the schools of private sector as well as their monitoring will be gradually made effective. Similarly, the academic institutions affiliated to academic institution abroad will be regulated.
- ***Priority to government investment in basic education and health service (related to strategy 2)***
 - The allocation of resources will be gradually increased in primary education and basic health sectors.
 - In order to ensure that the children, who will especially enter the labor market are not illiterate and without skills, the education of the children of school going groups has been given high priority. In this context, various programs will be implemented along with the slogan of 'school admission for all,' especially to promote girls admission rate. Secondary and higher secondary education will also be promoted with priority to help produce medium level labor force.

- Special policy will be adopted to deliver health service to targeted group based on dispatch system in order to elevate the health standard of human resource.
- Policy will be adopted to associate literacy and informal education program with skill development and labor market.
- Policy will be adopted to reinforce local participation-oriented public awareness to bring about social awakening through gradual change in social practices and beliefs, which have remained as the obstruction in human resource development.
- Various programs will be launched to develop the quality of public schools.
- ***Emphasis on technical and skill-oriented education. (related to strategy 3)***
 - Policy will be adopted to prepare technical manpower necessary for economic activities inside the country as well as technicians for the areas demanded by the foreign labor market.
 - As foreign employment is developing as a major economic activity, in order to increase its productivity and income earning capacity, technical trainings will be conducted for them who after S.L.C. examinations are not able to enter the labor market. Policy will be adopted to conduct additional programs for those who, after doing S.L.C, want to acquire medium level technical knowledge and skills in one field as well as to provide skill in any one subject for those who are studying at the secondary classes.
 - Policy to continuously develop labor force even in the areas, which can attract foreign investment will be adopted.
 - In the context of the dire necessity to develop information technology for a speedy communication service in addition to its implementation in all types of technology development and application areas, information technology will be developed and extended keeping in view its need for the technology development of other areas too.

7.3 Regional Development and Balance

Although the development concepts adopted for regional balance in the past have created the idea of allocating more investment to backward regions to some extent, yet plans, programs and budget reflecting the needs of development and geographical regions have not been implemented in an appropriate proportional basis. Consequently, especially the Himal and hilly areas of mid and far western development regions are comparatively lagging behind in the process of development. Poverty has also affected these regions greatly. As a result, the education, health and other social indicators of these regions are much less than the national average (Table 6.2).

Table 7.2. Regional Development Indicators

Heading	Eastern Region	Central Region	Western Region	Mid-Western Region	Far Western Region	Nepal	High Hills	Hills	The Terai	Rural Areas	Urban Areas
Human Development Index (2000A.D)	0.484	0.493	0.479	0.402	0.385	0.466	0.378	0.510	0.474	0.446	0.616
Women Development Index (2000A.D)	0.465	0.476	0.463	0.376	0.356	0.452	0.355	0.494	0.456	0.426	0.605
Human Poverty (2000A.D)(%)	42	40.7	39.9	43.4	45.3	39.2	46.1	37.2	40.2	41.4	23.9
Average Life Expectancy (2000A.D)	62.0	61.3	62.8	53.2	52.1	59.5	49.8	65.1	62.4	58.7	71.1
Male nutrition among children below 5(1996 A.D)	42.8	56.9	55.9	57.6	59.5	54.1	66.1	55.5	50.7	56.3	36.1
Adult literacy (2000A.D)	56.6	52.9	51.7	49.6	57.6	49.3	55.5	44.5	53.2	52	31
Population without safe drinking water (%)(2000A.D)	22.3	14.9	16.2	34.5	17.7	20.1	20.8	23.8	16.6	21.9	7.7
Per Capita Income (Rs.)(1999)	1073	1713	1022	861	899	1237	898	1262	1267	1094	2133

Source: Nepal Human Development Report, UNDP 2001

According to the Human Development Report the gap among far western region and mid-western region with other regions has further widened during 1996 to 2000. Women development index which was prepared on the basis of indicators like education, health, average life expectancy and property ownership has also shown weak positions of high hills, far western and mid western regions. Therefore, in the context of regional development during the plan period, it is necessary to invest comparatively a huge amount especially in far western, mid-western and high hilly regions for the fulfillment of income generation and basic needs.

Since the economic and social interrelationship of the economy has not been strong and integrated, there has been insufficient flow of economic activities and services from the development centers of regional level and other market centers to rural areas. No significant contribution has been made from the economic and social infrastructures made in such centers on the creation of employment and income as well as the extension of service and facility necessary for human development.

The emergence of additional economic and social problems in different development and geographical regions is due to the increase in economic and social imbalance between those regions owing to the absence of proper utilization of the resources and means present in those regions and the existence of poverty. As a result some regions are lagging far behind in terms of development.

Strategy

1. To increase the participation of native people of concerned area in the regional/local level decision-making process.
2. To develop infrastructures like transportation/communication to reinforce the economic interrelation between interregional and rural/urban region especially to mainstream the backward regions into the efforts of development.
3. To direct the allocation of resources and means towards reducing regional imbalance.

Policies and Action Plan

- ***People's participation in decision-making process. (related to strategy 1)***
 - Participation of the concerned region will be increased in formulation, implementation and monitoring/analysis of the projects operated in regional/local level. Arrangement will be made to coordinate the development and construction activity carried out in local level through participation of local bodies.
 - In order to increase the use of raw materials and other natural resources available at regional level, private sector will be encouraged into production and processing business.
 - The regional offices will be reformed strengthened as agencies for coordination/monitoring and evaluation of development and construction activity of regional and local level. They will also be extensively involved in district level project formulation.

■ ***Inter-regional economic relation development. (related to strategy 2)***

- Policy in line with development concepts of the economic sector will be adopted in order to develop the development regions and geographical areas.
- The policy of supplying basic services (drinking water, electricity, health, education, etc.) to areas and settlements lying close to completed roads or roads under construction, which connect the mountainous, hilly and Terai regions as well as to increase the economic activities through utilization of indigenous resources, means and skills, will be adopted.
- Road extension and transport facility will be used to establish inter and intra-regional relationship. In order to increase the economic effects of services and facilities available from market centers to the rural areas as well.

■ ***Regional distribution of means. (related to strategy 3)***

- Non-government organizations will be encouraged to venture comparatively less developed regions.
- Emphasis will be given to develop indigenous resources, skills and utilization and production system on the basis of regional comparative advantage while formulating plans of specific sector.

While formulating regional programs and investment plans, regional feasibility and the main existing programs have especially been considered in the light of the above policies. For the overall development of the regions and for the mountainous, hilly and Terai regions following programs will be emphasized in the Tenth Plan.

Mountainous region

The major causal factors for the backwardness of the northern high hilly areas in terms of development seem to be sparse population, acute poverty, low utilization of productive capacity, weak basic health and education facilities as well as weak transport access. However, in this area there are possibilities for high-value agricultural crops, herbs, sheep and goat farming as well as tourism development. Among the areas of high hills, especially far western and mid-western regions are more backward and, therefore, investment should especially be focused in these areas.

For the development of this region, programs are adopted to give continuity to the policy of connecting all district headquarters of remote regions with roads considering the access to transport as the major criterion for poverty alleviation; to give special emphasis to high value crops, herbs and livestock in high hills of the northern area; to increase access to educational sector; to conduct high priority program for the development of education, agriculture and infrastructure in Karnali Zone; to arrange additional resources by giving priority to the projects of far western and mid-western regions in comparison to other projects in project prioritization and to forward the concepts of rural employment and security by putting forth the programs of security and development in a effective way.

Hilly Areas

The main problems of hilly areas are: high population growth, unemployment, and migration to the Terai or the foreign countries in search of employment, rapid soil erosion, acute poverty, food shortage, absence of transportation, low literacy and meager agricultural productivity. But there are great possibilities for non-seasonable vegetables, citrus fruits, livestock farms, herbs and forest-based industry in this region.

Thus, to develop this region particularly in the north-south road corridor, emphasis will be given to fruits, vegetables, milk and other high value crop production. Agricultural pocket development and small farmer oriented irrigation will be extended. Especially literacy will be emphasized in education. Programs emphasizing the construction of co-roads linking the hills with the Terai, community forest for forest development and prioritization of the deprived classes as well as lease forests will be implemented.

The Terai Region

The main problems of the Terai are high migration pressure from other regions, high population growth, low agricultural productivity, absence of agricultural market mechanism and irrigation facilities. Due to the potentiality for development with abundant availability of market for commercial production by virtue of its closeness with the districts of the neighboring country, availability of plenty of underground water for irrigation, presence of many natural ponds, suitable soil and climate for the production of foodstuff and cash crops, this area has tremendous potentiality to develop industry, foodstuff, cash crops, pisciculture and livestock.

For the development of this region, special emphasis will be laid on underground water for the development and expansion of irrigation. Special emphasis is given for the development of industries, fish farms and cash crops under private sector. As the development of adjoining hilly districts is the means of controlling migration to the Terai and developing the country's internal market, programs will be operated in order to reduce the tendency of migration from the hills to the Terai through the development of appropriate technologies, income generating occupation and transport in adjoining hilly areas.

In order to maintain the regional balance and effective development, program will be more focused towards strengthening of regional offices in the context of project formulation and implementation for which the strengthening of regional level monitoring and evaluation have been considered necessary, maintaining the notion of strengthening the north-south economic relationship while constructing the road, emphasizing the local development feasibility while extending the regional level technical education, emphasizing the promotion of agriculture for increasing rural employment as well as for labor intensive technology and food for infrastructure development thereby creating additional rural employment. Regional balance will be considered as one of the important criteria of project prioritization. Offices in regional level will be brought under the integrated structure so as to incorporate and monitor development programs in regional level.

7.4 Productivity Enhancement and Management Development

It has become indispensable for a country like ours with limited means and resources to produce best quality products and services by using scarce resources. In the present context of meager production against available potentiality, high production cost and minimal utilization of capital, it is equally essential to enhance nation's capital investment efficiency through campaign to increase productivity to alleviate poverty by raising living standard of general public.

Strategy

1. To enhance productivity in both agricultural and non-agricultural sectors.
2. To strengthen the productivity related management.

Policies and Action Plan

- ***Emphasis on productivity increase in both agricultural and non-agricultural sectors. (related to strategy 1)***
 - Productivity in agriculture, industry and service sectors will be increased by extensive utilization of studies, research and experiments carried on in the field of science and technology.
 - Public awareness will be reinforced towards productivity increase. For this infrastructure, institutional development and consolidation, publicity, sample exhibition will be implemented with priority.
 - The causative factors of productivity will be identified and its basic aspect will be reformed. In this context, long-term productivity policies in different sectors will be designated and coordination among various economic sectors will be established to make them complimentary to each other.
 - Incorporation of productivity related subject in curriculums of academic and different training programs will be stressed and necessary means and materials for this will be made available.
 - The quantity of wasteful goods will be reduced from productive utilization of means and resources and the concept of green productivity will be gradually developed to reduce adverse effects on environment.
- ***Strengthening the managerial aspect related with productivity increase. (related to strategy 2)***
 - Those commercial sectors, which need to be prioritized to increase productivity, will be identified and special productivity promotion programs will be implemented in these sectors. Especially through emphasis on productivity increase and high-level management in industrial production and other export oriented industries total quality management standardization system including ISO 9000 and ISO 1400 will be gradually made compulsory.

- In order to increase the competitiveness of the economy, the study, development and utilization of appropriate productivity improvement techniques will be encouraged. Emphasis will be given to the development of managerial aspect and qualitative manpower to increase productivity.
- The standard manual, basic statistics and information system of various sectors' productivity will be developed.
- Initiative from the non-government organizations and private sector towards management development will be encouraged.

7.5 Private Sector Development

Background

Even though the history of development of economy in participation with the private sector has been very old in Nepal, since mid 80's the strategy of promoting private sector through diverting the investment of government under structural reform program from those areas, which attract private sectors has been adopted. In this process, private investment was encouraged, even in the banking sector under the government monopoly, especially in the form of joint-venture bank. Investment from private sector was encouraged according to the economic liberalization policy adopted in 90's and overall reform has been made in policy, legal, procedural and administrative structures, which have been considered as hindrances in the development of private sector. In the process of development of market-based economic structure, by limiting the role of government only as a promoter and facilities of the private sector, the investment of private sector has been increasing in different areas of economy through amendments like: withdrawing the government investment from areas of government involvement, adopting flexible and simple investment approval process through amendments in policy and acts/laws that are deemed as barriers in the promotion of private sector, making decisions about investment by private sector itself, fixing the price through the market itself by eliminating the government intervention in the market. In the competitive situation created from national economy-global economy affiliation, the leadership role of private sector remains the major condition for best mobilization of available resources and means through development of open market oriented economic infrastructure. Therefore, in order to transform the open and market-oriented economy and its achievements by making them more extended and stable into an accomplishing strategy for poverty alleviation, it has become essential to forward additional work of reforming policy, law, administrative procedure and infrastructure which have been seen as hindrances in the development and expansion of private sector.

Review of the Ninth Plan

The process of policy, legal and administrative reforms executed since the Eight Plan period with especial importance to private sector in order to create the environment for the flow of private sector investment towards economy has continued even in the Ninth Plan. Reform programs were continued in every private sector attracted areas.

Private sector have been involved while formulating policies/regulations and plans, providing encouragement rather than protection for trade and industrialization and making the private sector capable of utilizing the opportunities and facing the challenges offered after the formation of South Asian open market policy (SAPTA/SAFTA) and accession to the World Trade Organization. Similarly, policy and program based tasks are conducted to remove government's existing involvement in the ownership and management of public enterprises, to execute programs related to financial sector reform. Apart from this, policies have been reformed and laws related with tax, to develop private sector friendly tax administration through adjustments in tax and custom rates including procedural and administrative reform. Reforms have been made in foreign investment approval process and visa system. Even though, in the initial three years of the Ninth plan, the activities and contribution of private sector seem to have increased tremendously, but in the final two years of the plan period, private sector investment could not be encouraged as expected due to political instability seen within the country and the consequential deceleration it has brought in the direction of economic progress, speed of privatization according to the commitment of the government, inactiveness towards identification and solution of the problems seen in promotion of private sector investment and rise in incidence of murder, violence and terror within the country. Similarly, due to economic recession seen in the world, the incidence in United States on 11th of September and the impact of economic depression brought by it, on the export and tourism sector of Nepal as well as some income/property related polices adopted within the country, the environment for investment has become more obscure.

Further economic problems will be visible in the country if the task of economic reforms could not be rapidly extended with the involvement and participation of private sector itself through reformation in law and order situation in the country in order to create private sector friendly environment. Thus, timely solution of the following elements, which have been seen as the hindrances in the development of private sector, is necessary.

1. Deteriorating peace and security situation of the country.
2. Political instability and policy differences between big political parties.
3. Languid speed of the economic reformation programs, especially the steps taken towards he promotion of private sector and the lack of extensive publicity of the reforms already executed.
4. Minimal participation of private sector in policy and legal reforms and lack of private sector's trust on such polices, rules and regulations.
5. Lack of expected simplicity and transparency of the investment/ incentives and facility system.
6. Lack of improvement in government's regulatory capacity.
7. Absence of development of institutional infrastructure necessary for the development of private sector.

8. Inadequacy in development and expansion of financial sector. Unavailability of adequate finance, capital market, skilled manpower and basic services essential for private sector.
9. In effectiveness of the privatization programs.

Long term prospect

The role of His Majesty's Government will be focused as policy-maker, monitor and facilitator through development of private sector as the center point of overall economic activity. Private sector will be made a direct partner in the overall economic activity. For this, necessary strategy will be adopted to manage policy and laws to create suitable environment for the development of skilled, effective, responsible and capable private sector and to develop systematized corporate culture in private sector

Objective of the Tenth Plan

Since private sector plays an important role in the movement of poverty alleviation by maintaining wide, stable and high economic growth through best mobilization of available resources and means making the economic sector of the country strong, healthy, accelerated, competitive and more tied up with external economy, the objective of the Tenth Plan would be to develop private sector friendly financial structure.

Strategy

Following strategy will be implemented in the Tenth Plan for the development of private sector.

1. Emphasis will be given for the maintenance of investor friendly environment through assurance for progressive economic reforms and policy stability.
2. The entrance and exit of private investment in those areas will be facilitated by defining the role of private sector in every area of economy.
3. Competitive capacity will be enhanced by providing equal incentives and facilities in all areas of investment.

■ *Policies under strategy 1*

- Macro economic reforms including sectoral reforms will be made more extended, stable, and reliable.
- Various awareness programs will be implemented to change the attitude towards private sector and to establish this as the main carrier of economic development.
- Ambiguous method and procedure will be resolved and transparency will be adhered through reforms and procedural simplification in regional and sub-regional policy and law in participation of private sector in coordination with open and market oriented economy.

- For the development of private sector, necessary standard fundamental infrastructural development, financial system, human resources development and development of other services will be carried on.
- Capital market will be developed and extended.
- For the promotion of private investment, especially to create conducive environment for the foreign investment, streamlining in investment regulating laws, reliable and transparent implication of laws and availability of standard legal, accounting and book-keeping services will be emphasized. Effective security will be provided to the industries established within the country.
- Private sector will be encouraged to adopt accounting system based on international standard according to the principle of Corporate Governance.
- Assistance will be provided through policy reforms to enable the implementation of ISO-9000, ISO-1400
- The process of privatization of public enterprises will be accelerated.
- Sectors where the participation of private sector only is not possible will be identified and the government-private sector partnership will be developed. While effectuating such partnership, arrangements will be made to clearly defining the rights, liabilities and duties of involved party prior to entering into the contract.

■ ***Policies under strategy 2***

- Productive industries, services, social sector, tourism and trade sector, information/technology and communication sector, including primary sectors namely, water resources, financial sector, roads, irrigation, drinking water, and all the other sectors, which attract investment of private sector will be opened for private investment.
- Through improvements in industrial policy and foreign investment promotion policy and laws associated with it, the investment of private sector will be encouraged to enter the sectors of comparative profit in a simple and easy way.
- The complexities seen in the processes of granting permission and registration needed for the regulation of industry/business will be removed and thereby making the processes simple and transparent.
- In order to create environment in which the investor can make decision on hair down about investment, sectors of comparative profits will be identified and comfortable entrance of private sector in those areas will be confirmed.
- Reforms will be made in labor and company laws to allow the investor to announce bankruptcy and to withdraw the investment on the basis of business condition. Similarly, new laws will be formed and old ones

related to merger and acquisitions, bankruptcy law system, contract management, dispute arbitration and mediation reformed.

- Emphasis will be laid on privatization of private sector attracting public enterprises and those public enterprises which cannot be operated profitably will be annulled or liquidated.

■ ***Policies under strategy 3***

- In order to develop competitive financial structure through flow of investment in areas having of comparative advantages, the facilities and incentives that were being endowed upon industries/business will be equalized sectorwise.
- Policy will be implemented to provide equal facilities and incentives to domestic and foreign investors as well as to provide the declared facilities in an unobstructed manner.
- Administrative transparency and simplicity will be emphasized through timely reform in acts related to income tax, custom and value added tax making them more comprehensive.
- One-window service system will be made effective in order to provide the services and facilities meant for investors exclusively from a single location.
- Passbook system in duty draw back scheme, provided for export-oriented industries, will be reformed; bonded warehouse and bank guarantee system will be made more effective.
- For those private enterprises, which are not possible to be privatized immediately, emphasis will be laid on their commercial operation in the market in a competitive way through reforms in their management.

7.6 Nutrition

In human resource development, nutrition occupies an important place. Anemia, deficiency of Vitamin “A” and Iodine are its major problems. Consequently, the inadequacy of nutrition is adversely affecting physical and mental development. Therefore, the major objective of nutrition program will be to develop healthy labor-tore and human resources through improvements in nutritional level and micronutrient deficiency.

To achieve the above-mentioned objective and quantitative target, following major strategies will be pursued.

Strategy

In the context of malnutrition as another major problem in a poor country like ours, promotion of nutritional aspect contributes to the production of healthy labor through reinforcement of physical and mental capacity. This consecutively contributes in high economic growth. Normally, in the poor class of the society due to malnutrition, problems like anemia, deficiency of vitamin “A” and iodine keep on adversely

affecting the physical and mental development. Improvement in nutritional level contributes to social developmental aspect as well. Substantial contribution can be made towards poverty alleviation by implementing nutritional program as a targeted program based on practice of food varieties existing in geographical areas, life style and society. In this context, the major strategies of this sector are:

1. Emphasis on production of nutritional foodstuff and right utilization of available foodstuff.
2. Develop public awareness about importance and availability of nutrition.
3. Arrangements to supply micronutrients to eliminate their deficiency.

Policies and Action Plan

■ ***Production of foodstuff and its right utilization (related to strategy 1)***

- In order to bring about improvement in nutritional level through increase in production of nutritional food, capacity of food safety store in local level will be expanded and distribution system will be improved.
- In order to prevent the adverse effect in nutritional level, quality standard of consumable foodstuffs will be improved and information about the importance of balance diet will be disseminated as well as the usage of low-quality standard foodstuff will be discouraged.

■ ***Public awareness about the importance of nutrition. (related to strategy 2)***

- Public awareness will be aroused through extensive advertisement about the importance and availability of nutrition.
- In order to improve nutritional level, children will be educated about nutrition from primary level and the tiffin-feeding program in school level will be extended. Besides, public awareness about nutrition will be increased through trainings and seminars in local level.

■ ***Management and supply of nutrition. (related to strategy 3)***

- Programs for micronutrients will be formulated in accordance with the international commitment and micronutrients (protein, vitamin "A", iodine, iron etc) will be supplied in highly problematic areas and legal arrangements will be made for the sale and distribution of iodized salt as well.
- Immunization vaccine will be administered to the children to maintain their nutritional level. Nutritional level of pregnant and breast-feeding mothers will be examined and arrangements will be made for treatment service.
- In order to conduct the nutrition related program, conducted by various bodies, in an integrated manner and to advance the task of information dissemination, monitoring and evaluation etc in a coordinated manner, national nutrition coordination committee will be strengthened through inter-sectoral institutional development.

- Private and non-government sectors will be encouraged to participate in nutrition program.
- Targeted program will be implemented to uplift the nutritional level of community whose nutritional level is infirm.

In this context following targets are fixed:

a) To reduce malnutrition

- To reduce the incidence of malnutrition (under-weight for age) of children under 5 years from 48 to 30 percent.
- To reduce the incidence of stunting (retarded growth against age) from 50 to 40 percent.
- To reduce the incidence of wasting or acute weight loss (i.e. low weight for a normal height) from 10 percent to 6 percent.
- To reduce the incidence of malnutrition of women (leanness) to 13 percent.

b) To minimize the deficiency of Vitamin "A"

- To reduce the incidence of night-blindness in school children from 1.1 percent (1998) to 0.1 or to eradicate it.
- To reduce the incidence of night blindness in women from 4.8 percent (1998) to 2.3 percent.

c) Deficiency of Iron

- To bring the incidence of anemia in children from 78 percent (1998) down to 48 percent.
- To reduce the incidence of anemia in women from 70 percent (1998) to 45 percent.

d) Deficiency of iodine

- Since the incidence of deficiency of iodine is found in the women of the Terai, improvements will be made to reduce the deficiency of iodine in women and children and to make complete improvement within the period of Tenth plan.

Chapter - 8

Development and Social Peace

8.1 Background

After the reinstatement of the multi-party democracy in the country, satisfactory progress has been achieved in the sector of various social and physical infrastructures; however poverty alleviation could not bear the expected fruit. A large fraction of poor and backward class has not been incorporated in the mainstream of development. Present violence and terrorism acts have slowed down the development process and obstructed the process of providing basic services as well. Similarly, many industrial institutions have also been closed. This has caused negative impact on the employment opportunity. Its repercussion has been felt mostly in the poor, backward and deprived class.

There is a challenge in judicially operating various economic and social development programs by including all the races, groups, communities, occupation and regions of the country, and to provide the returns of development to all, especially to the underprivileged, oppressed, dalits and backward groups and regions. If this could not be accomplished, social and economic disparity will increase. Therefore, government should accelerate the development process by initiating comprehensive reforms in the implementation of the development programs. The government should also take short-term and long-term measures to avail necessary services to the public at the prevailing context as well.

The causal factors behind the inability to incorporate majority of the population through government services and development outcome are political instability, poor implementation, irregularities and leakages. Poverty is further increasing through violent activities. In this context the current dissatisfaction should be eradicated by terminating the prevalent socio-economic disorders. Similarly by empowering and mainstreaming the backward groups and regions, it is urgent to initiate reforms in the implementation aspect of the development programs and to increase public participation by assuring adequate security in development programs.

8.2 Steps taken for reforms and the challenges

To strengthen the weak implementation aspect, one of the biggest problems and a challenge of Nepal's planned effort, allocation and prioritization of resources in programs/projects has already been done based on the mid-term expenditure framework during the formulation of the Tenth Plan. Certainty of budget for the projects/programs of first priority and high performance level, use of Log Frame for

effective monitoring system, implementation of immediate action plan, allocation of grants to local bodies on the basis of poverty based standards, operation of basic services like primary education, health, agricultural services expansion through local bodies etc. are some of the corrective actions that have already been initiated.

In the process of reform, handing over the management of primary schools to local community and the appointment of teachers by the local school management committee have already been started. Similarly, activities like: handing over of management of sub-health post to local communities and monitoring of such health post to be done by district health office and VDC, public notification of budget allocated to DDC, VDC, health posts and schools, publication of budget allocation and expenditure details by the concerned local bodies at the end of each trimester, initiation of expenditure tracking to find out whether allocated amount reaches the actual expenditure point and preparation of anti-corruption strategies have been completed.

Bonded Labor has been eradicated and National Dalit Commission has been formed to improve social disorders and National Women Commission has been formed to enhance gender-equality. Laws have been reformed for effective control of corruption. Local Self-governance Act has provided necessary legal framework for empowerment of local bodies. Land reform programs for enhancing the access of landless farmers and various programs for bringing the backward group and sector into the mainstream of development have been conducted.

In the reform process, some reform activities like playing the role of private sector friendly facilitator through assurance of good governance; and recruitment, transfer and promotion based on the efficiency and performance by developing transparent administrative mechanism have already been initiated.

Since the indolence in progress monitoring and evaluation of project implementation has affected the implementation aspect, monitoring and evaluation process needs to be activated and strengthened. As it seems that, regular monitoring and evaluation of poverty was needed in order to bring improvement in the policies and programs relating to poverty based on evaluation, programs have already been introduced to this end.

The most challenging tasks have been the reconstruction of social, economic infrastructures destroyed by the violent activities, operation of various income generating programs aimed at the displaced and affected households and availing basic government services to violence afflicted areas. For this, it is necessary to mobilize the NGOs and civil society in maintaining security and implementing development programs and providing other social services in an integrated and effective way for the implementation of integrated security and development programs along with such services and other development programs. More zeal is required to inculcate the notion in people that HMG is spirited to provide necessary services and to conduct development works in rural and remote areas through increased participation of local agencies.

Since it is necessary to assure law and order within the country to create an environment that incorporates all the regions and groups in the mainstream of development through all means of integrated efforts, the series of murder violence and terrorism prevalent in the country needs to be brought to an end. Along with this, it is also extremely important to strive into solving the problem of poverty and unemployment.

8.3 Objective of the Tenth Plan

To embrace all the groups, communities and regions in the development process by institutional and policy reforms in the economic and social sector, and to make arrangements so that the benefits of the development reach in all regions and groups of the country in a justified manner.

8.4 Strategy

Due to the inability of the outcomes of development to reach the targeted groups, the income and employment status of the impoverished group hasn't been uplifted and as a result of which there is growing discontent in the society, which has resulted into social unrest. In this context, following programs are expected to contribute national strategy of good governance and target group-oriented programs:

- Identification of poverty-oriented and result-oriented development programs
- Bringing the dalits and deprived group in the mainstream of the security.
- Making the basic services and income generating programs accessible to the targeted groups.
- Reconstruction, repair, rescue of physical infrastructures destroyed by the violent activities.
- Mobilization of security and development in a coordinated manner.

This will help to create an environment for achieving high and sustainable economic growth via the reinstatement of the mindset of comprehensive peace. In this context, major strategies of the sector are as follows:

1. Emphasis on poverty-oriented programs and result-oriented economic management.
2. Mainstream the socially neglected, dalit, deprived and backward groups such that they would have access to the development efforts and its benefits.
3. Making sure that the basic services and income generating programs reach the public at low cost and on time
4. Rehabilitation of people affected by violence and reconstruction of destroyed physical infrastructure
5. Operation of security and development in a coordinated way.

6. Strengthen the implementation aspect via good governance.

8.5 Policy

- ***Emphasis on poverty-oriented programs and result-oriented economic management (related to strategy 1)***
 - Reform annual/medium term expenditure framework by annual appraisal of the Tenth Plan, whose only goal is poverty alleviation.
 - Making the plan result oriented by integrating it with the medium term expenditure framework.
 - Institutionalization of poverty monitoring system. Specify the target by estimating achievement of the budget allocated to annual and medium term.
 - Making arrangement of releasing the allocated amount in line with performance Indicators.
 - Initiate a system of expenditure tracking to monitor whether the allocated amount has been spent on the real work and region.
 - Making the poverty alleviation programs and projects more effective by evaluating them and strengthening the HMG initiated “immediate action plan” for improving the program implementation and accountability.
- ***Mainstreaming the disadvantaged and deprived, and backward group in the development process (related to strategy 2)***
 - Initiate programs to increase the representation of traditionally neglected groups in the regions where there is government involvement.
 - Increasing the representation of women, dalit and indigeneous group in agencies with political representation
 - Operation of special development package programs with priority for backward caste, group and region and initiate a system of special monitoring for such programs.
 - Initiation of experimental programs to issue identity cards to provide minimum services to the people of hard core poverty in the district after identifying them.
 - Augment and strengthen programs to increase the access of the backward groups to education.
 - Make the factors of production, assets and employment (income generating regions through micro-credit, micro enterprises, community forest, food security/land management package, food for work, skill development and other programs) accessible to the women, poor and backward groups .
 - Make the National Dalit Commission, National Women Commission and Human Rights Commission more effective

- Adjustment in the grants given to local bodies according to the poverty mapping.
- Assist to provide basic services by involving volunteers.
- Implement targeted programme by NGO's and Community agencies through Poverty Alleviation Fund.
- Make arrangement of a concessional package for food availability and production increment for food security.
- ***Strengthening and Expansion of basic services and facilities. (related to strategy 3)***
 - Priority to basic services and facilities in the National Programs (primary education, primary health care and drinking water).
 - Estimate the investment required to provide basic services according to the population, accessibility and poverty level and encourage the allocation of budget according to such estimate.
 - Effectively provide the basic services to the entire public through arrangements to gradually transfer such services from local agencies themselves. Make arrangements to appoint teachers/health workers in the education, health etc sectors at the local level
 - Initiate a system of "Participative Poverty Monitoring" to monitor by the public themselves to see whether such services have been reached at household level or not.
 - Operate labour-intensive income generating programs
 - Provide consultancy services to disseminate information regarding employment.
 - Implement Food Security and Agricultural Production Programs on a priority basis.
- ***Rehabilitation and Reconstruction of Violence affected people and infrastructures (Related to strategy 4)***
 - Rehabilitation of people affected and displaced by the prevalent violent activity in the country.
 - Rehabilitation of children involved in child labour.
 - Expedite the activity of reconstruction and repair-maintenance of structures of administrative, educational and health organizations that were destroyed by the violent activities.
 - Initiate employment and income generating programs and special skill-development training programs for the people affected by the violent activities with special priority to women.
- ***Coordination of security and development (related to strategy 5)***
 - Provide security-shield to megha projects.

- Operation of mobile posts in coordination with the security agencies .
- Coordination of development/construction activities and other services with the security-shield.
- Involving the local NGOs and consumer groups in the development works .
- ***Effective implementation of good governance. (Related to strategy 6)***
 - Prepare and implement action-plan relating to corruption eradication strategies.
 - Strengthening of the institutions that are involved in the abolition and prevention of corruption.
 - Public notification of quarterly disbursements, expenditures and achievements of district level projects.
 - Maintain the participation of locally active NGOs and community organizations in the formulation and implementation of local level programs.
 - Handover the local units, which operate service oriented programs related to primary education, health, agriculture promotion etc at the local level to the local agencies, endowing them with the responsibility to operate them.
 - Devolute fund by identifying additional sectors, on the basis of the principle of Financial Decentralization, to the local agencies that operate district-level programs which were operated till the date by the center.
 - While considering the poverty level of the country, it seems impossible to alleviate and monitor poverty by local and government agencies only. Thus, NGOs will be actively involved in such tasks.
 - Formulate and implement training programs and action-plan to reinforce and protect human rights.

Chapter - 9

Agriculture and Cooperatives

9.1 Background

Given the available natural resources of Nepal, agriculture is the strong basis to alleviate poverty through sustainable economic development and strong rural economy. Unless there is departure from the low use of technology by its extensive use to raise the productivity per unit and be competitive in the production aspect, agricultural development cannot be accelerated. . Therefore, it has been felt necessary to increase the yield of the sources of the agricultural production by the integrated use of the inputs and services as envisaged in the Agricultural Perspective Plan for high and sustainable growth (in the production and productivity of the agricultural sector). Likewise, there is need of production and commercialization of high value crops and commodities based on domestic and external markets. In this context, it is necessary that the crop livestock and commodity specific pocket area has to be gradually expanded and transform them into commercial agricultural growth centre.

A package of infrastructure development, agricultural technology dissemination and training, agricultural credit and marketing services should be ensured in the commercial agricultural growth centres. It is also necessary to make production, processing and market system sustainable by increasing the participation of private sectors, cooperatives, non-governmental organizations and women in the possible areas.

In rural areas, it is also equally necessary to consolidate the small economic capabilities of the poor and weaker section based on the cooperative principles. The collective strength and effort of the poor and weaker section has to be expanded and mobilized to activate rural economy by developing agro-enterprise, local skills, industry and business promotion activities. So, after reviewing the Ninth Plan the Tenth Plan is put forth on the backdrop of these situations.

9.2 Review of the Ninth Plan

a) Major achievements of the objectives and the programmes

- In the context of important contribution that the agricultural sector could play to reduce the poverty line to the level of 32 percent by the end the 9th plan, the target for agriculture sector to raise gross domestic product was set to 4 percentages whereas the actual growth has been 3.3 percent on an average.

The main reasons for such lower growth rate as against the plan expectations are: Inadequate growth in the irrigated area and use of fertilizers, less development expenditure than targeted, unfavourable weather condition during the first and last year of the plan and decline in the value of the agricultural harvests.

- In the Ninth Plan, the agriculture and cooperative sector was allocated with Rs 21 billion 520 million (according to the price of F/Y 2053/54) whereas only Rs 9 billion 447 million was appropriated and actually Rs 9 billion 490 million has been expended. Accordingly, 44 percent of the allocated amount has apportioned and 95 percent of it was spent. However, it is seen that only 42 percent of the allocated amount was spent. Thus it was seen that there has been some problems in the apportionment and expenditure.
- It was intended to increase the annual average production of major food grains by 5.18 percent. The incremental production of 1.847 million metric tons during the plan period was targeted. However, there has been incremental production of 852 thousand metric tons in the period. The targets in cash crop like mustard, jute, tobacco could not be achieved as intended. However, the condition of potato production is satisfactory. There had been more than targeted production in cardamom, spices, honey and mushroom. The production and expansion of the vegetable and citrus fruits are satisfactory but there has not been commercial area expansion of apple as intended. Although the infrastructure development of cocoon (seeds comb) and source for 35 species of silkworm was developed there has been no improvement in the sericulture area expansion and cocoon production. There has been good progress in the field of tea estate expansion and production. A tea policy has also been introduced for the expansion of the tea production. The cropping intensity (bali saghanta) was targeted to 174 percent from the base year's 162 percent mark; however, it reached only 168 percent during the 4th year of the plan.
- In totality, the supply of the production inputs was not satisfactory. Nepal Agricultural Sectoral Performance Review, 2002 on the basis of limited statistics especially in the Terai areas, shows the use of chemical fertilizers to the level 58 kg/ha. The official statistics shows that the use of it was only 31 kg/ha. The supply was 42 percent in comparison to the set target. The institutional annual supply level of improved seeds lagged far behind the base year. The average area of major food crops covered with the improved seeds seems to be 75 percent according to the target of the plan but there has not been significant improvement in the quality of the seeds. There have been some rebates for high value commodities on electricity tariff of cold storage and concessions on packing materials. Likewise, the establishment of honey processing plants by the private sector have been achieved as per the plan. However, development of a Nursery Act for quality plant production could not be made.

- In the area of plant protection, a total of 560 farmers school were conducted and 14667 farmers were provided training in integrated pest-management. Some date expired toxics insecticides (poisons) have been repackaged according to the international standard.
- Regarding the development of market, 21 small market centres including the wholesale market have been built and after making the market committees the established markets have been handed over. But there has not been any concrete work on local market (Hat) and export promotion front.
- Distribution of fishling (bhura) has been met as per the target and the use of rivers source for the fish production has been initiated. However, to strengthen the economy of the poor people by providing them ponds and water logging areas on lease could not be expanded.
- In order to improve the approach and the working style of the agricultural development programme agricultural extension service has been going towards the role of service provisioner /promoter from the service provider. In the changed context, the agricultural extension service extended in the past only by the governmental agencies has been oriented towards agro business promotion and also started making provision for the involvement of other partners on contract or partnership. So as to make the agricultural extension service productive, the trend has been seen in identifying productive sectors and conducting project-based pocket programmes. At present 42 thousand mt. of milk has been collected and processed every year collected from the private sector whereas in the past it used to be only 32 thousand and the processing capacity utilization has reached up to 44 percent now. During the plan period the collection of milk by the Dairy Development Corporation has reached up to 58 thousand mt. and the processing capacity utilization to 182 percent. But the problem of milk holiday still exists at the farmers level. As the poultry farming business turned into an industry the annual growth rate of poultry products reached 5.23 percent. The target of dairy, meat and egg growth rates were 5.56, 6.22 and 7.22, respectively. However only 2.72 2.75 and 5.02 percents were achieved. The programmes to hygienic meat market management and tannery business promotional program by setting up private slaughterhouse and cold stores could not be operated.
- Under the poverty alleviation program, altogether 3077 families (2183 families for goat rearing and 894 for poultry farming) were included in the program. Altogether 12600 poor farmers' families were involved under income generation program in goat rearing, poultry farming and pig rearing in which 26 percent of the participants were the females.
- Under the Hill lease hold forest and pasture development program, 10725 marginal farmers have been involved in the income generations activities through forage development and livestock. Due to the extension of the areas like field grass -Jai, Barsim stylo the cost of production of animals and animal based products have been reduced and there has been a good

beginning in the production of the grass seeds.

- Among the major cattle diseases, rinderpest, and footrot diseases have been eradicated. Animals Health and livestock Service Act 2055 (1993) and veterinary council Act, 2055 (1993) have been introduced For the prevention of the contagious diseases, quality control of the livestock and their products, and to provide quality health services to the animals. Although Nepal has been self-sufficient in the production of PPR and swine fever vaccination program against PPR has not been expanded massively.
- Under the research, the technology of surface seeding of Barsim grass has been developed. Six varieties of Jai grass for the high hilly areas and 8 for the mid hill and Terai have been recommended. To meet the shortfall for the grass during the winter season, a technology has been developed to prepare nutritious diet from the locally available plants. The technology to rear the hybrid calves by feeding yogurt feed and grass has also been developed. Among local animals: Lulu, Achhami, Khaila Terai and Pahadi in Cows; Lime, Parkote, gaddi in Buffalo; Lampuchhare, Kaage, Baruwal, and Bhyanglung in Sheep; Terai Khari, Sinhal and Chyangra in Goat; Chwanche, Hurra and Bampudke in pig; Saakini and Ghatikhuile in poultry have been identified as indigenous. The preservation of Lulu and Achhami cows, which are on the verge of extinction, has been started.
- For the development of food processing technology 22 types of technology packages for vegetables, fruits, and animals products have been introduced. Under the biotechnology, the experimental study of producing malt and alcoholic substance by using barley, has been completed. Likewise, production technology on soya-sauce and lactic candy have been completed. Skill training to more than 1200 food entrepreneurs have been provided.
- No concrete decision has been taken to improve the central structure of the cooperatives. The Cooperative Act has been amended and by laws formulated for the establishment of cooperative bank. Quality coffee has been produced after the establishment of Coffee Processing Centre in the District Cooperative Association in Gulmi and has been exported to Japan. The infrastructure for vegetables and consumer market place has been built in Chitwan.
- The National Cooperative Federation has been importing and distributing the chemical fertilizers. Different cooperatives have transactions of about Rs 171.4 million worth of agricultural inputs in a year. As per the policy of constituting voluntary and autonomous cooperative societies and associations in the local, district, central and national level. There have been one national cooperative federation, 3 specific single purpose central cooperative associations, 121 district associations and 7064 primary cooperatives by the end of the fiscal year 2058/59.
- Agricultural Inputs Corporation has been spited into Agricultural Input

Company and National Seed Company Limited. This has opened privatization process of the corporation.

b) Problems and challenges faced in the implementation of the Ninth Plan.

The overall analysis of the agricultural sector has revealed that low production and productivity are the issues. The internal cause is also responsible for it. The fragmentation of land, use of marginal land for cultivation, low adoption of the available technology, lack of appropriate technology and limited access to the market are some of the primary causes. Besides these, the problems and challenges being faced are as follows:

- Inadequate apportionment of the development expenses as aimed by Agricultural Perspective Plan and lack of improvement in the environment on the release and utilization of apportioned amount.
- Inadequate effort in attracting private sector investment in the commercialization of agriculture.
- Even though fertilizer trade was liberalized and private sector was allowed to trade in the fertilizer, the supply of chemical fertilizers was not enough in the remote areas.
- The development of pocket areas was not as desired and export promotion centres not developed properly.
- Expansion of shallow tubewells remained below expectation.
- Not enough investment in the agricultural road development.
- Lack of commercialization and competitiveness in the local production system.
- Commercial livestock farming not treated as priority sector agricultural industry.
- Inadequate development of infrastructure for livestock and fisheries' research. Likewise infrastructure for food quality control insufficient and technology developed from the research not adequately disseminated to appropriate places.
- No concrete improvement in the central structure of the cooperatives and no qualitative development in the institutional development, entrepreneurship, resource mobilization and transect on aspects even though there has been increase in the number of cooperatives and associations.

9.3 Long term Perspective

The main objective of the Agricultural Perspective Plan is to grow the economy, and raise standard of living by reducing poverty through the increment in income and the employment, to develop additional infrastructure for commercialization and

development of comparatively gainful products and production system, diversification of the agriculture by cultivating high value crops, create conducive environment for the participation of private sector and farmers groups and reduce poverty by increasing agricultural production and employment opportunities. Therefore, it has been focused to concentrate on limited no of priority areas where economic growth rate can be accelerated. Based on such approach of APP subsistence agriculture has to be transformed into commercialization and develop the strong basis for industrialization.

9.4 The Tenth Plan:

a) Sectoral objectives:

- Reduce poverty by increasing production, productivity and income in the agricultural sector and contribute to food and nutritional security.
- Contribute to the sustainable production and growth by adoptive research and development of the technology to be used in agriculture, protect and use of agro-biodiversity and balance the environment by reducing pollution from the use of external inputs.
- Develop internal market and promote export opportunities by promoting agro based industries and enterprises with the participation of cooperative and private sector.

b) Major sectoral quantitative targets:

Followings are the targets under expected economic growth:

- To contribute in the reduction of poverty from the present 38 percent to 30 percent by the F/Y 2006/07.
- Annual growth rate of the agricultural sector to raise to the level of 4.11 percent from the present 3.3 percent.
- To raise per capita food availability (including potato & pulses) to 286 kg/person from the present 264 kg/person by fiscal year 2006/07. Likewise, sugar will reach 9.03 kg from 8.7 kg now and oil 2.30 litre from 2.16. The availability of meat will be 9.94 kg from the present 8.5 kg, milk to 50.85 litre from 47.05 litre, vegetables from 66.74 kg to 79.15 kg; fruits from 16.17 kg to 17.89 kg and fish to 1.87 kg from 1.5 kg now.
- The availability of food grain per person will reach only 269 kg from the present 264 kg under normal economic growth rate and the availability of other edible foods also could less accordingly in proportion.

*The main agricultural production and annual economic growth target**

S.No	Agricultural Products	Weightage	Unit	Level Of base year 058/059**	Expected growth rate			Normal growth rate				
					Level at the final year of the 10 th plan	Growth Percentage	Weighed Growth *	Annual Average	Level at the final year of the 10 th plan	Growth percentage	Weighed Growth *	Annual average
1.	Food grain	33.67	Thousand Metric ton	7254	8700	119.34	40.38	3.70	8240	113.3	38.1	2.53
2.	Pulses	2.72	Th. m. ton	250	280	112.18	3.05	2.32	2.71	108.3	2.9	1.58
3.	Cash crops	6.87				124.02	8.52	4.40		115.9	7.9	3.0
	a.Sugarcane	1.37	Th. m. ton	2248	2600	115.66			2488	110.69	1.51	
	b. Oilseeds	1.50	Th. m. ton	135	160	118.62			152	112.72	1.69	
	c. Tobacco	0.19	Th. m. ton	3.80	4.1	107.89			4.0	105.38	0.2	
	d. Jute	0.13	Th. m. ton	16	20	125.00			19.0	117.07	0.15	
	e. Potato	3.68	Th. m. ton	1380	1800	130.43			1667	120.78	4.44	
4.	Horticulture	15.80				126.83	19.67	4.48		116.26	18.4	3.06
	Fruits	10.07	Th. m. ton	480	585	121.87	12.27		552	114.93	11.57	
	Vegetables	5.73	Th. m. ton	1780	2300	129.21	7.40		2135	119.95	6.9	
5.	Other crops	3.05				146.88	4.48	7.99		132.02	4.02	5.45
	a. Bees		m. ton	155	200	129.03			186	119.83		
	b. Silk		m. ton	31	62	200.00			52	168.3		
	c.Mushroom		Metric ton	100	160	160.00			141	140.98		
	d. Spices		Th. m. ton	124	172	138.71			157	126.44		
	e. Tea		Th. m. ton	7	10	142.86			9	129.7		
	f. Coffee		Metric ton	90	100	111.11			97	107.59		

S.No	Agricultural Products	Weightage	Unit	Level Of base year 058/059**	Expected growth rate			Normal growth rate				
					Level at the final year of the 10 th plan	Growth Percentage	Weighed Growth *	Annual Average	Level at the final year of the 10 th plan	Growth percentage	Weighed Growth *	Annual average
6.	Total crops	62.11				122.52	76.10	4.15		114.83	71.32	2.80
7.	Animal Product	27.66				127.22	35.19	4.93		118.59	32.80	3.37
	a. Meat	10.27	Th. m. ton	199	260	130.65	13.42		241	120.93	12.43	
	b. Milk	15.84	Th. m. ton	1159	1400	120.79	19.13		1323	114.2	18.08	
	c. Eggs	1.55	Core unit	54	92	170.37	2.64		80	148.06	2.29	
8.	Fish	0.99	Th. m. ton	35	49	140.00	1.39	6.96	45	127.31	1.26	4.75
9.	Forest and Others	9.24				103.99	9.61	0.79		102.72	9.49	0.54
	Total	100				122.29	122.29	4.11		122.29	114.87	2.81
	Other main programs											
	Quality control of food products		Number	30	30				25			
	Inspection of food industry /licensing		Number	1850	1850				1572			
	Agri market cooperatization		Number	10	10				9			
	Wholesale/		Number	21	21				18			

S.No	Agricultural Products	Weightage	Unit	Level Of base year 058/059**	Expected growth rate			Normal growth rate					
					Level at the final year of the 10 th plan	Growth Percentage	Weighed Growth *	Annual Average	Level at the final year of the 10 th plan	Growth percentage	Weighed Growth *	Annual average	
	collection central market construction Agricultural experiment Foundation and breeder seed production Use of chemical fertilizer		Number	458	2230					2000			
			Metric ton	515	2150					1930			
			kg/ha	31	66					66			

* Detail Presentation given below are based on expected growth projection only.

** Base year 2058/2059 = 100

c) Main Strategies

As the agricultural sector has high contribution in the gross domestic product and more than 80 percent of people are dependent on it for income and employment, the growth in the production and productivity in the agricultural sector plays a very important role in reducing poverty by achieving sustainable and high economic growth. With the development in this sector there will be improvement in the food and nutrition status of in people and as such will contribute to the implementation of overall social development strategies as well.

Likewise, the programs related with the poor and small farmers and the operation of integrated agriculture development programs in remote areas like Karnali will help in the implementation of national strategy for the targeted programme. To bring about effectiveness in planning monitoring and evaluation system in the agricultural extension programmes through the adoption of the participatory mechanism and devolution to the local bodies will contribute to achieving the overall strategy of the good governance. Enhancement of production capacity for foodgrain and livestock in Terai and fruits, off season vegetable and live stock in hilly and high hilly areas would contribute to the overall balanced development of Terai and Hilly area. In this context, the strategies adopted in the sector are the following :

- ***Strategies related with objective 1***
 1. Disseminate and use the available agricultural technology massively.
 2. Increase accessibility of agricultural inputs and credit for agricultural production.
 3. Commercialize and diversify agriculture.
 4. Operate agricultural support services even with use of partnership and contractual arrangements.
 5. Activise planning monitoring and evaluation effectively.
- ***Strategy related with objective 2***
 6. Sustain agricultural development by developing agricultural technology and by protection, promotion and use of agro-diversity and environment.
- ***Strategies related with objective 3***
 7. Support the promotion of agricultural market and related infrastructure development by mobilizing cooperative and private sector as well.
 8. Promote cooperative and contract farming.

d) Policies and work plan

On the basis of the sectoral objective and strategies, the following policies and work plan will be followed.

- ***Disseminate and use the available agricultural technology massively***

(Related to Strategy 1)

- Agriculture technology dissemination and use will be expanded massively and oriented to commercialization through group mobilization
- The agricultural sector will be given the lead role and pushed ahead to alleviate poverty and achieve a sustainable and high economic growth rate. The period of the Tenth and Eleventh Plans will be declared as the Agricultural Decade in the context of successful implementations of Agriculture Perspective Plan.
- In Karnali zone and other remote districts, which face food shortage, agricultural extension and research programmes will be conducted in an integrated manner to raise income generating activities like animal husbandry, vegetable seed, horticulture and herbal farming programmes as local food grain production
- Emphasis will be laid on women's skill development and business enhancement by including them in the mainstream of agricultural and livestock service promotion.
- To minimize the prevalent level of malnutrition, programmes will be conducted to identify the nutritional value of food items and increase of related agricultural production, development of nutritious food mix from the local products and mobilization of community nutrition programme.
- The agricultural technology dissemination method will be integrated to increase production and productivity of agriculture through increased use of modern agriculture technology and research. Reforms will be made to ensure service delivery effectively to the farming by devolving gradually the agricultural and livestock service programmes at the local level.
- In order to supply the product on inputs through the farmers and entrepreneurs at the local level assistance will be provided for the development of local resource centres which will be engaged in the production/business of the necessary agriculture inputs and services. To support the underprivileged and small farmers' groups and the remote areas, community based organization or the trained rural agricultural/livestock entrepreneur will be provided financial and technical support for the agricultural/livestock extension program.
- The rural youth who have a minimum qualification of having passed S.L.C. will be given agricultural/livestock occupational training to develop them as the rural level entrepreneur for their self-employment.
- *Increased access to the necessary agricultural inputs and credit for agricultural production (Related to Strategy 2)*
- Emphasis will be given to provide irrigation to increase the output of the

agricultural sector by integrating the ground, surface, drip and sprinkler irrigation and rain water harvesting according to the local geographical potential. In this regard the minor irrigation programme will be made more widespread. Increase in the cropping intensity and generating employment opportunities for the target group will be expanded through the intensive use of the available irrigated area.

- The supply system of chemical fertiliser, improved seeds, improved breeds and saplings will be strengthened.
- Together with strengthening the present institutionalised system of credit delivery for making agricultural credit accessible and simple, micro credit will be made available through local banks and other rural institutions.
- The livestock insurance programme will be expanded and the insurance program on high value commercial agricultural crops will be initiated gradually.
- The Integrated Pest Management (IPM) will be promoted for the minimum use of pesticides and production under organic farming will be emphasized.
- ***Commercialization and Diversification of Agriculture (Related to Strategy No. 3)***
- Reflecting the geographical uniqueness, and regional potentiality an integrated package program will be launched to develop the appropriate commercial pocket areas in the Terai, mid-hills and high hills. Herein, special emphasis will be given for the increased production of high-value fruits, vegetable, milk and meat.
- Targeting the demand of necessary vegetable, fruits, meat and milk products, etc of the agricultural market centres and urban areas, which are developing from the internal and external market point of view. In the periphery of north-south highway and the areas around the other roads and irrigated areas pockets will be expanded for increasing the production of high value agricultural and livestock products. Special emphasis will be given on the crop diversification and commercialization leading to the Agriculture Development Centre. In this respect, the districts, near urban areas, and linked with road transportation facilities will be developed as supply centres.
- As fish production can be a major area for income and employment generation of the low income group, the promotion of fishery program will be emphasized by the utilisation of the rivers, lakes and public ponds. The fish research and distribution centres will be strengthened and developed as study, research and training centres.
- ***Implementing agricultural support service program also in cooperative and contract services (Related to Strategy 4)***

- The participation of His Majesty's Government and community based organisations, non-government organisations and the private sector will be expanded gradually according to the concept of contract and cooperative farming to enhance the participation of the private sector in the agriculture and livestock extension services. Similarly, institutionalised development will be made to encourage cooperative and contract farming.
- ***Effectiveness on planning monitoring and evaluation (Related to Strategy 5)***
 - Agriculture Perspective Plan implementation and monitoring will be strengthened by activating the agricultural development committees from the centre to the district level. Apart from the monitoring and evaluation of the government program the activities of the farmers and the entrepreneurs will also be brought in the information stream for analysis in totality in the real sense.
- ***Agricultural technology development, agricultural bio-diversity and environment conservation, protection and use (Related to Strategy 6)***
 - By focusing on Adoptive agricultural research for commercial agriculture, research will be geared towards the development of necessary integrated technology packages, management of the soil fertility and the development of the competitive production technology system for reducing the production costs. Records will be maintained for the seeds produced in different regions. The improved varieties of the same will be developed and disseminated.
 - For sustainable production and productivity increase in food production, horticulture and animal husbandry sectors, the private sector will be encouraged for the research, study, conservation, promotion and the use of bio-technology. Identification of bio-diversity and its registration process will be pushed ahead.
 - Emphasis will be given for environment conservation and pollution reduction.
- ***Support for agricultural market promotion and infrastructure development (Related to Strategy 7)***
 - To expand agricultural and livestock markets, the construction of infrastructure like agricultural road, suspension bridges, pulling and gravitational ropeway etc. will be made on the basis of local participation. Agricultural market information system also will be developed through the local cooperatives. The construction of wholesale market, weekly market and its collection centres and the establishment of cold stores and its management will be promoted. Special emphasis will also be laid on the dissemination of technology for the reform of village

level small agricultural processing and storage system.

- The private sector and the cooperatives will be attracted for the processing and the development of livestock related industries to ensure sustainable market to the agriculture and livestock products. Through the utilisation of the modern information technology, market management and agricultural information will be supplied to the rural areas. For this purpose, the necessary promotional assistance will be made available.
- On the basis of mutual understanding working relationship will be developed through interaction between the producers and the industrialists.
- For the promotion of the agricultural business the increased participation of the cooperatives will be encouraged to supply the seeds, providing micro credit and for collection, storage and sales of the produced goods.
- Commodity Policy will be formulated to make the private sector more participatory to substitute imports and increase the commercial production of exportable agricultural and livestock products. To increase exports a food code of conduct, according to the provision of World Trade Organization, will be prepared and implemented and quality control certification and adherence will be made more effective and convenient.
- To give certainty to the supply of quality hybrid seeds and chemical fertilisers to the farmers, the distribution system will be made reliable, competitive and transparent according to the market process.
- ***Encouragement to cooperative and contract farming (Related to Strategy 8)***
 - Cooperative training and education program will be expanded in the regional level.
 - Cooperative and contract farming will be encouraged with a policy to ensure ownership and use of the land.

e) Program and Implementation arrangement

- ***Food Security***
 - Based on the agro-ecological environment, programs for the production of food and cash crops in the Terai, fruits, vegetables, vegetable seeds, sericulture, honey farming and animal husbandry which yield high returns will be made more widespread so as to enhance food security, employment and income generation so as to create strong foundation for food security. In the potential districts extensive pocket areas for the production of fish, meat, milk, eggs, vegetables and fruits will be developed and also made export oriented.

- The cooperatives and private sector will be encouraged in programs to participate for popularizing the use of organic fertilizer, balanced and appropriate use of chemical fertilizer, production of organic fertilizer from the waste generated in the agricultural market sites and so on. For environmental conservation and pollution control, assistance will be provided to reduce the use of pesticides and to the integrated crop management.
 - To increase production in the agricultural sector groundwater and small surface irrigation together with the conservation, construction and renovation of canals and water reservoirs will be given special emphasis. Special focus will be given to the use of various types of irrigation systems in the hills like minor surface, water harvesting, drip and sprinkle.
 - In food deficit remote districts the production and use of locally important and export potential crops (oat, Niger seeds, herbs, medicinal plants) will be given special emphasis.
- ***Dissemination***
- Pocket package program will be launched on the locations specific priority crops/commodities identified by Agricultural Perspective Plan. Such pocket areas will be expanded and finally developed as special agricultural production zones. Considering the possibilities of export promotions and the import substitutions crops/commodities produced in such developed pockets, necessary infrastructure development programmes will be implemented in an integrated way.
 - The experienced and leader farmers engaged in various specialised profession in the agricultural sector will be developed as the resource farmers and they will be made instructors for the farmers to farmers diffusion work. Integrated crop protection management system will be expanded.
 - Strengthening agriculture, animal and pasture development farm, laboratory, training centres, semen bank, etc., the district level programs will be provided with the technical services. These resource centres would supply services and quality materials for the multiplications of seed/breed multipliers at the local level.
 - Arrangement will be made for quality entrepreneur training to support the milk and meat processing industry.
 - Support will be provided for poverty alleviation to the promotion of crops and commodity which do not require much land like honey bees and mushroom.
 - To enhance the knowledge, level of skill and to raise the standard of

living of the women and the farmers of the underprivileged community, on-site training will be provided through mobilization of specific programs.

- Bio-gas technology will be promoted through the institutional mechanism of farmers group and their committees.
- To develop the Centre of Excellence the regional livestock service training centres will be equipped to provide training on various subjects. Similarly, the infrastructure will be developed and strengthened for conducting training in the regional training centre in Biratnagar for meat processing, grass seeds in Janakpur, milk processing and artificial insemination in Pokhara, poultry farming in Nepalgunj, goat rearing in Dhangadhi, fishery in Janakpur, horticulture in Kirtipur, sericulture in Khopasi and honey bee related training in Godavari, Lalitpur. The full use of available local level infrastructure will be given importance in this context.
- Animal health laboratory will be operated in the district level and disease surveillance will be conducted through them.
- PPR and foot and mouth disease control, quality improvement in anti-rabies vaccine production, Japanese encephalitis and zoonotic diseases surveillance and control, monitoring of residue antibiotic in poultry product and the increase in the capacity of private animal health business will be undertaken.
- For food industrialization, consultation training and other services will be provided to the optimum use of agriculture related food production and for the promotion of food industry business, processing, use of post-harvest technology, commercial development of cold store technology. Technology package based on high value crop will be prepared, nutritious food items will be developed and popularise them and experimental studies and skill development programs will be conducted.
- To enhance the entrepreneur quality of the farmers and for the quality improvement of appropriate technology used at the entrepreneur level, quality improvement will be made in all the curricula and programs related to agriculture training.
- Based on the projects initiated in the Ninth Plan the projectization will be adapted with necessary refinement and will be conducted in a result-oriented manner in all the major agricultural activities.
- The families of J.T. and J.T.A. will be encouraged to open agrovet where they are posted to provide services to the farmers.
- The productivity of local birds and animals will be increased by identifying appropriate technology for reducing production costs as to

regards animal feed, animal breeding and animal health.

- The commercialization and increasing productivity of fishery will be given importance. To increase the income of the low income group and community the public ponds and other water reservoirs will be utilized under the fishery program.
- By developing convenient technology for the increase of quality meat production, the private, farmers group, cooperative and community organizations will be encouraged to rear calf, lambs, buffs and heifers. The small dairy farm that collect and process milk will be supported.
- ***Research, Farm/Stations Centre, Resource Development Centres and Bio-diversity***
 - As approved by the Bio-diversity Convention, the agro-ecosystem approach will be implemented by formulating coordinated policy with the help of the concerned agencies. By registering the agro-biodiversity the related patent rights will be established. The gene material of birds, animals and grass will be conserved, promoted and utilized to the optimum level. The quality of organic material and veterinary will be regulated and improved.
 - Agricultural research will be focused on the Agricultural Perspective Plan's prioritised high value crop/commodities which have location specific, comparative advantage. It will also be directed in solving the problems seen in the specific crop/commodity pockets. In this context, the agricultural research will focus on the farmers' burning problems like reducing production costs, increasing the fertility of the soil and solving the problems seen in the hybrid variety. Emphasis will be laid on production technology for hybrid and aromatic variety of paddy which give higher yield and are suitable to the climate. Technology generation on hybrid maize variety with protein, improved variety of wheat using anther culture, high return providing saffron and button mushroom and export technology for ornamental flowers will also be emphasized.
 - To make research and dissemination complimentary to each other, the out reach research programs of Nepal Agriculture Research Council will be integrated with the concerned district's agriculture development programmes in the command areas of the research farm/stations. The national agricultural research and development fund will be mobilised according to competitive grants system. The fund will be mobilised for research targeting the problems of the poor farmers and laying priority on the agricultural commodity and subject area in the geographical sub-areas as pointed out by the APP.
 - To increase the knowledge of the agricultural technicians of every area engaged in the government programs and to make research,

dissemination and human resources development complementary, policy will be formulated so that the gazetted agricultural officers will be encouraged to spend some part of their yearly work time for research, dissemination and training.

- Resource centres will be developed as per agro-ecological zones to meet the needs of the agricultural production areas. The resource centres will provide the necessary technical pack up support to the district development committee to conduct the agriculture/livestock services program.
- ***Commercialization of agriculture and the market development***
 - The market information system will be institutionally developed by strengthening the existing local markets and developing new markets in feasible areas.
 - Encouragement will be provided for the establishment of small industries for yak cheese production in the Himalayan region.
 - Agriculture extension services will not be limited to the production but it will focus on commercialization based on comparative advantage, agricultural business promotion and effective market information delivery.
 - To strengthen the establishment of agriculture related industry, the related crop will be developed and expanded in the industry's impact area. Programs like cold storage management, technology dissemination and agricultural credit will be implemented in a coordinated manner with the industry and district agricultural development program.
 - The farmers and farmers' groups will be mobilized for the construction of collection centres and cellar stores in the production area. In the feasible areas, required credit will be made available at concessional rates for the construction of multi-chambered cold storage. The rebate on customs will be made available when necessary on the import of equipment and tools for the cold storage. Likewise, assistance will be provided for the construction of Cold Chain as necessary for industrial crop which are exportable.
 - Minimum customs duties will be levied on the tools and equipment necessary for animal slaughter house and slaughter site.
 - Competitiveness of livestock raising farmers, entrepreneurs and industrialists will be enhanced by giving recognition as priority agricultural industry and concession to commercial animal husbandry and livestock related industry.
 - To solve the present problem of milk holiday, support will be provided

for the establishment of small milk processing plant by the farmers' group or the private sector. Open market policy will be adopted for the price of milk and milk products.

- Different alternative will be explored and analyzed to identify competitive edge of national products and support needed to that for increase in production by analyzing national and international market situation.
 - The integrated agricultural information technology development and dissemination will be made to integrate agricultural production and products marketing from the production area to the market site. The greater participation of the cooperatives, the private sector and women group will be encouraged in market management and operation.
 - Emphasis will be given for the infrastructure development at market site. In market sites where the infrastructure development is complete they will be fully utilised and its management will be strengthened. In the feasible sites, according to requirement, the market infrastructure development will be made with local initiative. To strengthen the market site, the information flow regarding the market situation and opportunities will also be made more effective.
 - Technical support will be provided in cooperative or group basis to make the sales and distribution of agricultural produce more simple and profitable and.
 - In the context of Nepal's entry into World Trade Organisation, related research and laboratory networks will be strengthened to maintain competitive quality/standards for the promotion of the export of agriculture related products and processed food items.
 - Agro-business promotion programs will be conducted by providing support services related to market development, market information flow, processing industry and industrial farming.
 - Arrangement of necessary assistance from various bodies will be made for the collection, processing and transporting to the market for agricultural and livestock products which are exportable.
 - Emphasis will be given to the development of commercial pocket by providing support for production, collection, quality enhancement grading, packaging, processing etc. on the special crops having export prospects like tea, coffee, cardamom, ginger, garlic, chilly.
- ***Agriculture, Forest and Environment***
- Based on agro-ecological potentials, the government farm and station will be interlinked with resource centres to conduct specific commodity

based research and development. Using Sloping Agriculture Land Technology in the steep and sloping land in the hill region, eco-farming and eco-tourism development will be encouraged under contract or cooperative management.

- With the functional coordination of the forestry sector the barren lands within the forest area will be made available to the small farmers on lease thereby establishing forest nursery, afforestation works, growing grass and medicinal herbs and plants so that assistance could be provided to the implementation of animal husbandry programs through the resource generated by such grass and fodder.
 - The use of by-products of animal and animal related industries and reduction in environmental pollution will be encouraged.
 - Agricultural related production program in the watershed management areas will be conducted in a coordinated manner with the soil conservation programme. Public land, community forest, land along the roads and canals will be utilized to undertake grass and fodder production program.
- ***Institutional System and Good Governance***
- For the achievement of the target indicated by the Agricultural Perspective Plan on prioritised production inputs (agriculture roads, rural electrification, chemical fertiliser, irrigation credit and technology), the relation and coordination among the agencies involved in their supply and development will be strengthened. In this regard, arrangement will be made according to the program as per the commitment of the concerned agency to be implemented in an integrated manner in the specified location.
 - According to the provision of the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) institutionalised development will be made and the Act and regulations will be implemented in an effective way. Also, the capacity of the crop and animal quarantine will be increased.
 - By maintaining standard in food production, import, export and distribution, consumer right will be protected. Coordination and participation will be mobilised among the related agencies like the local administration, municipality, related Office of the Attorney General, chamber of commerce and industry and consumers' forum for the protection of the rights of the consumers in quality control and standardization process. The food quality standards control system will be made according to the WTO standard. For this the necessary institutional system will be developed.
 - Steps will be initiated for the establishment of an international level

regional centre to develop fishery and related activities of the domestic species of fish found in the Himalayan region.

- Support will be provided for the establishment of national nutrition laboratory and strengthening of national nutrition coordination committee.
 - The farm/station and laboratories of the agriculture, livestock and food technology sectors will be developed as a strong resource centre in an integrated manner as per the need of geographical sub-regions so that the supply of quality and standard agricultural/livestock resource material and services would be ensured. The training programs of the agricultural and cooperative sectors will also be linked with the integrated resource centres for the development of production system and making them agricultural business promotion oriented. In order to fulfil the demand of Human Resource and Research Capability enhancement, an Agricultural University will be established and study, research and teaching centres will be developed as per geographical and regional specialization.
- ***Institutional System and Good Governance***
- The institutional set up for the food analysis will be run effectively in the manner so as to ensure their credibility to provide service activity. For this, arrangements will be made to develop action policy and the accreditation of private sector food laboratories. Steps will be taken to strengthen laboratories and establishment of referral laboratory, provisions will be made to develop mechanism for the certification by laboratories set up in the private sector. This apart, provision of laboratory training and food processing techniques will be developed.
 - Support will be extended to consolidate the agro processing industries. This will be done by developing the group system that covers the steps starting from the production to the distribution of in the pocket areas of identified commodities.
 - A thorough review of the central network of the cooperatives will be made to determine its status and thereby chart out the appropriate modalities and also consolidate the database systems. The local group having viable prospects will be converted into cooperatives and appropriate poverty alleviation programmes through cooperative facilitation will be implemented.
 - The non-governmental organizations will be encouraged to encompass the existing community based organizations/groups rather than forming new ones while implementing the programmes.
 - The staff number will be streamlined in order to curtail the administrative expenses. This will be done keeping in view the recommendations of the

Public Expenditure Review Commission. The Centre For Agriculture Business Promotion will be established from within the existing posts in the Ministry. The Centre will be entrusted with the responsibility of carrying out the agro-economic analysis, management of agro statistics, analysis of the demands of the agriculture entrepreneurs and bring about improvements in the policy front.

- The Junior Agriculture Technicians (JTA), will be enhanced by providing 3 months upgrading of capacity training for human resource development. For those willing to work as agricultural technical assistant, the person concerned needs to have the appropriate agriculture training or must have passed the intermediate level in agriculture. Provisions will be made to give priority to PHD degree/master degree holders in animal husbandry or agriculture when it comes to making recruitments in the posts requiring a person to work as an agricultural expert or Agriculture research scientist.
 - The efficiency of the local bodies and the private sector will be stepped up in order to implement the agricultural programmes based on the spirit of decentralization.
 - Regional Cooperative Training Centres will be established and steps will be initiated to establish the required infrastructure. The central cooperative training centre will be instructed to focus on trainer's training.
 - Technical and other support will be provided to farmers for the setting up of at least 25 Mt. capacity warehouse and seed-processing unit and seed Testing Laboratory. Such facility will be provided to those entrepreneur farmers producing seeds in exportable quantities from a single pocket area.
 - The programme of soil mapping will be expanded after examining the soil fertility in different parts of the country. The government, different cooperatives and the private sector will be jointly mobilized to deliver soil testing services. Technology related with geographic information system will be used to prepare the soil database.
 - The government as well as the private sector will be mobilized to ensure regular supply of chemical fertilizer during the period of tenth plan. The Chemical Fertilizer unit at the Ministry of Agriculture And Cooperatives will be mobilized for its regular monitoring. An appropriate system will be identified and implemented for the continued supply of chemical fertilizer.
 - The Agriculture Input Company Limited and the Diary Development Corporation will be privatized.
- ***Involvement Of Private Sector, Cooperatives, Partnership And Contractual***

arrangements.

- The agriculture and livestock development programme will be implemented in partnership or contract with different cooperatives, farmers or farmers' groups or their committees. For this a system of open competition will be adopted.
- Focus will be laid on income-based employment through the expansion of sericulture that flourishes on mulberry. This will be carried out by community participation under the programme of consolidating the areas having promising export potential.
- The participation of the private sector will be encouraged in the delivery of veterinary services and artificial insemination.
- The supply of forage and fodder will be increased through the effective utilization of community forestry area. Besides, the productivity of the community pasture will be increased.
- The business of production and marketing of potato seeds in the private sector will be well managed through the setting up of a regional and national level institutions by involving individual entrepreneurs or institution. The scientific approach of tissue culture and true potato seed will be implemented with priority in the irrigated areas not having storage facilities.
- A policy to seek widespread participation of the cooperatives and the private parties will be taken up to promote the availability of quality improved seeds. The small farmers' group/community based organization in the remote settings will be encouraged to take up this kind of job by providing technical support to them. Seed self sufficiency program in the district will be expanded
- Loans and other forms of assistance will be ensured to the concerning parties that will be mobilized to simplify the demand for meat and its supply. The resource centre for the consolidation of the business in goats and castrated goats will be strengthened and set up at the joint initiative of the farmers' group, cooperatives and the private parties.
- Increase in the supply and demand of meat will be facilitated by developing resource centres for buying and selling of buffaloes and goats through the management of farmers groups, CBOs, cooperatives or the private sector. Agriculture credit, animal health services and other technical services will be ensured in these resource centres. This policy approach will also be followed to establish small milk collection and processing centres with chilling facilities to meet the marketing needs of the milk.
- Programmes to raise fodder plants will be launched in both of the above

areas, which will later be distributed to the farmers. Animals like buffalo calf will be reared and sold in the premises of the milk processing and chilling units. The promising animals raised will be sold in the nearby community for breeding purposes. The construction programme, artificial as well as natural insemination programmes in the command area will be monitored also through these resources centres.

- The expertise of Agricultural Technicians (JT) and junior Agricultural Technicians (JTA) who are not employed and are looking for jobs will be tapped and such manpower will be mobilized for different agricultural programmes run under the Poverty Alleviation Fund.
- Emphasis will be given to the development of contract farming in order to maintain a balance between industry and production. This will be carried out by linking the industrial crops with the agriculture based industries. Additional job opportunity will be created by enacting the appropriate regulations for giving out barren land for contract farming and thereby stepping up agricultural productivity.
- Awareness raising programmes on cooperative, partnership and contract farming will be launched. This apart, environment will be created to deliver even the government services through the provision of contract or partnership basis.

▪ *Agriculture Decade*

- As agriculture has a pivotal role in the overall economy of the country. The programs under Agriculture perspective plan (APP) will be launched in campaign by declaring the tenth and eleventh Plans as the agriculture decade. Special emphasis will be laid on the improvement of the organizational structures and the fulfilment of the necessities to bring about effectiveness in the implementation aspects. Provisions will be made in the manner so as to inspire the government and non-government institutions to support agricultural development in priority basis.
- The task of increasing food productivity in the food scarce areas of the country will be taken ahead in the form of a massive campaign through the use of quality inputs in agriculture. This in turn would contribute towards ensuring food security and poverty alleviation. Commercial production pocket programmes in agriculture that can contribute to overall productivity will be identified and launched to produce export-oriented commodities and to produce the needed raw materials used by the native agro based industries and commodities that substitute import.
- The service of the experts available at the centre will be mobilized up to the grassroots level for efficient monitoring and evaluation. A system of involving the beneficiaries in the monitoring and evaluation of the program project work will be initiated.

f) The Priority of the Programmes Run Under Government Investment

Programmes like integrated agriculture development in Karnali zone, setting up of milk processing centres with chilling facilities, setting up of centre for rearing heifer and goat fattening for meat, practicing fishery in the local public ponds and water bodies such as rivers and lakes, production of high value agricultural crops and their market promotion will be launched in priority.

This apart, steps will be directed towards promoting contract and partnership farming and promotion of biotechnology in agriculture. The synopses of the agriculture and cooperative programmes that are to be launched during the tenth plan period have been listed below on priority basis. The elaboration of the detailed programme and budget is given in section 9.1 of the plan.

Summary of the Projected Budget For The Proposed Programmes/projects

Priority	Program me Number	under Expected Rate of Growth		under General Growth rate Percent	
		Amount	Percent	Amount	Percent
P1	34	1264.0	70.8	1078.3	79.7
P2	23	379.0	21.2	274.0	20.3
P3	22	143.0	8.0	0	0
Total	79	1786	100	1352.3	100.0

NB: The figures are in 10 millions

g) Legal and institutional reforms and their implementation arrangements.

- Provisions will be made for the production and distribution of quality fruit seedlings through the enactment and implementation of the Nursery Act.
- Fishery Seed Act and Regulation will be drafted and implemented and the required improvisation will be made in the Act for fishery quarantine
- In the context of joining the World Trade Organisation, the required amendments will be made to the Plant and Animal Quarantine Acts and check posts will be set up in additional exit points to make the services more effective and service oriented. The existing quarantine check posts will be strengthened. The Food Act and Regulations will be reviewed and adjusted accordingly to increase the export of agro products and processed foodstuff after Nepal joins WTO.
- Necessary amendments will be made in the Quarantine Act to ensure that the vectors of different diseases do not get transmitted in the process of exporting and importing the eggs of bees and silkworm.

- A laboratory will be established and strengthened at the central level in order to implement the Insecticide Act and Regulation.
- Legal basis will be prepared for the market regulation and effective implementation of the agriculture market
- Policies will be made to ensure increased supply of animal fodder through the community and leasehold forests. Certification and Endorsement policies for the seeds of different grasses (fodder) will be activated.
- The local as well as the value added tax on the cross border movement of animal based products will be waived in order to attract private sector investment in the animal and poultry bird based industries that could substitute imports and at the same time promote exports. A policy of forging partnership with the private sector, local bodies/institutions for the setting up of industries related with powder milk, baby food and condense milk will be adopted. Similar policy will hold in the case of setting up of slaughter houses.
- The Food Act Regulations will be amended and directives will be issued for the well managed monitoring of quality control works. The responsibilities of the local bodies will be clearly spelt out as regards quality control of foodstuff.
- Act will be put into place to ensure the supply and management and quality control of chemical fertilizer. Effective implementation of the National Fertilizer Policy will be made in order to ensure the supply of fertilizer and to make the distribution system transparent, competent and trust worthy.
- The existing practice of providing support and granting subsidies to farmers will be amended following a thorough review on the background of commercial and subsistence agriculture and with a view to incorporate the interest of poor and marginalized groups.
- The system of insurance will be introduced to minimize the risk in the commercial production of birds and animals and cash crops. The needed improvement in the policies will be made to ensure the development of agriculture cooperative entrepreneurship. Likewise the enterprise development plan for Agriculture Cooperatives and unions will be formulated and implemented accordingly by bringing improvement in the policies for cooperative enterprise development.
- In order to support livestock enterprise the supply system of quality feed will be strengthened. Programs like market inspection and implementation of the good manufacturing practice(GMP) in the feed industry will be made effective.

- The capacity of the government bodies, cooperatives and capacities of other sectors in the sector of seed processing and storage will be tapped. A policy to attract foreign investment in the production and trading of seeds will be introduced.

h) Expected Achievement

▪ *The projected additional contribution of agricultural production in the final year as compared to the base year*

- During the tenth five year plan period, it is projected that there will be additional production of 1.44 million metric ton of cereals, 30 thousand metric ton of lentils, 13 thousand metric ton of oil crops, 352 thousand metric ton of sugarcane and 420 thousand metric ton of potatoes. Similarly in the sector of animal husbandry, there would be additional production of 241 thousand metric ton of milk, 61 thousand metric ton of meat and 308 million no of eggs.
- There will be an additional production of 104 thousand metric ton of fruits and 520 thousand metric ton of fresh vegetables.
- There will be an additional production of 14 thousand metric ton of fish including from different fishery development centres
- There will be an additional production of 31 metric ton of silk by the end of the tenth five year plan
- There will be an additional production of 45 metric ton of honey from bees
- A total of 13750 members from 1375 farmers group (10 from each group) will directly benefit from the production and processing activities. They will experience that their capacities to utilize and mobilise fiscal as well as physical amenities and will witness a substantial growth. They will then be able to involve themselves in non-agricultural sectors after starting to make some savings.
- Sixty thousand members will be given training on cooperative management, auditing and enterprise promotion through the cooperative education and training programme. This would enable to involve them in bringing about growth in the local productions after they are involved in the market orientation to be given by the cooperative system.
- As it would not be practical to specify the targets related with production, productivity, cropping intensity and area of farming, the estimation of achievements has been hence presented in the logical framework.

▪ *Contribution to be made to poverty alleviation, employment generation and human resource development*

- It is estimated that there will be an additional participation of 80 thousand farmers in the production of vegetables and another 80 thousand in the production of fruits. This will provide additional employment

opportunities and contribute to poverty reduction of 160 thousand farmers.

- The income level of 13 thousand farmers will be enhanced because of the activities carried out in the development of fisheries. It is estimated that nearly ten thousand additional farmers will be benefited through silk farming and 6,150 farmers will be benefited from bee keeping.
- A total of 97,000 additional farmers will be benefited from potato farming during the Tenth Five-year plan period. There will be an increased participation of 32,500 farmers in animal husbandry, which will contribute substantially in poverty alleviation.
- The skills of farmers and technical supporters will be enhanced during the tenth plan period and rural youths will have the opportunity of long term self employment Training in the sector of agriculture and animal husbandry.

▪ ***Contribution to the regional development and balance***

Crops: It is expected that there will be the commercialization in the farming of cereals, lentils, cash crops and industrial crops in Terai. Food security will be enhanced in the mid and upper hills.

Fruits: Income and employment opportunities in the high and mid hills will grow because of the increased horticultural activities.

Fisheries: The development of fishery will take place in different parts of the Terai districts. This apart, there will be the protection and enhancement of cold water fishes in the mid and high hills.

Potatoes: A great deal of contribution will be made to the food security situation in the food deficit hilly areas through the commercial use of tissue culture technology for enhancing the production of potatoes.

Silk: As the consumers of silk will be the rich and well off people, there will be a flow of resources from the urban areas to the rural areas.

Poultry and Animal Husbandry: The income in the urban areas will be transferred to the rural areas through the means of animal husbandry and poultry.

▪ ***The decentralization of programmes as per the spirit of the Local Self Governance Act***

- The agricultural extension programme will be gradually devolved to the districts from the beginning of the year of the plan 2059/60.
- The district based cooperatives and unions will run programmes on community services and business promotion activities by forging alliance with the local autonomous bodies and by mobilising local resources.

▪ ***Contribution To Gender Equity Through the Programmes and Policies***

- The involvement of women in the agricultural programmes on an average will be 40 per cent while it will be more than 60 per cent in programmes such as vegetable farming, horticulture and silk farming.
- The participation of women in different programmes will increase because of the enhancement of the skills and expertise of women cooperatives and the women groups in different cooperatives.
- ***Role of Government, Non-Government And Private Sector***
 - Contract and partnership programmes will be launched to enhance involvement of private and non government sector by implementing programmes that are run under government sector. The private sector will be further encouraged in the production and distribution of production inputs like seeds, seedlings, fishlings, chicks, goats, vet services, soil test services and chemical fertilizers. The government institutions will have their role more as facilitators regulators and monitors rather than the implementers of the programmes.
 - The Agriculture research and development activities will be launched in a competitive bidding system by encouraging private sector participation.

9.5 The probable obstacles and risk in implementation and output realization.

- Continuity of policy and investment in conformity with the priority accorded to the agricultural sector.
- Need based development of human resources.
- Market Fluctuation.
- Adequate enthusiasm of the private and non-government sectors.
- The availability of healthy seeds, seedlings fertilizer and other agricultural inputs in the market mechanism.
- Functional Coordination among the bodies affiliated to the agriculture sector

9.6 Log frame

When preparing the sectoral objectives, strategies, action policies and logframe of the plan, the Interim Poverty Reduction Strategy Paper of HMG/N and the three year mid term expenditure framework programme have been used. The first part of the logframe consists of the major objectives and the strategies and working plans to be followed therein to achieve the objectives. This is followed by the separation of all the programmes into major sub programmes for which the policies, projected achievements, indicators, sources of information along with the risks involved have been presented. The detailed information on the main programme has been presented in the annex number three.

*Policy and Program Logframe-Agriculture & Cooperative**

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral macro objective: The contribution of Agriculture Sector will increase considerably and sustainably in the course of economic development and poverty reduction.

Objectives	Strategy	Indicators	Sources of information	Major programs	Risks and Obstacles
The entire productivity and income growth rate of the agricultural sector will be witnessed by high and sustained growth through the use of improved agriculture technology and promotion of market.	<ul style="list-style-type: none"> • Widespread expansion and utilization of the available agricultural technology. • Increasing the access to credit and agricultural inputs needed for Agricultural production. • Diversification and commercialisation of agriculture. • Running agriculture service and support programmes even on the basis of contract and partnership • Making the system of monitoring and evaluating the projects more effective • Making agricultural development more sustainable through the development of agricultural technology, agro bio-diversity and protection of environment • Providing support to the consolidation of agriculture market through the mobilization of the private and government sectors • Encouraging cooperative and 	<ul style="list-style-type: none"> • The growth rate of the entire agriculture sector will be 4.11 per cent, food grains (3.70 per cent), cash crop (4.4 per cent), fruits and vegetables (4.48 per cent) Fishery (6.96 per cent), Meat (5.49 per cent) Eggs (11.24 per cent) and milk (3.85 per cent) • Increasing the per capita food grain production from the existing 264 Kg to 286 Kg • Increasing the availability of sugar from the existing 8.7 Kg to 9.03 Kg and cooking oil from 2.16 litres to 2.30 liters. The availability of meat will be increased from the existing 8.5 Kg to 9.94 Kg. And the availability of milk will be 	<ul style="list-style-type: none"> • The four monthly and yearly review and progress report of the Ministry of Agriculture • The National Agriculture Statistical Book published every year. • The yearly progress report to be prepared by the National Planning Commission • Periodic study research reports 	<ol style="list-style-type: none"> 1. Development of programme for growing cereal, fishery cash crops and other high value crops. 2. Development of livestock services. 3. Development of agro forestry. 4. Food technology development and quality control of food stuff and animal products. 5. Development of programme for the production, storage and marketing of milk, fish and meat products. 6. Development and extension of the desirable technology for small farmers' group and rural agro industries. 7. Planning, monitoring and evaluation programme. 	<ul style="list-style-type: none"> • Fluctuation of Market • Continuity in investment and priority to agriculture development

Objectives	Strategy	Indicators	Sources of information	Major programs	Risks and Obstacles
	contract farming	increased from the existing 47.05 litres to 50.85 liter. Increasing the availability of vegetables from 66.74 Kg to 79.15 Kg and increasing the availability of fruits from 16.17 Kg to 17.89 Kg and fish from 1.5 Kg to 1.87 Kg.			

Note: Quantitative targets based on 6.2 growth rate (detail in Annex 3)

Annex 9.1 : Programmes and Estimated Amount

(Rs. in million)

Serial No:	Prioritised Programme	Under expected Growth Rate	Under general Growth Rate
First priority programme/projects			
1	Farmers' canal renovation and maintenance	250	250
2	Rain Water Harvest	150	100
3	Other forms of Irrigation (Sprinkle, Drip, Paddle etc.)	100	100
4	Agriculture Market Information facilitation and Market Development	200	150
5	Production and Distribution of saplings of apple, citrus and mango	250	200
6	TPS/Tissue Culture of Potato (Production promotion)	150	100
7	Promotion of Buffalo, bull and goat rearing	120	100
8	Agricultural perspective Plan Monitoring And Technical Coordination	100	70
9	Management of Chemical Fertilizer	500	450
10	Promotion of Pasture and Animal Feed	40	20
11	Breeder Seed production and distribution (grass)	100	50
12	Control of Epidemics including PPR	300	240
13	Food analysis And regulatory Service	80	60
14	Poverty alleviation through the small food processing equipments and technology	100	50
15	Developing self reliance on cereal seeds promotion in the private sector	250	150
16	Production of vegetable seeds (Foundation)	100	80
17	Production and distribution of fish seed	60	50
18	Increasing productivity of Honey and promotion of commercial entomology)	60	50
19	Production of Silk worn seeds and orchard management	120	100
20	Production of foundation and breeder seed (cereals, horticulture and animal husbandry)	300	300
21	Poverty alleviation through cooperative facilitation	120	100
22	Agribusiness Promotion Committee, agriculture statistics and economic analysis	120	100
23	Agriculture decade programme formulation and analysis	50	13
24	Laboratory facilities for soil, seed, breed, crop and animal health protection and regulation	400	300
25	High priority extension program (agro development in Karnali-400/400 million, small scale milk processing and heifer and goat fattening 250/200 million, fish farming in water logging areas rivers and lakes 30/40 million high value crops 750/600 million, poverty alleviation through animal husbandry and poultry 750/600 million, market promotion-500/350 million, promotion of programme in partnership and contract 140/50, promotion of biotechnology 230/120 million)	3020	2390
26	Artificial insemination	150	150
27	Agriculture Extension	0	0

28	Crop diversification	1500	1500
29	Livestock extension Services	800	800
30	Research on agronomy, fishery and livestock	1000	1000
31	Expansion of tea, coffee spices cardamom zinger	1400	1200
32	Integrated Crop Management (Cropping intensity and sustainable soil management)	250	150
33	Promotion of Seeds and Certification of plant quarantine	350	300
34	Production of Silk cocoon and expansion of production area	50	30
	Total	12640	10783
	Percentage	70.77	79.74
35	Second priority Programmes		
	Agriculture research programme and management of competitive research system	50	40
36	Agriculture Research Council	300	250
37	Plant Protection And Management	70	50
38	Agriculture Information and Communication	80	80
39	Co-operatization farmers of groups	30	30
40	Agriculture training(Including that for rural level Agriculture/livestock and poultry worker)	400	300
41	Increasing Productivity of fish and expansion of area	100	50
42	Development of Apiculture resource centre	100	50
43	Promotion of cooperatives and small agro processing	150	100
44	Cooperatives education training expansion	150	100
45	Middle level manpower development	300	200
46	High level manpower development (including agriculture university)	100	100
47	Development of local resource centres	750	520
48	Crop zoning and technical support to land consolidation.	100	70
49	Market research and support to agro business promotion	500	300
50	Collection and protection of horticultural germ-plasm	30	20
51	Orchid Management	100	80
52	Monitoring of technical services	50	30
53	Production of medicine and regulatory services	50	50
54	Coordination of Livestock Services and Monitoring	100	80
55	Food quality control and nutritional promotion and regulatory services	50	40
56	Expansion of deep and swallow tube well through agriculture	200	180
57	Agricultural biodiversity Protection and management	30	20
	Total	3790	2740
	Percentage	21.2	20.3
	Prioritized programmes under the third phase (Probable Programmes)	1430	0
	Percentage		
58	Other market related of the programme		

59	Other animal husbandry related of the programme		
60	Other animal farm centres		
61	Other animal health services		
62	Other food quality control		
63	Other agro nomical development		
64	Other vegetables, potatoes and spices development		
65	Other fisheries programes		
66	Other plant protection		
67	Other Entomology programme		
68	Other sericulture		
69	Other researches		
70	Janakpur Agriculture Development Project		
71	Soil Testing		
72	Hill leasehold forestry development and development of pasture		
73	Development of Cooperatives		
74	Protection of biodiversity and coordination		
75	Agriculture Research And Development Fund		
76	Other training and development of manpower		
77	Institutional Development		
78	Other agriculture and livestock extension		
79	Other Agriculture plant monitoring and evaluation		
	Total	1786	1352.30

Chapter – 10

Forest and Soil Conservation

10.1 Background

The forest sector has been providing opportunities in developing agriculture, tourism and environment. But due to the increasing population and the necessity having of development projects, pressure has been building up in this sector. In order to maintain the ecological balance forest area should cover at least 40 percent of total land area. It is hence crucial for Nepal to stop the existing 39.6 percent of the forest sector from anymore. To develop forest sector through people's participation there should be timely improvement along with the effective implementation of the programs as envisaged by the Master Plan for Forest Sector (MPFS). Conservation, promotion and proper use of forest, management of soil and watersheds, conservation of plan resources, herbs and bio-diversity can help in the economic activities of the nation. From this the opportunities for livelihood can be increased.

In order to enhance contribution of forestry sector to the national economy it has become necessary to make forest management participatory, simple and effective by mitigating the problems of degradation of forest, soil erosion, and decrease in bio-diversity, poverty and unemployment. It has been clearly felt that forest sector should play a very vital role in the social development by enlisting participation of women, poor and backward people in conserving the forest and wild animals. Keeping the above mentioned realities and by removing the weaknesses seen in the implementation of the plan in making significant contribution in reducing of the poverty the Tenth Plan for forestry sector has been formulated.

10.2 Review of the Ninth Plan

A. Target and Major Achievement of the Program

In the beginning of the Ninth Plan no of Community Forest user Groups managing the forest reached to about 12,000 groups from 5316 by the end of the plan and about 8 hundred 50 thousand ha forest is being managed by the groups. There has been qualitative improvement in the forest in the area. Nepal has been successful to identify herself as the country of community forestry. Conservation of forest, environment, bio-diversity and sustainable management as well as community development works have been carried out through community forestry. Democratic exercises in the local level, gender, and social equality, social empowerment and transformation and institutional development of the community have been initiated through the Community Forest Users Group.

- Leasehold forestry programme was initiated with a view to support in the livelihood of the people below poverty line During the plan period 1086

leasehold forest groups were formed and 9070 families have received 7378 ha leasehold forest.

- The soil and watershed conservation program has covered sub-watershed area in 55 districts of the country, which has maintained environmental balance by minimizing the water-induced disasters as flood, landslides, soil erosion etc. Chure watershed program has been initiated in the 13 districts of the Kingdom. Following the principle that users are the center of the management of the resources a system has been developed to transfer the responsibility of the implementation of the program to the users group, which automatically incorporated locals in the program.
- During the plan period expansion of protected area increased to 18 percent. The user empowerment and various income generating programs have been initiated in the buffer zones of Terai area His Majesty's Government has signed the Cartagena Protocol on Biosafety passed by the convention bio-Diversity (CBD). The access to the genetic resources and the preparation of the policy and bill regarding the benefit sharing and the national strategy and implementation of plan is in the final stage. To conserve the bio-diversity through forest management program outside the conservation area in Terai, programs related to Terai Arc Landscape have been implemented. During this plan five buffer zones management plan and seven National Parks have been completed.
- The works like conservation, protection and data collection of the non-timber forest products and research of wild seeds and survey of the forest has been undertaken. The establishment of 12 plant resources Conservation Research Centers and five types of Technology Development works has been accomplished. Likewise, the feasibility study for the establishment of 5 herbs centers has been completed. During the same period awareness raising program regarding the herbs at 25 remote districts and establishment of herbs nursery at 10 places have been conducted.

B. Problems and challenges

- Open market system could not still be commenced in the sale and distribution of timber and fuel wood.
- To solve the problem of resource crunch in the management of forest the idea of introducing Revolving Fund has not yet been commenced, hence the problem still remains to exist.
- In spite of the fact that the Government has the policy of attracting the participation of the private sector and the joint venture in the management of national forests, their participation has not been encouraging in the development of national and private forestry sector. It is because, the development of forestry sector is a biological process and it needs a long gestation period.

- Since there has not been any progress in the Applicable Technological Package which can be implemented at the farmers level in conducting the plan resource and herb development program with the aim to income generating employment and industrial development, there has been no significant help in lessening the poverty. Professional training could not be conducted to develop the manpower for non-timber forest products. Although the tasks registration of agro-bio diversity is being continued, the task to register bio-diversity to gain access to WTO by securing Patent and Intellectual Property Right has not yet been done.
- Although there has been some work in the institutionalization of the monitoring system the task of disseminating the directives, information and data has not yet been completed. No clear review of the Ninth Plan could be made as there has not been any institutional development in indicators and monitoring system which show effectiveness in the inter-sectoral co-ordination program.

10.3 Long-term Vision

The long term vision of the forestry sector is to meet the basic needs of the people such as fuel wood, fodder and other forest products regularly, to promote food production by bringing effective coordination between the forestry and agricultural sectors and to protect country's territory from soil-erosion, flood and landslides, desertification and other environmental imbalances. With respect to this vision, the 21 year long term Master Plan for Forestry Sector starting from 1989 will be reformed as time demands for the purpose of conserving and promoting watershed areas, ecosystem, genetic resources and for the management of forest as well as to promote enterprises based on forest products so that it will have positive impact on country's national economy. To enhance economic growth sustainable by conserving and promoting forests is another long term vision of forestry sector.

To ensure that forest cover is not lessened further from 39.6 percent as envisaged in the principle and program of the Master Plan for Forestry Sector and the Agriculture Prospective Plan, programs should be increased in order enhance the empowerment and management capacity of the government, nongovernmental organisation, local communities and the forest users so that it increases the productivity and utility of forests and acknowledge forest sector for the broad-based economic growth.

10.4 The Tenth Plan

The main thrust of the forest sector is to support national objective of poverty alleviation by ensuring people's participation needed for sustainable development of forest sector in the management of forest, plant resources herbs, watershed management and bio-diversity conservation along with increasing employment opportunities through the development of the forest based industries.

A . Sectoral Objectives:

1. To ensure regular supply of forest products and the support in maintaining environmental balance by developing forest, plant resources, watersheds and by conservation of bio-diversity and development of forest based industry.
2. To support poverty alleviation by creating employment opportunities for the poor, women and backward section through the participatory development programs.

B. Sectoral and overall principle quantitative targets:

Program	Unit	Quantity	
		Expected Growth	Normal Growth
1. Community and private forest program			
1.1 Groups formed 2500, operating plan prepared and forest handover 3000, creation plan revision 4000 management of users' groups and cooperative 2500	District	75	75
1.2 Promotion of silviculture technology, plot identification and commencement of program	place	500	425
1.3 Development of forest based industries within the community forestry for poverty alleviation.	Number	500	500
1.4 Technological assistance, skill and awareness development concerning private forestry.	Number	750	630
2. National and leasehold forestry program			
2.1 Institution of 1500 User groups among people below the poverty line in leasehold forestry, management plan, handover and review.	Hectares	6500	6500
2.2 Hand-over of leasehold forest to intuitions.	Number District	25 75	25 75
2.3 District strategy on forest managed by government, drafting of forest action plan and hand-over	Place	4	3
2.4 Bio-diversity conservation by building corridors and Terai Arc			
3. Herb and non-timber forest management			
3.1 Plant resource conservation management (Gene Bank)	Number	5	4
3.2 Herbal and scented oil processing units development and their expansion	Number	10	15
3.2.1 Public Sector	Number	15	-
3.2.2 Private and non-government sector		-	-
3.3 Formulate and enforce National Policy on Herbs.		5	5
4. Soil Conservation and watershed management			

4.1	Community integrated watershed management	Sub-Watersheds Number	110	100
4.2	Support from local bodies to integrated efforts	VDCNumber	110	100
4.3	Watershed management in higher Chure region	District	4	4
5.	Genetic resources and biological conservation program.			
5.1	National parks and wildlife reserve action plan 6, Buffer zone management plan 6, National Park Management 9, Reserve Management 4	Number	25	25
5.2	Implementation of Terai Arc Program.	Place	4	4
5.3	Feasibility study of Ghatal Conservation Area	Times	1	1
5.4	Genetic pool resources archives	VDC	All	All
5.5	Publishing Nepal Flora	Number	15	15
5.6	Sustainable forest products collection and management of Bio-diversity.	District	30	25
5.7	National Biosafety Framework use and development.	Custom point	12	12
5.8	Development and Management of Botanical Gardens	Development Region	4	4
6.	Research and Dissemination Programs			
6.1	Research on forest and plant resources	Number	73	60
6.2	Drawing up communication and publicity.	Times	1	1
7.	Human Resource Development Program			
7.1	Human Resources Development and management, strategy formulation and implementation.	Times	1	1
8.	Policy and Legal Framework Reform Program.			
8.1	Revision of Master plan for Forest Sector (MPFS).	Times	1	1
8.2	Revision and Reforms of Acts & Regulations of Forest, soil conservation and NTFP	Times Times	1	1
8.3	Formulation and implementation of department level directives on program implementation	Times	1	1
8.4	Formulation of regulations and directives.	Times	1	1
9.	Institutional reforms, organizational and management study, reforms and recommendations	Times	1	1
10.	Monitoring and evaluation program			
10.1	Formulation and execution of M&E strategy & MIS at different levels.	Percentage	100	100

C. Main Strategies

In order to exploit the opportunities from the forest, the existing challenges will be met by controlling the encroachment of the forest area, and by effective management of forest. The scientific management will promote economic benefits from the forest, support in tourism promotion by utilizing the protected area, support in agricultural production in the protected farming system through the soil-conservation program, support to the forest based industries through the supply of herbs, fodder and lokta wood, support in the protected area through the development of forest sector in Chure and the buffer-zone area help in raising the income and employment opportunities which ultimately supports meeting the broad-based economic growth strategy of the Tenth Plan. In the same way community forest program is expected to contribute in the national strategy of social inclusion by means of establishment of local institutional based of Community Forest User Group (CFUG) for forest management; support to public health by improving environment conservation; decrease in incidence of flood and air pollution. Expansion of the leasehold forestry program is expected to contribute in national strategy of promotion of targeted program by increasing the income and employment of the poor by means of upgrading the shrub lands and providing them with the forest land in lease basis. Effective monitoring and evaluation process through local participation and implementation of the participatory programs in forest management and soil-conservation will help contribute in macro-level strategy of good governance. The main strategies are as follows.

- ***Strategy related with objective no. 1***
 1. Protect forest, vegetation, insects, wild animals and bio-diversity and genetic resources.
 2. Enhance local participation in soil and watershed conservation by giving special emphasis to Shivalik range conservation.
 3. Scientific management of the government managed forests. Carry out scientific management of collaborative forest on experimental basis in suitable areas among the national forests by forming groups of local community. Timber to be provided to the forest based industries as raw materials.
 4. Give special emphasis on the development of eco-tourism by proper management of the forest, wild life and vegetation in the leasehold forest handed over to institution or entrepreneurs.
 5. Strengthening forest and vegetation research, monitoring, evaluation, information and data dissemination system.
- ***Strategy related with objective no. 2***
 6. Increase the opportunities for the livelihood of people below poverty line by expanding the leasehold forest.
 7. Develop community leasehold and cooperative forests and increase the access of the deprived people, women and Dalits (Backward People).

8. Sustainable management of the valuable non-timber forest products, utilize and promote the participation of the private sector and export.

D. Policy and Strategies:

Following policy and strategies will be implemented under the sectoral objectives and strategies.

- ***Conservation of forest, wildlife and bio-diversity (related with strategy-1)***
 - Forest encroachment control policy will be introduced to reach a balance between environment and development, for which 40 percent of the land area should be covered by the trees. In districts also forest conservation and management program will be encouraged, where the forest area and quality of the forest will be enhanced.
 - The forest resources will be used optimally to raise revenue and national productivity. Stress will be given in the setting of industries based on agricultural forest.
 - Conservation of bio-diversity by setting up the base for sustainable development through monitoring of the landscape, participatory forest and soil-erosion management. Process will be initiated to register bio-diversity resources as prescribed by W.T.O.
 - By propagating Nepal's contribution in conserving global environment, more resources, as provisioned in the international pollution agreement will be ploughed in the conservation and development of the forest and non-timber forest products, hence supporting the poverty alleviation efforts.
- ***Special Emphasis on shivalik Area in Soil and watershed conservation (Related with Strategy-2)***
 - Priority will be given to the management of integrated watershed for the conservation of ground water and soil along Chure Bhawar and Terai area by coordinating with agriculture and water resources sectors. Likewise, in the districts where soil and watershed program is already in operation, integrated watershed management and agricultural forest program shall be applied by identifying sub-watershed areas and focusing on local participation and labour.
 - To control floods, encroachment of river bank and decrease in the productivity of the land in Terai and inner Terai forest and soil conservation program will be extensively launched with special emphasis on Chure area.
- ***Stress on Scientific Forest management (Related with Strategy 3)***
 - Emphasis will be given to the scientific management of the forest and raw materials will be provided to the forest based industries. Experiment will be carried out in the scientific forest management through the participation of the local people in inner terai. Agricultural forest and

herbs development program will be incorporated in the scientific forest management to promote employment.

▪ ***Focus towards Participatory Forest Management and Eco-tourism (Related with Strategy 4)***

- Emphasis will be provided to the programs like participatory forest management and eco-tourism in the protected Buffer Zone.
- For the sustainable development of forest sector, shrub lands will be leased to the private sector for long-term with the view to produce forest product and promote tourism. Private participation shall be encouraged by making necessary legal provision for the rearing of herbs, high value deer, musk deer, stag and wild boar and birds etc.

▪ ***The effectiveness of research of forest, vegetation dissemination, monitoring and evaluation (Related with strategy 5)***

- Research and survey programs will be enhanced to promote new technology and devices for the management of the forest, wildlife, plant, timber & non-timber forest products and watershed management. Special emphasis shall be accorded to the dissemination of information which raises awareness

▪ ***Focus towards leasehold forest to promote employment opportunity for backward people (related with strategy 6)***

- Community forest and leasehold forest development program will be focused to improve environment at the local level and to create employment opportunity for backward people by the promotion of business based on forest and fodder. Community forest and Leasehold Forest will be focused towards high hill and hill areas.

▪ ***Improved access of the poor, women and the backward people towards community forest extension. (Related with strategy 7)***

- Programs will be carried out in an integrated manner through the programs such as Community Forest and Leasehold forest in order to raise and the livelihood opportunities of poor, women and deprived people by means of expanding the base for broad-based economic development; social empowerment; gender equity; social justice and good governance.
- With the continuation of community forest development and identification of its related problems, they will be solved. To solve the problem observed in the distribution of forest products among the community groups, amendment and monitoring in the process of formation forest users groups will be made effective.

▪ ***Sustainable management of the valuable non-wood forest products and export promotion (Related with strategy 8)***

- By giving special emphasis to herb production, processing and market management as the main source of employment increment in high hills

and hills, export promotion and income generation, National Herbs Development Program will be enhanced with the participation of the industry, commerce, agriculture, forest and health related units and non-governmental organizations and private sector.

- Emphasis will be given on research and development of plants resources. By conducting research and collecting information on suitable technology of valuable but endangered herbs, emphasis will be given on conservation and sustainable management of such species. The private sector will be encouraged in herb production, processing and its export.

E. Implementation arrangement

- Active participation of the poor, women and backward section of population will be sought in the plan formulation process, decision making process, implementation of program and monitoring of the forest sector for conservation, management and proper use. Along with this, the public sector experts can also be used and arrangement will be made to implement these types of scheme with the consent of the related bodies. To, achieve direct contribution of the forest sector by means of livelihood opportunities to alleviate poverty, the policies and programs of the forest sector will be effectively implemented and to provide pragmatic form to the broad perspective of autonomous management, the program will be implemented through the local level groups by helping them develop their competency.
- ***Community and Private Forests***
 - As per the spirit of the Master Plan for Forest Sector (MPFS) and giving due importance to the success story of community forestry programme, programmes will be carried out through democratic exercise of Users Group of local community so that monitoring of community development program as well as social, economic and gender equity could be maintained. By giving priorities to the program which help develop the capacity of the users' groups managing the forest resources, continuity shall be accorded to hand over the community forest based on capacity necessity and wishes of the local people. The establishment, operation and development works of the local forest industries based on forest products will be encouraged.
 - In order to extreme definite role of the poor, women and backward people and their equal participation in the community and private forest development program, and to raise access and control benefit sharing, programs will be implemented for income generation by forming the sub-committee of the said class.
 - The government working as the facilitator will encourage the private forest and forest entrepreneurs. In the management of the employment

oriented private forest, the private sector will be supported by providing technical services.

▪ ***National and Leasehold Forest***

- Policies will be reviewed and amended to check the dwindling forest and deteriorating forest quality. To make available the timber and log to the people, emphasis will be given to utilize the dead and fallen trees in the forest. The policy not allowing forest area for exchange, new settlement, construction of physical infrastructures and right to use will be followed very strictly.
- Management of the forest in the terai shall be carried out by formulating district level strategic plan, considering the spirit of MPFS and the forest Act, forest location, peoples, aspirations, capacity and justification. Then only community forest, leasehold forest, religious forest, protected forest and government managed forest to be developed in terai will be managed by peoples, participations. In such program gender issues, social reforms, land use planning bio-diversity and distribution of revenue together with forest management will be incorporated. Regular monitoring of the management of such forest will be carried out.
- Integrated forest management system will be carried out in partnership with the local communities in government managed forest.
- The area of land where forest encroachment issue has already been settled, will be handed over, if that is feasible, as lease-land to the people below poverty line for forest development and management. In co-ordination with agriculture sector and if that is feasible such lease land will be developed as agro-forest which helps to contribute to poverty alleviation.
- In order to increase the livelihood opportunities for the people below poverty line and to raise their economic, social and human competence, expansion of the leasehold and community forests through separate leasehold forest within the community forest users group will be carried out. Appropriate process and technology will be developed to operate special leasehold forest in the hills for the benefit of the people below the poverty line. Leasehold forest will be handed over to the private and non-governmental sector through open competitive bidding on the condition that they produce raw materials for local industries, enhance employment opportunities, earn foreign exchange and environmental protection and for the sustainable development of eco-tourism and non-timber forest products.

▪ ***Non-timber forest, Plant Resources and herbs***

- With a view to develop non-timber forest products and plant resources in all types of forests by the proper use of the forest area, plant resources, research and development programs shall be implemented. Non-governmental organizations, community bodies and private sector will be

encouraged for the development of non-timber forest products. Non-timber forest product programs will be implemented on priority basis by incorporating the community leasehold forestry and integrated watershed and management certifications process will be introduced to develop institutionally the competitive trade related with forest produce. For the sustainable use of the herb sources the National Herbs Development Program will be implemented on priority basis. A National level Herbs Development Committee at the centre level will review the long-term implementation, coordination and monitoring.

■ ***Soil and Watershed Conservation***

- Soil and watershed conservation programmes will be gradually implemented throughout all over the kingdom. To minimize the poverty by increasing the forest and agricultural products. The watershed management programme will be implemented by adopting the traditional knowledge and skill and scientific management along with the people's participation. Programs shall be implemented in partnership of NGOs and users groups. For the sustainability and durability of big irrigation and hydro projects the integrated watershed management program, especially in Chure region, will be implemented by mobilizing even the investment for such projects. By giving continuity to the management of sub-watershed in mid-hills to raise land productivity high priority will be given to implement the upper Chure watershed management program.
- By giving emphasis on the people's participation, labour and technology to minimize soil erosion and for the conservation of the river bank, encouragement is accorded to plant perennial crops. Emphasis will be given to develop Sloping Agriculture Land Technology (SALT) at suitable watershed areas by striking coordination between the respective agencies and the participation of the farmer's users group.
- In order to attain maximum benefit from limited resources, central and district level program will be carried over with the integrated approach on priority basis and with peoples participates in the area where watershed program has already been implemented by consolidating the watershed coverage into 15-25 sq.km. area. Economic and technical assistance will be provided to the projects selected by the user's groups on priority basis. Long-term strategy will be formulated by including technical, economic, social and practical aspects of the soil and watershed management.

■ ***Bio-diversity***

- Conservation of the biodiversity and the sustainable use will be given emphasis on the base of people's participation and landscape as well as the time of the programs of conservation, promotion, management and utilization of forests are formulated. Bio-diversity and local indigenous knowledge will be registered. Priority shall be provided to the integrated conservation, promotion and development of rare and endangered plants and herb species as recommended by the scientific community

comprising the representatives of the local bodies and communities. For the integrated, coordinated and balanced development of the forest sector programs, by encouraging groups, individuals and associations in wildlife farming and research programs and process to improve the standard of life of the women, poor and backward communities shall be implemented through the conservation of bio-diversity.

- The proposed Nepal Biodiversity Strategy and Implementation Plan will be approved and implemented gradually on priority basis. By promoting public awareness on wildlife conservation, the wildlife farming and related works will be encouraged, helping poverty alleviation by generating employment. The long term development of the forest resources and the conservation of rare wildlife and plants will be done through bio-diversity corridor and connectivity.

▪ ***Forest Research***

- Action oriented system will be adopted in forest research. The information dissemination system required to maintain the achievement and quality of the programme as per the Communication and Extension Strategy will be developed.
- The programmes like choice of technology, exhibition venues and the action oriented research shall be expanded on the basis of people's participation to make technology transfer more effective. Information and Communications policy shall be made and implemented effectively with a view to classify the forest policy, concept and the process of information dissemination. To have effectiveness in the forest management technology transfer and facilitation governmental, NGOs and community level manpower will be trained to enhance their capabilities. Programs of Dissemination and technology transfer will be implemented at the local level. Representatives from poor, women and backward section will be selected for training, seminar, visits and workshops to help their develop capabilities.

▪ ***Institutional arrangement and good governance***

- Continuity will be given to the system in which the plan will be formulated after thorough discussion at the local level. Full governance shall be given to the system in which there will be direct participation of forest user groups and all stakeholders. Timely improvement in the policy and in the laws will be made to clarify the role of government, private, NGOs and local sectors. For the institutional development and good governance, special trainings for empowerment and for resolving the controversial issues the stakeholders are encouraged to implement awareness and income generating programmes.

- Policy to encourage the service of the professional NGOs, private sector and competent users group to ensure supply of manpower and to maintain the quality of the implemented programs shall be adopted.
- To ensure easy access of essential forest products to the people living in Terai and high hills are far from forest a practical mechanism shall be worked out and into adopted.
- Human resource development policy and information and communicate policies will be formulated and implemented.
- By speeding up the process of decision making in forest management, the implementation of programs like utilization of forest products and forest development will be more effective.
- Present institutional system will be made effective to make timber easily available to the general public .
- The timber corporation will be gradually transferred to the private sector during the plan period. Open market policy shall be adopted in the sale and distribution of timber.
- **Gender Equality**
 - Effective participation of women in the management of forest and use of forest resources will be increased. To discourage the existing gender inequality in the access and control of economic and social resources, the participation of women in the leadership level shall be effectively increased by raising awareness about the gender equality in all forest related and community related development programs
 - The aspect of gender equality will be taken into consideration in the trainings on human resource development in forestry sector and policy will be followed to increase the number and quality of such training.

F. Program and projects conducted by government in priority basis

- Poverty alleviation program shall be implemented with top priority through the herb and non-timber forest development program, the conservation of upper Chure watershed and Shivalik range and leasehold forest programs. Following are the program/projects the ministry of Forest and Soil Conservation shall be implementing in the tenth plan in the order of priority. Program and estimated budget is given in appendix 10.1

(Rs. in million)

Order of priority	Program No.	Expected Growth Rate		Normal Growth Rate	
		Amount	Percentage	Amount	Percentage
Ka (P1)	6	2750	55.4	2115	56.3
Kha (P2)	3	1490	30.0	1130	30.1
Ga (P3)	4	720	14.6	510	13.6

Total	13	4960	100	3755	100.0
-------	----	------	-----	------	-------

G. Role of government, NGOs and private sector

- Program like in community forest, leasehold forest, formation of user's group and mobilization, management of government managed forest, human resources development, training and dissemination of information, management of national parks and wildlife reserve and bio-diversity conservation and promotion programs will be implemented on feasibility basis with active participation of private sector, community based organization and NGO.
- Co-operation will be extended to the users groups in the task of raising public awareness, enhance the capacity of local user groups and in income-generating activities and programs and activities like training, seminar and research will be conducted by the NGOs.
- Development and extension of private forest, management of industries based on forest products of the private sector, sale of timber and non-timber forest products, herb production and processing and activities related to forest products including forest enterprises run by private sector as well as other activities based on forest products will be provided continuity and additional development and extension activities in this field will be done by private sector.

H. Development budget allocated by government

His Majesty's Government shall spend 4.96 billion rupees during the tenth plan as development expenditure in forestry sector.

I. Aspects of policy, legal and institutional reforms

- Necessary legal reforms shall be undertaken, by keeping in mind the local community's welfare, to ensure the sale of forest products on competitive basis and according to the open market policy.
- By adopting extensive and official consultation the mid-term review and timely reforms shall be done in the implementation of master-plan for forestry sector.
- "Forest-sector Development and Management Fund" and "Bio-diversity Revolving Fund" shall be formed for the effective implementation of the programs as set by the master plan to make forestry sector self sufficient.
- To manage the forest by forming the sub-group of women and deprived, groups within community to forest user groups to work for their own welfare and provided legal ground to manage forest shall be created by reforming the Forest Act.

- For the proper use of the forest resources as per the growing demand, necessary legal reforms shall be undertaken to attract the private and joint investment in the supply of forest products and in forest product related raw materials. There will be transparency in the sale of the forest product. Farming of non-timber forest species for the management and development of market, setting up nurseries, community afforestation, forest enterprises and agro-forestry, collection of forest products derived from the national and leasehold forests, management, transportation, enterprises and trade, revenue and restriction shall be reviewed before policy reforms and legal adjustment are undertaken. Non-timber forest products' management policy shall be introduced to encourage the forest related enterprises based on herb cultivation, private entrepreneurs and institutions and community cooperative bodies and users groups.
- Rules and directives shall be formulated and enforced so as to develop resource utilisation process to be transparent and established a comparative system. Necessary policy, program, rules and laws shall be formulated and enforced from the very beginning of the plan period to protect from the possible adverse effect of Living Modified Organism LMOs and Genetically Modified Organism (GMO) in human health, bio-diversity and environment.
- The existing rules and regulations shall be updated to efficiently implement the international treaties and agreements concerning forestry and environment.
- A national policy for the sustainable management of wetlands will be formulated. Timely reforms on the rules of National Parks and Wildlife Conservation and Regulations of Buffer Zones shall be undertaken.
- Necessary legal ground shall be formulated so that Community Forest Users Group, other interested community and individual person will have authority to breed the wild life. Necessary legal ground for forest conservation and management on the basis of people's participation for the conservation of forest, plant watershed and bio-diversity of Mahabharat range of Mid-hills shall also be formulated. Legal reforms shall be undertaken regarding the community forestry in the buffer zone.
- For the extensive management of the watershed according to the concept of coordination, participatory and sustainable development and to strengthen the integrated management of watershed and to institutionalize the users' groups, the existing soil and watershed conservation Act shall be reformed as user oriented management system.
- In the context of improving the forest development master plan evaluation shall be done on the basis of workload and accordingly the role of Forest and Soil Conservation Ministry and departments under it shall be reviewed according to the principle of decentralization.
- For the development of human resources under Ministry of Forest & Soil Conservation policies and programs shall be formulated and implemented

with timely reforms that all the stakeholders of forestry sector can take the benefits of their expertise. A training unit shall be established under district forest office for human resources development at district level.

- A data and information dissemination system shall be evolved to make monitoring and evaluation more effective. Local, district, regional and central level organizations will be strengthened.

10.5 Expected Achievements

- ***Contribution of forestry Sector in gross domestic product***
 - There have been no studies at official level to assess the contribution of forestry sector in gross domestic product. However, the informal reports show that forest is contributing massively in the GDP. Therefore studies shall be conducted to assess the contribution of forestry sector in the national economy and by accounting the in stock. The rise of stock and contribution from this sector will be accounted in regular data base system which gives the clear picture of this sector contribution in GDP of the country.
- ***Contribution on poverty alleviation and human resource development.***
 - Capacity of government, non-government, local and other stakeholder institutions shall be enhanced by organising training, seminars on human resources development resource management, skill development and gender disparity and, other social development program. As a result, about 5 lakh household users of poor, women and people from backward section of the population shall be benefited.
 - 253,000 households from the community forest development program and 25,680 household from the leasehold forestry development programs i.e., altogether 278,680 households shall have the opportunity for income generation activities.
- ***Contribution to employment and income generation***
 - Employment equivalent to 44 lakh and 27 thousand workdays shall be generated from community forestry creating 7,250 jobs and 4,880 jobs likely to be created after the implementation of collaborative forest management plan, the total jobs being in the range of 12,130. Likewise, the implementation of soil and watershed management program shall create jobs worth about 34 lakh 27 thousand workdays in the village area.
- ***Contribution of forest in regional balance***
 - Community forestry development programme and soil and watershed conservation program shall be implemented in all the 75 districts. Likewise, leasehold forest development program shall be extended to create more employment opportunities for the poor and the deprived section of the society. Programs concerning the conservation of biodiversity shall be implemented even outside the protected forest areas.

Collaborative forest management programme shall be introduced in 11 districts of terai

- ***Forest area and local autonomous rule***
 - According to the Government's policy of developing the forests with participation of local users groups, about 20,000 consumers groups including community forestry users group, leasehold forest groups, watershed conservation group and bio-diversity conservation groups will be involved in village level by the end of the tenth plan. Since these groups have direct access in formulation of plan, decision making, implementation, monitoring and evaluation in partnership with the stakeholders a great contribution shall be provided in the conservation and promotion of forest, development of villages, social empowerment and in the local autonomy rule.
- ***Contribution to be provided to the poor, women and backward section of the society***
 - In the activities to be initiated by 20,000 groups which shall be working at the local level as mentioned in the plan the involvement of poor, women and backward section shall be significantly increased in decision making, plan formulation, implementation and monitoring and distribution of dividend. Besides, the group's participation shall be enlisted in the program of governmental, non-governmental and private sector for development. Since priority is to be provided to the poor, women and backward groups in training, seminars, visits, empowerment and income generating activities the forestry sector shall significantly contribute in the poverty alleviation of such groups such by the end of the Tenth Plan.

Policy and Program Log frame—Forest and Soil Conservation

Overarching National Objective: Poverty incidence of Nepali People (men and women) & significantly reduced at a sustainable manner.

Broader Sectoral Objective: Provide appropriate contribution of forest sector in poverty alleviation by conservation, promotion and proper use of forest and environment

Objectives	Strategy	Indicators	Information Source	Main program	Risk & Obstacles
<p>Intention (Sectoral Objective)</p> <p>Conservation of forest and soil by public participation, supply of growing demand of forest products by promotion and management of forest, conservation of bio-diversity, environment and genetic resources, management and proper use of valuable non-timber products and help contribute in poverty alleviation by supporting in soil fertility and increase in income and employment.</p>	<ul style="list-style-type: none"> • Conservation of forest, plants, insects, wildlife, bio-diversity and genetic resources. • Increase local participation in soil and watershed conservation with special emphasis on Shivalik range. • Collaborative forest management to be experimented for trail in suitable areas by forming user groups. Avail timber to wood industry as a means of raw materials. • Emphasis on development of ecotourism sector by proper management of forest, wildlife and vegetation in the area where forests are given on lease to the institutions or enterprises. • Strengthen forest and plant research, monitoring and evaluation, information and data flow system. • Develop livelihood opportunities to the deprived people living below poverty line by expanding leasehold forest. • Expand community, leasehold and collaborative forest and in such forest, participation and access to poor, women and deprived communities to be raised. • Sustainable management and utilization of valuable non-timber forest product promote investment of private sector and promote export. 	<ul style="list-style-type: none"> • Growth in supply of forest products. • Opportunities for income generation to 278,680 households through community and leasehold forests. • Rise in local populations employment. • Management of government managed forests in Terai with the formation of collaborative forest groups. With the formation of community and collaborative forest groups and their management, 12130 people get employment daily. • Growth in conservation of bio-diversity, non-timber forest products and soil. 	<ul style="list-style-type: none"> • Quarterly and annual review and reports of Forest and Soil Conservation Ministry. • Program and evaluation reports of projects. • Reports of forest research and survey. • Collection, processing and sales statement of herb processing company.. 	<ol style="list-style-type: none"> 1. Community and private forest program. 2. National and leasehold forest development program. 3. Herbs and non-timber forest management program. 4. Soil-conservation and management program. 5. Genetic resources and bio-diversity conservation and forest research and survey program. 6. Plan monitoring and evaluation program. 	<ul style="list-style-type: none"> • Policy, legal and institutional reforms. • Continuity of foreign aid and grant.

Appendix 10.1 : Program and Estimated Budget*(Rs. in million)*

S. N.	Programs and projects	Expected growth rate	Normal growth rate
	P1 Programs		
1	Community and Private Forestry Program	1780	1352
2	Poverty Alleviation through National and Leasehold Forest	270	203
3	Implementation of National Forest Operational Plan	180	130
4	Herbs and non timber Forest Development program	140	110
5	Upper Chure watershed management and other Shivalik range conservation program	360	300
6	Project Monitoring and Evaluation program	20	20
	Total	2750	2115
	Percentage	554.4	563.2
	P2 Programs		
7	Forest Research & Survey and Publicity Program	130	100
8	Genetic Resource and Bio-diversity conservation	910	690
9	Lower hill district soil and watershed conservation	450	340
	Total	1490	1130
	Percentage	300.4	300.9
	P3 Programs		
	Percentage	720	510
	Percentage	14.52	13.58
10	Other district soil conservation program		
11	Other National and leasehold forest program		
12	Organizational, policy and legal reform program		
13	Human resource development program		
	Total	4960	3755

Chapter - 11

Land Reform And Management

11.1 Background

Land is widely accepted as the primary means of increasing productivity and a major asset in our social and economic set up. The task of land utilization and management has to be taken ahead in a sustainable manner to ensure multifaceted and dynamic development based on the physical nature of the soil and other factors like texture, capacity and quality. In the context that the size of land ownership is shrinking, it has become necessary to devise plans for boosting land productivity and accordingly reap maximum benefit and establish the land rights of those people who are directly associated with the land. Steps need to be initiated to ensure the efficient management of the new land ceilings that have been announced while there is an equal degree of urgency to make available the remaining land to the marginalized sections of the society with the view to alleviate poverty. The Tenth Plan has been prepared following a thorough review of the Ninth Plan.

11.2 Review of the Ninth Plan:

a) Achievements of the major target and programmes

- There was satisfactory progress during the Ninth Plan period in the sector of re-survey of land, survey of land missed out earlier, tracing of maps, digitization of maps and the development of a network for the required control points for the purpose of preparing maps .
- Steps have been initiated to establish land information systems in Kathmandu, Bhaktapur and Kaski while in the run up to prepare a central archive of the land records and land maps, task of systematic filing of the ammonia prints of land from fifty districts has been completed at the center .
- Works were carried out to put an end to the dual land ownership system , and the national land utilization programme was introduced. This apart, visible progress was achieved in improvising on the land ownership structure, abolishing the system of bonded labour in farms and thereby distributing land to the bonded labourers who were freed. Other areas witnessing progress included promoting the skills of the bonded labourers and rehabilitating them and introducing programmes that sought to establish the rights of the landless to the land.
- For the effective land management and to carryout surveys, there has been a progress as per the goals in producing required number of skilled manpower.

b) Problems and challenges encountered during implementation

- Failure to implement innovative technologies, no access to land for the economically marginalized communities, and the existence of dual land ownership system ,fragmentation of agricultural land and the failure to effectively implement the land utilization policy.
- Weak system of updating statistics related to land ownership, land resource and land utilization.
- The rehabilitation of the landless turned out to be complex
- Availability of skilled manpower, resources did not commensurate with the entry of modern technology into the country.
- Shortcomings and absence of amendments in the existing regulations. Lack of on site supervision to bring about the needed coordination

11.3 Long Term Policy

The long term policy of the land reform and management sector is to bring about social justice and good governance and contribute in achieving the national goals of poverty alleviation through the development of an effective, trustworthy and qualitative land utilization and management system in the country.

11.4 The Tenth Plan

a) Sectoral objective

1. Efforts would be directed towards striving for an efficient, service oriented and informative land administration system based on modern technology.
2. Increase the access of those whose skills and labour are directly linked with the farm and thereby contributing towards reducing poverty by establishing and rehabilitating the target group.
3. Initiating steps to preserve, consolidate and manage historical, religious heritage and Guthis through the mobilization of the local community.

b) Primary Quantitative Targets

The major quantitative targets of the land reform and management sector are presented in the table below:

Table 11.1

S. N.	Programmes	Unit	Target	
			Expected growth rate	Normal growth rate

Sub sector: Survey:				
1.	Cadastral Survey	Hectare	250,000	212000
2.	76 sheets for Digitizing maps, additional 2000 sheets for preparing large size maps of metropolis, 350 sheet for updating, reprinting and publication of land maps, new edition of administrative and other maps 75 sheet, producing trig sheet for cadastral survey 21,000 sheet	Sheet	23501	20000
3.	Altitude point survey	Km	1000	850
4.	Strengthening geodetic network (including Gravitational survey)	Point	850	720
5.	Strengthening Survey section			
	a. Building construction	Number	12	10
	b. Map records and other renovation			
6.	Conducting land consolidation programmes	Districts	50	42
7.	Developing geographical information system	Hectares	1000	1000
		Percentage	100	100
Sub sector: land use plan				
8.	Updating land-use maps (1:50,000 units), develop district level database, preparing land-use zoning directory of the district, preparing district profile	District number	75	75
Sub sector: Land -information and archives				
9.	Establishment of the Land-information system	Percentage	100	100
10.	Computerization of land parcels in Kathmandu, Bhaktapur and Kaski districts and enabling for providing computerized services	Office unit	5	5
11.	Digitizing maps and other related particulars in the computer	Plots	1.6 million	1.3 million
12.	Scanning maps	District numbers	75	75
13.	Scanning field books	Pages	One million	800 thousand
Sub sector: Land -management (land revenue archives etc.				
14.	Renovation of damaged office buildings, prepare and implement national land policy, enact laws for contract/ cooperative, farming, delivery of service through one window policy, prepare land evaluation norms, formulate integrated land related act and implement them	Percentage	100	100
15.	Managing the new provision of land ceiling, distribute excess land and developing basis for progressive taxation.	Percentage	100	100
16.	Construction of office building	number	20	17
17.	To sort out the dual ownership of land by updating land records and improving the overall office management	districts	75	75
Subsector: Skill development of freed bonded labourers and rehabilitation				
18.	Task of providing land to the landless completed	Family number	13000	13000

19.	Food for work programme, equivalent to six thousand metric tons of food	Percentage	100	100
20.	Skill Oriented Programme and primary education to children	Number of participants	26000	22000
Sub sector: Gutthi management (Within land management)				
21.	Preservation of historical and religions heritage and developing a computer data base of Guthi records.	Percentage	100	100
Sub Sector: Producing different types of manpower related with land management				
22.	Conducting short term and long term survey training on varied topics related with land management	Number of participants	888	800
23.	Conducting training and research on land management	Percentage	100	100

c) Major Strategies

The land reform and management program has greater importance as an institutional base of agricultural development. Activities such as preparing topographical maps, availability of information and statistics, development of land utilization policy, land management services, arranging for the proper rehabilitation of the freed bonded laborers (Kamaiyas), protection of land ownership and increasing the access of the real agricultural laborers to farmland, control of land fragmentation, management for land pooling etc would make the investment in agriculture very effective and thereby increase productivity and contribute to sustain economic growth.

The implementation of the appropriate land ceiling policy would in turn bring about the judicious distribution of land. This apart, the programme to rehabilitate the freed bonded labourers would enable the growth of income and employment opportunities among the targeted beneficiaries. As these kinds of programmes also contribute towards poverty alleviation, they would in turn contribute to consolidate the national strategies for the targeted programmes.

Effective land administration and land information systems would also contribute in strengthening the national strategy for good governance. In this backdrop, the strategies of this sector are as follows:

- **Strategies Related With The First Objective**
 1. Preparing land use and national land polices .
 2. Developing the desired legal framework for contract and cooperative farming with due consideration to maintaining the feeling of land ownership and land use
 3. Strengthening of the statistical system of land ownership, land utilization and land resources.
 4. Updating topographical maps and developing the required manpower for land management.
 5. Discouraging land fragmentation
- **Strategies Related With The Second Objective**

6. Initiating steps to ensure efficient management for the settlement of Kamaiyas and working to bring about improvement of their lively hoods through their skills development program.
 7. Seeking to implement and manage the new provision of land ceiling and preparing the grounds for the formulation of progressive taxation system in order to discourage people from holding land unproductively.
- ***Strategies Related With The Third Objective***
 8. Mobilizing peoples' participation for the management of Guthi.

d) Policy And Action Plans

The following policies and action plans will be adopted on the basis of the following sector wise objectives and strategies.

- ***Preparation of Land Utilization and National Land Policy (Related With Strategy 1)***
 - A National Land Policy will be chalked out, which will govern all the activities related with land. Similarly, an integrated Act related with land will be formulated and implemented.
 - A land utilization action plan will be implemented to discourage the non-agricultural use of fertile land.
- ***Making arrangements for the desired laws related with contract and cooperative farming (Related with strategy 2)***
 - To release from the problem of keeping land under fallow or unproductive holding, steps will be taken to develop necessary legal framework that ensures owner's right and encourage to release land for contract or cooperative farming without any hesitation.
- ***Strengthening the statistical system on land ownership, and land utilization and land resources (Related with strategy 3)***
 - Changes on land use will be monitored and land resource maps and statistics will be updated. At the same time the National Geographic Information Systems will be developed in order to ensure the smooth flow of such information.
 - Records on land will be protected and strengthened by keeping additional records at the center level also. The land records will be systematized on the basis of land information system and a system will be developed that can provide separate record on the women land -owners.
- ***Updating of survey maps and development of manpower for land management (Related with strategy 4)***
 - All kinds of maps will be updated by giving priority to the areas having more economic transactions
 - The land management training programme will be strengthened.

- ***The fragmentation of land will be discouraged (Related with strategy 5)***
 - A provision will be developed and implemented that will bar people from buying land beyond a standardized land area to discourage the fragmentation of land.
- ***Management of Kamaiya settlement and development of their skills (Related with strategy 6)***
 - Proper arrangement for the settlement of the landless and the freed Kamaiyas (bonded laborers) will be made and skill oriented trainings will be organized to enhance their income generating capabilities .
 - In order to improve land ownership pattern the land that is surplus after imposing the new provisions of land ceiling will be given to the landless and economically marginalized sections of the society.
- ***Management of land Ceilings and discouragement for unnecessary holding (Related with strategy 7)***
 - a) In order to bring about positive land ownership pattern progressive tax system will be carried out by developing appropriate norms.
- ***Mobilization of the local community to manage Guthi (Related with strategy 8)***
 - a) The local community will be mobilized to ensure the management and protection of the Guthis and the records of the Guthi property will be well maintained.

e) Implementation Arrangement

The following arrangements will be made for program implementation during the Tenth Plan period :

- ***Survey***
 - The survey of land will be carried out on a scientific basis and the land records will be updated regularly. Similarly, survey licensing for private parties will be introduced.
- ***Land Use***
 - Survey maps, land information and statistics related to the land use in different districts will be developed. Similarly, the land maps and guidelines for all the districts will be prepared and implemented in a particular area in the form pilot program.
- ***Land Information***
 - All the land records and the land information system will be digitalized or kept in the computer updated regularly so that anybody looking for information on a particular plot or area of land will have immediate information. Necessary legal arrangements will be made to provide services to the people through computer system .

- A central archive related with land records and survey will be developed, computer based data will be protected and the archive will be gradually integrated with the central record management under land information system. The required manpower will be created to meet these needs..
- ***Land Reform And Management***
 - A national land policy will be formulated and implemented. Different land related Acts and regulations scattered in different areas will be integrated with necessary improvement into a single land management Act and will also be implemented.
 - The surplus land acquired after implementing the new land ceiling will be judiciously distributed among the deprived farm labourers, landless, landless squatters marginal and such all farmers, *Dalits* and indigenous communities.
 - Land consolidation will be carried out in a spontaneous participative manner in order to increase the productivity of land Steps will also be initiated to encourage cooperative farming. Land consolidation based on Sloping agriculture land technology in the hilly areas will be encouraged while these will be based on the physical improvement of land in the Tarai plains .
 - Though dual land ownership has been legally banned, it is still prevalent in practice Hence it will be removed through time bound programmes .
 - Improvements will be made in the land records system. Land management services will be provided on the basis of one window policy by bringing about an improvement in the physical facilities and organizational structure of the institutions providing land management services
 - Basis for the categorization of land will be made more realistic and scientific . Norms and standards on the valuation of land will be designed for development of objective oriented and realistic evaluation system .
- ***Manpower Production:***
 - The land management training center will be strengthened and the required manpower will be produced apart from holding refresher training courses.
 - Efforts will be directed towards launching package training programmes through the land management training center. The trainers will be capable of carrying out land survey and record keeping related activities and minor construction, repair and maintenance in the rural areas. Utilization of such manpower in rural areas will be encouraged.
- ***Skill development and rehabilitation of freed kamaiyas.***
 - Programmes such as health, education and awareness campaign

programmes, skill development and their rehabilitation programmes will be launched in an integrated and coordinated manner for the freed Kamaiyas.

▪ **Management of Guthi:**

- Peoples' participation will be sought at the local level in order to carry out the conservation of traditional and religious heritage together with the management of temples and Guthis. The Guthi Sansthan will be developed as a coordinator, monitor and facilitator for this task. In addition to this, Guthi archive at center level will be established and recording system will be computerized.

f) The priority order for the programmes run at the government level

The order of priority for the programme on land management and reforms to be implemented by the Ministry of Land Reform and Management is given in the table below. The estimated budget and programmes for this sector has been given in the Annex 11.1.

Order of Priority	Number of Programmes	At expected growth rate		Normal growth rate	
		Amount in Rs. crore	Percentage	Amount in Rs. crore	Percentage
P1	7	111.0	46.8	83.64	46.6
P2	1	68.0	28.7	51.84	28.9
P3	3	58.0	24.5	43.92	24.5
Total	11	237.0	100.0	179.4	100.0

g) Institutional And Legal Improvements

- Laws will be enacted so as to guarantee land ownership and utilization for contract or cooperative land use.
- A national Geographic Information System will be established to support coordination and the dissemination of geographic information.
- National Land Policy and Act on integrated land management will be drafted and implemented.
- Acts that forbid a buyer to purchase land below a standardized parcel will be enacted
- Relevant law will be enacted to give validation to the computerized land records and maps.
- One door service delivery arrangements will be made by instructing institutions related to the land management services.

h) Investments To Be Made From The Government's Side

- The development budget amounting to 2.37 billion rupees has been earmarked for this sector in order to run programmes under the Tenth Plan.

i) Achievements Expected:

The following achievements are expected to be made through the launching of different sub sector programmes under the land management and reform programme:

- Land management will be made simpler, efficient, transparent and service oriented.
- The researchers as well as the government including local bodies and non-government organizations will have access to important and reliable information related with land.
- The management of land ownership record will be made scientific and a central archive will be in place
- The task of updating refinement and production of land maps and their periodic review would contribute to bring about national development
- Infrastructure for the development of geographic information system (GIS) will be developed where GIS consumers will have access.
- There will be an increase in the supply of trained manpower for land management. This will in turn serve to open up more scope for employment opportunities.
- Those whose labour and skills are directly linked with the land will have ready access to the land. It will contribute towards poverty reduction in different parts of the country.
- Land fragmentation will be discouraged. There will be sustainable utilization and management of land. This will in turn contribute to boost productivity.
- The task of processing of the elimination of dual ownership cases on land will be completed.
- Land ownership will be protected and good governance will be ensured through the improvements in land management and scientific strengthening of land records.
- The freed Kamaiyas will be equipped with skills and they will have access to employment opportunities. Their rehabilitation will provide them security and the access to housing facilities, education and drinking water.
- The land maps will be updated on the basis of modern technology and will become more reliable.
- There will be initiation on people's participation in the management of the Guthiis.
- The national land policy and the integrated land management Act will be formulated and enacted.

j) The role of the government, private and non-government sectors:

The following provisions for contract farming, cooperative farming and partnership programmes will be made in the process of delivering services on the basis of the above mentioned programmes and projects in the process of forging coordination

between the private and public sectors.

- For the task of preparing survey maps, provisions will be made to award license to private parties as well. Additional revenue will be collected by providing technical support to private parties for preparing survey maps.
- The land under different Guthis will be managed in partnership with and participation of the private and non governmental sectors as well.
- Emphasis will be given to the mobilization and participation of the non-governmental organization for contract and cooperative farming.

11.5 Risk and obstacles that could impede achievements of output

- Availability of adequate resources and budgets required to keep abreast with the latest technological developments.
- The balance between the retiring trained manpower and the manpower needed to replace them
- The coordination among agencies related with the handling of land information and land administration
- Timely improvements in the management

11.6 Log frame

The logframe portraying the major programme highlights and the strategies to be pursued for achieving the stipulated goals has been presented below . The elaborate plans are presented in Appendix three.

Logframe Portraying Policy And Programmes For Land Reform And Management

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Broader Sectoral Objective: Well managed land utilization, land – information system and land management and increase in the productivity of agriculture, forest and industry sectors.

Objective	Strategy	Indicator	Sources of Information	Main Programme	Risk and obstacles
<p>Sectoral Objective: Making land management very effective and increasing the ready access of those who have skill and labour directly linked with the land and marginalized people.</p>	<ul style="list-style-type: none"> ● Preparing land use and national land policies. ● Developing the desired legal framework for contract and cooperative farming with due consideration to maintaining the feeling of land ownership and land use. ● The statistical system of land ownership, land utilization and land resources. ● Updating topographical maps and developing the required manpower for land management. ● Discouraging land fragmentation ● Initiating steps to ensure efficient management for the settlement of Kamaiyas and working to bring about improvement of their lively hoods through their skills development program. ● Seeking to implement and manage the new provision of land ceiling and preparing the grounds for the formulation of progressive taxation system in order to discourage people from holding excess land. ● Mobilising peoples' participation for the management of Guthis. 	<ul style="list-style-type: none"> ● Land use maps, survey and land categorization and directives available. ● The attitude on leaving land barren decreased contract and cooperative farming increased. ● Increase in the utilization of agriculture, forest, housing and industrial sector as per their categorization ● Availability of land records in the computer ● Law has been passed to reduce fragmentation ● The settlements of ex-bonded laborers has been made systematic and they have been getting skill development training ● Guthis managed through peoples' participation 	<ul style="list-style-type: none"> ● Four monthly and yearly reviews and reports provided by the Ministry ● Land utilization maps and directives ● Periodical study reports 	<ol style="list-style-type: none"> 1. The national land policy formulation & implementation. 2. Land information and achieves systemized. 3. Rendering effective services related to land management 4. Preparing land use plan. 5. Rehabilitation of freed Kamaiyas (bonded laborers) and their employment promotion. 	<ul style="list-style-type: none"> ● Delay in drafting and endorsing the needed regulations

NB: The quantitative goals are based on the projection of economic growth rate at 6.2 per cent

Appendix 11.1 : Programme And The Estimated Budget

(Rs. in million)

S.N.	Name of Programmes	At expected growth rate	At normal growth rate
Programme in the first priority list:			
1.	Land-Information and archives.	130	99.1
2.	National Land Use and Land Policy	100	76.3
3.	Security of land records and their strengthening.	430	317.8
4.	Management of new provision of land ceiling and development of basis for progressive taxation	100	76.3
5.	Strengthening of survey section	100	76.3
6.	National Geographic Information Infrastructure	170	129.6
7.	Rehabilitation of freed bonded laborers (Kamaiyas) and employment skill development	80	61
8.	Total	1110	836.4
	Percentage	46.84	46.62
Programmes in the second priority list			
9.	Cadastral survey	680	518.4
10.	Total	680	518.4
	Percentage	28.69	28.9
Programmes in the third priority list (possible projects)			
		580	439.2
11.	Land Management Training Center		
12.	Geodetic survey		
13.	Topographic survey		
14.	Total	2370	1794

Chapter - 12

Agriculture and Rural Credit

12.1 Background

Agriculture and Rural Credit play very important role in poverty alleviation and in the creation of employment in the villages by promoting agricultural and other business. There have been enough achievements as targeted from the agricultural and rural credit programmes. Lack of easy access to receive loan, inadequate institutional expansion, lack of security, excessive indirect expenditure to receive loan and high interest loan have been observed as the obstacles in the development of this sector. To create opportunities for income generation activities and employment by removing these obstacles it is necessary to make agricultural and rural credit system easily accessible to the general public.

12.2 Review of the Ninth Plan

The Ninth Plan had adopted the policy of creating opportunities for productive employment by gradually increasing the investment of financial institutions to the deprived sector, enhance the access of poor and women in agricultural credit, manage easy distribution of credit and expand the livestock insurance. To increase the availability in agriculture and rural credit, the government subsidy in irrigation and fertilizers was to be gradually decreased, and strengthen the existing institutions to promote private and non-governmental organizations, mobilize capital from internal and external sources were also included in the policy of the plan. Following are the progress of the plan period:

1. The credit target set by the Ninth Plan in chemical fertilizers, shallow tube wells, animal husbandry, promotion of high value crops, agro industries and processing and fisheries and for other agricultural programs from Agricultural Development Bank, Commercial Bank and Rural Development Bank was Rs. 35.25 billion; however it reached up to Rs. 53 billion in the current price i.e. Rs 34 billion from ADB, Rs 11 billion for Commercial Banks and Rs 8 billion from Rural Development Bank. (Table 12.1)
2. Improvement in legal and regularly management has been carried out to increase the micro-credit.
3. In the context of increasing the access of women in the management of micro-credit by expanding the rural banks working area in terai and hilly areas Rs 908 crore has been invested as loan from the rural development bank and other micro small financing institutions following the rural bank system. Moreover, about 233 thousand women of 965 VDCs in 42 districts have been organized into groups.

The rural development banks have expanded their branches in 20 hilly districts during the period.

4. As per the policy of expanding the priority sector lending during the plan period the tea cultivation, micro-hydro project costing less than Rs. 10 crore, loan to rural development banks and micro-credit institutions like cooperative and non-agreement organizations from the commercial banks, handing out loan upto Rs 40 thousand to blind and the handicapped and credit to encourage use of solar power and areas of minimizing environmental pollution have been included into the program.
5. The compulsory loan issuance to the deprived section of the population has been raised from Rs 15000 to Rs 30,000 and made it 3 percent of the total investment. Under the program of Productive Credit to Rural Women (PCRW) and Micro Credit Program for Women (MCPW), the credit from the NRB to the participating financial institutions was Rs 13 crore in the first three years of plan period and at the closure of the program in the fiscal year 057/058 the investment stands at Rs 43 crore.
6. Financial Intermediary Act 2055 had been already enacted to expand flow of credit also from the non-governmental organizations working in the field of financial intermediation. Moreover, since the Act did not have the provision to allow institutions to commence saving schemes, amendments were effected during the winter session of the year 2058 as to regularize the unlimited liability of the parliament of the institutions.
7. Agriculture Development Bank has issued Rs 34 billion loans for various uses. The bank has given continuity in simplifying the policy of loans disbursement under the package program. Moreover, the bank has set up a small farmer's development bank during the period by converting 107 small farmers development program into cooperative institutions.
8. Rural Micro Finance Development Centre Ltd (RMDC) has been set up in the month of Mangsir 2056 with a view to provide wholesale to the credit institutions which work in the micro credit operations under the ownership of NRB and capital participation from the commercial banks.
9. Cottage and small industry credit fund set up to provide self-employment to people trained by cottage and small industry department and cottage and small industry development committee has issued loans amounting to Rs 2 crore 66 lakhs and 22 thousand.
10. Livestock insurance policy was implemented in 68 districts but the insurance based on the standing crops could not be introduced.
11. Encouraging participation from the private sector in the small credit transaction was observed during the period. Four development banks have been set up from the private sector to run micro finance activities. To raise the access of micro-credit from the non-governmental organizations and saving and credit cooperative bodies about Rs 5 crore 23 lakhs loans from rural self reliance fund has been issued through 129 cooperative institutions and 48 non-governmental organizations during the review period.

12. Cooperative that has got permission from Nepal Rastra Bank to run limited Banking activities was 37 in number during the plan period.

12.3 Existing Problems

There is still a lack of coordination in the issuance of agricultural and rural credit due to failure in institutional efforts in integrated and coordinated implementation of programs during the Ninth Plan. Although there has been rise in the number of banks and financial institutions, the present institutional mechanism is not adequate to reach the loans to the targeted groups. The relocation of branches of Nepal Bank Ltd, Rastriya Banijya Bank and Agricultural Development Bank during the latter years due to the deteriorating law and order situation has an adverse effect in the issuance of loans in the village areas.

It has been felt that the spread rate is high in the overall financial system. The gap in spread rate is high in agriculture and rural credit. As such, receiving appreciable results from the investment became a challenge. Although commercial banks had to channel certain part of the fund towards the priority area and to the deprived section of the people it was not implemented seriously. Due to lack of effective monitoring and supervision the loan repayment of the banks and financial institutions have not been satisfactory.

There has been effect on targeted issuance of agricultural loan due to the non-implementation of the package program as envisioned in the Agricultural Perspective Plan. There has been expanded use of different materials which help in the rise of agricultural productivity. In the use of shallow tube wells that play a very important role in groundwater irrigation system, there has not been rise due to anomalies in the policy and lack of budget. The transaction in rural and agriculture credit has not yet been adequately simplified.

There has not been effective mechanism to monitor the flow of credit. Only 13.5 percent of credit from all the banking and financial institutions had been used in agricultural and micro- enterprises during the plan period. Due to the lack of coordination between rural credit institutions and other institutions the duplication could not yet been avoided. Although there has been some progress on livestock insurance as per the agreement with credit deposit insurance and credit guarantee corporation, the task of crop insurance has not yet been initiated.

12.4 Tenth Plan

a) Objectives

- 1) Mobilization agricultural and rural credit in an integrated manner to help rise in gross domestic product by increasing the agricultural productivity
- 2) The outreach of microcredit is to be increased to check the rampant rural poverty by involving maximum number of deprived people in production

oriented and income generating micro enterprises.

b) Strategy

Agriculture and rural credit play a very important role in alleviating poverty by increasing economic activities and opportunities for income generation and employment in the rural area. As majority of the farmers are small farmers the micro credit has a special importance on it . Although various institutions have been involved in availing the credit for agriculture and rural development programs, the coordination in the implementation process has not been effective. Despite the demand of credit, the flow of the same has not been enough especially to the small farmers and deprived people. The entrepreneurs have not been taking initiative for not being able to get guarantee of the credit availability. Collateral has been a problem in the credit availability for the deprived people. The targeted programs have been seen as an attraction in solving such problems. Since the social aspects too are involved in the programs related with rural micro credit they can provide valuable support in development and increment of social consciousness. In this context, the major strategies in this sector have been formulated as following.

▪ *Objective No.1 related strategies*

1. All the banks and financial institutions involved in agriculture and rural credit shall be mobilized through a single coordination system by formulating a policy to avail institutional credit of alleviating the rampant rural poverty.
2. Agriculture Development Bank shall be mobilized as the main institution to meet the required of agricultural credit in the rural area. Commercial banks and other development banks too shall be mobilised to avail the institutional agricultural credit. Such type of credits will be short, medium and long term in nature
3. Income and employment shall be raised by involving women and unemployed rural youths in productive credit.
4. Regular monitoring shall be done to evaluate the target and progress of agriculture and rural credit. Nepal Rastra Bank shall be mobilized as the main body in this aspects.
5. Since the resources from existing bank and financial institutions are not enough to meet the excessive demands of agriculture and rural credit, a long term fund shall be mobilized in Nepal Rastra Bank in the form Rural Self-Reliance Fund.

▪ *Objective No.2 related strategies*

6. To increase the outreach of micro-credit to the deprived people there shall be improvement in the institutional mechanism to expand the credit flow as much as possible through the micro finance institutions in the rural area.

7. The policy to gradually handover the ownership of Rural Development Bank which are in Break Even Point (BEP) or in better position to the private sector shall be adopted. This process shall be initiated in western rural development banks and gradually applied in the other parts. The policy to provide first priority to deprived women debtors shall be followed while privatizing the banks.

c) Policy and Work Plan

- ***Agriculture and Rural credit Flow through Single Coordination System (Related with No.1 Strategy)***
 - Agriculture and Rural Credit shall be developed as one of the main some for poverty alleviation.
 - Realizing the necessity of agriculture and rural credit, "Agriculture and Rural Credit Flow Program" will be initiated through a single coordination system by involving commercial banks, development banks and other financial institutions and their ongoing investment resources in a co-ordinated manner.
- ***Mobilization of ADB as the main source for the agricultural and rural credits (Related with no.2 strategy)***
 - The compulsory investment by commercial banks in the priority sector lending System (12 percent of the total credit) in agriculture, cottage industry and service oriented enterprises shall be gradually reduced by the second year of the Tenth Plan and completely removed by the end of the plan. Agriculture Development Bank shall be strengthened as the main institution to flow the agriculture and rural credit.
- ***Increased access of the deprived people in the micro-credit (Related with no. 3 Strategy)***
 - The deprived population will be encouraged to take income and employment generating activities, and their access to micro-credits will be enhanced.
 - The credit of rural development banks which have been made available to the deprived women in the past in different income generating activities shall be further expanded.
 - Small Farmer Cooperative (SCFLs), Saving and Credit Cooperatives (SACCOPs) and Financial Intermediary NGOs /INGOs along with the existing rural development bank shall be mobilized extensively to increase the access of micro-credit to rural areas. Moreover, the collective insurance of micro- credit at the farmers level shall be gradually expanded.

- To increase the access of institutional credit in the rural areas the institutional system of bulk credit shall be strengthened. The institutional system to supply bulk credit to rural development bank and other financial institutions which work in the micro-credit shall be strengthened during the plan period. For this finance shall be made available through Rural Micro Finance Development Centre Ltd-(RMDC) and other sources.
 - The existing limit of 3 percent credit to the deprived groups by the commercial banks will be maintained and the areas within this sector will be reformed as per the need.
 - The policy to encourage institutional presence in micro credit shall be adopted. The current permit system enforced by the Nepal Rastra Bank shall be simplified after the review in order to encourage private sector and individuals who would like to work in the area of micro credit.
 - In the present context of minimum presence of commercial banks in the rural areas the institutions working as financial intermediaries and saving and credit cooperative bodies shall be allowed to work as the agents of the commercial banks.
- ***Privatization of Rural Development Banks (Related with no.4 Strategy)***
 - The service of rural development bank in the hilly areas shall be expanded. In this context, there shall be necessary reforms in the current rural banking system prevalent in terai. The rural development banks operating in breakeven or better shall be gradually handed over to the private sector. This process will be initiated through the western rural development bank by giving priority to the deprived women debtors of the bank.
 - ***Mobilization of Nepal Rastra Bank as main monitor in agriculture and rural credit (Related with no. 5 strategy)***
 - Continuing the five year structural reform programs initiated by Nepal Rastra Bank during the plan period the rural development bank under the NRB shall be operated according to the productivity standard set by the high level coordination committee.
 - There shall be a system of control and regular monitoring of the savings and credit cooperative institutions which have been directly helping in the rural credit. Nepal Federation of Saving and Credit of Cooperative Unions (NEFSCCOU) and central level institutions of National Cooperative Federation shall be mobilized for this purpose.
 - ***Loans to educated unemployed youths through project as collateral (Related with no. 6 strategy)***

- Credit programmes based on education certificate and projects as collateral will be mobilized for the unemployed agricultural graduates and technicians and unemployed rural youths to employ them in productive and income generating enterprises unemployed youth who have received skill oriented training shall be issued loans on project collateral to set up micro enterprizes.
- The loan scheme initiated by the commercial banks to rural and deprived youths who strive for foreign employment and to the people from the Maoist insurgency affected area shall be given continuity. The policy to regard such loans as loans handed out to the deprived people shall be maintained.
- ***Guarantee to Credit investment through Investment Fund (Related to no.7 strategy)***
 - Institution working in micro-enterprises through Rural Self Reliance Fund, Rural Saving and Cooperatives, intermediary institutions and the investment of ADB such as in tea and fruits will get medium and long term credit as and when needed. The fund shall receive a fixed amount from His Majesty's Government and the Nepal Rastra Bank on annual basis. Moreover, the fixed amount which should have been invested by commercial bank and financial institutions in agriculture and rural credit shall be deposited in the fund if the same is not issued as loans.

12.5 Programs

1. The total need of credit in agriculture and rural sector shall be fulfilled at the rate of 52.76 percent from Agriculture Development Bank, 23.62 percent from commercial banks and related institutions, 11.81 percent from rural development banks, and rest 11.81 percent from institutions working in micro-financings and other institutions (Loan projection is on table 12.1)
2. The loans to be issued to the deprived sector by commercial banks maintained at the current level (3 percent of the total loans). Loans up to Rs. 100 thousand issued through the Commercial banks to anyone going abroad for employment shall be included in this scheme itself and monitoring shall be done accordingly.
3. In case of the banks and financial institutions (except those involved in the micro credit) which do not have branch network in the rural areas provision shall be made for direct financing and indirect financing with a view to involve them in the scheme. The fixed amount of financing to be borne by such development banks and financial institutions can be done through rural development banks, saving and credit cooperative institutions and through micro finance institution which have been licensed to work as financial intermediaries. The share capital of commercial banks and

financial companies shall be deemed as part of the loans under the scheme.

4. The social mobilization cost needed for the activities related with micro-credit to the governmental and private sector institutions which do not mobilize deposits, arrangements will be made to provide lump-sum amount in the annual basis through the poverty alleviation fund. This provision shall be executed as per the recommendation of the high level coordination and direction committee for the rural development bank of the central bank .
5. Various agriculture and rural credit programs, micro-credit programs, educational, social, health, community and public awareness oriented programs of different institutions of the government shall be operated from one window as far as possible for coordination. Arrangement will be made for necessary coordination from the poverty alleviation fund.
6. Apart from the policy provision under the agriculture and rural credit programs the concerned cell of the Nepal Rastra Bank shall be mobilized to conduct regular monitoring, evaluation and study. A high level agriculture and rural credit policy making committee under the coordination of the central bank shall be formed at the outset of the Tenth Plan with the representation from ministry like Agriculture, Industry, Finance and agencies like National Planning Commission, Agriculture Development Bank, Nepal Bankers' Association, Nepal Financial Institutions Association and at the most two representatives from other related agencies for the policy decisions conducting needed studies and ensure that coordination. The Secretariat shall be at the central bank. The committee shall also decide on the scope of agriculture and rural credit.
7. Under the Community Ground Water Irrigation Sector Project (CGISP) financed by the Asian Development Bank, credit will be made available from NRB for self reliance fund and for deprived and marginal farmers in the 12 Terai districts of eastern and central development region in collective guarantee without collateral for 10,000 shallow tube wells through partner financial institutions (PFIs). It is expected to irrigate about 40,000 hectares of land and serve about one thousand deprived and marginalized farmers as beneficiaries.
8. To increase the access of the credit to the weak, deprived and marginalized people of the society, the blind, handicapped persons. The provision of credit amounting to 40,000 rupees shall be continued to fund income generating and employment oriented activities on basis of the project as the guarantee. The flow of the credit from the commercial banks shall be deemed as the loans to the deprived people and as such monitoring shall be done. The loans if issued by other financial institutions, besides the commercial bank, shall also be regarded as the loans under agriculture and rural credit scheme.
9. The institutional development will be made for the collective insurance of

the loans issued as micro-credit in the prioritized rural areas to the benefit of the small farmers. The micro-credit institutions shall be encouraged for this purpose.

10. The loan investment under Third Livestock Development Project financed by the Asian Development Bank shall be deemed under agriculture and rural credit scheme throughout the project period (2002/2003)
11. The loan investment under the program implemented by IFAD supported in poverty alleviation project in western terai (PAPWT) districts shall be deemed as loans under agriculture and rural credit scheme.
12. Since the staff working in financial institutions involved with agriculture and rural credit program need capacity enhancement trainings, the high level agriculture and rural credit assessment committee in the central bank will identify such needs and manage the same. The national training institutes will get a priority to provide the training where national capability exists.
13. To support the poverty alleviation programme, the deprived and marginalized farmers will be encouraged to take part in an income generating activity, for which at least one credit per family will be mobilized, that will result an additional coverage of 100 thousand families through credit.
14. The agricultural industries related with the priority commodities of Agricultural Perspective Plan will be encouraged to set up their plants in the rural area long-term credit needed for industries will be provided with normal interest rate through Agriculture Development Bank, commercial banks and financial institutions. Provision shall be made to avail refinancing from the central bank for such loans.
15. The provision of Nepal Rastra Bank Act-2058 concerning the refinancing provision shall be amended to support agriculture and rural credit program.
16. Agriculture Development Bank, commercial banks and rural development banks on the basis of their assessment shall be activated to provide the credit for small, medium and marginal income group of farmers through the provision of total annual production credit on simplified basis to procure fertilizers, seeds, pesticides and agricultural tools needed for then during the plantation period.
17. With a view to enable the farmers to receive suitable price for their products medium sized godowns, cold storages shall be set up as cooperative bodies and the necessary amount of money for the means of transportation such as tractors, bullock carts etc. shall be managed as loans from commercial banks and financial institutions at reasonable interest rates. This will help develop the spirit of cooperative principles.
18. College and small scale industry credit flow program established to provide credit to the trend persons by the Department of Cottage and Small scale

industry and board will be expanded to rural areas and made further effective.

12.6 Agricultural and Rural Credit Projection

Agricultural and rural credit flow in the Ninth Plan has been given in table 12.1. On the basis of policy and programs to be adopted in the Tenth Plan it is estimated that a total of 1.75 billion rupees shall be invested in agriculture and rural credit from the bank and financial institutions. The detailed projections has been given in tables 12.2 and 12.3



Table 12.1 : Status of Agriculture and Rural Credit flow during the Ninth Plan*(Rs in crore)*

S.N.	Description	Fiscal Year					Total
		1997/98	1998/99	1999/2000	2000/01	2001/02*	
1	Agriculture Development Bank	4430	5560	7140	8090	8870	34090
2	Rural Development Bank	600	860	1170	1490	4050	8170
3	Investment in Agriculture from Commercial Bank	1420	1800	2140	2670	2770	10800
4	Investment in cooperative and NGOs from Rural Self-Reliance Fund	8.5	7.8	20.1	19	52.3	107.7
5	Production Credit and Micro-Credit for Women	-50	-50	-30	-	-	-130
6	Investment of Cottage Small and Industries Credit Fund	-5.3	-4.2	-8.8	-3.9	-4.4	-26.6
7	Community Ground Water Irrigation Investment - Tube well Investment	-	-	-	-3.4	-8.8	-12.2
	Total	6458.5	8227.8	10410.1	12269	15742.3	53167.7

* Preliminary estimates

Note: Since credit of SN o.5 and 6 might have been included in S No 1,2 3 they are not included in the total.

Source: Nepal Rastra Bank Micro Credit Department and Small and Cottage Industry Department.

Table 12.2: Projection of Rural and Agriculture Credit in the Tenth Plan*(Rs. In million)*

	2059/60	2060/61	2061/62	2062/63	2063/64	Total	Percentage
	2002/03	2003/04	2004/05	2005/06	2006/07		
Agriculture Development Bank	9124	9924	10705	11437	11962	53152	52.8
Commercial Bank and other financial institutions	3350	3950	4660	5400	6440	23800	23.6
Rural Development Bank	1670	1980	2330	2700	3220	11900	11.8
Other micro financial institutions	1670	1980	2330	2700	3220	11900	11.8
Total	15814	17834	20025	22237	24842	100752	100.0

Projection Basis:

1. Projection is based on current prices. 2. Projection of ADB as projected by itself.
3. Projection of other banks and institutions has been according to the proposed program of the tenth plan.
4. As per the statistics of upto Paush 2058 of the fiscal year 2058/59 the growth rate has not been normal so it is not accepted as the base year.

Table 12.3: Investment projection of Agriculture Development Bank during the Tenth Plan (purpose wise)

(Rs in million)

Objectives	2059/60 2002/03	2060/61 2003/04	2061/62 2004/05	2062/63 2005/06	2063/64 2006/07	Total
1. Food and cash crops	2011	2353	2653	3001	3104	13123
2. Buy and Sales	2040	2120	2200	2250	2300	10910
3. Agri. tools and mechanization	1176	1350	1428	1452	1743	6906
4. Irrigation	141	151	161	161	161	775
5. Biogas	124	145	170	199	210	848
6. Agri. and cottage industry	1541	1616	1744	1911	2100	8912
7. Godown and cold storages	27	32	30	30	30	149
8. Livestock Poultry and pisciculture	1785	1850	2000	2100	2200	9935
9. Fruits	105	123	125	131	141	625
10. Tea and coffee	174	184	194	204	214	970
Total	9124	9924	10705	11437	11962	53152

Based on Agriculture Development Bank projection.

Chapter - 13

Culture, Tourism and Civil Aviation

13.1 Background

Nepal is well known as the main tourist destination in the international arena due to its natural beauty, unique culture, incomparable heritage and innumerable special tourist destinations. Even a small reform in culture and tourism sectors, the country can earn more foreign currency and generate employment and other opportunities thereby contributing to overall economic growth. The development and extension of village tourism creates livelihood changes, employment and other opportunities and helps in achieving regional balance and poverty alleviation. From the perspective of comparative advantage, tourism and supporting sectors such as culture and civil aviation play a crucial role in the national economy. To make the travel of locals and foreigners simple safe and comfortable, promotion and development of air transportation system is necessary. Development of domestic air transportation can contribute to effective nationwide communication and developmental programs

In 1972, a ten-year tourism master plan was prepared for tourism sector in order to provide a clear direction on policy reform and development work. In 1984, the master plan was amended for a period of two years with a special priority in promotion and institutional issues. Apart from these, a number of working plans targeting special issues were also implemented. Despite remarkable success 1998 could not be sustained due to the opportunities created by Visit Nepal internal peace and security and other factor.

Nepal, the only Hindu kingdom and birthplace of Lord Buddha, has incomparable traditions, prosperous culture, awe-striking customs and rich heritage. Conservation and promotion of the history of brevity and warriors, and uniqueness of Nepali society in itself is an issue of major importance.

13.2 Review of the Ninth Plan

13.2.1 Targets and achievement

To establish tourism and culture sector as one of the important sectors of the national economy, the Ninth Plan had targeted the development of forward and backward linkages, and conservation of existing and proposed World Heritage Sites and their promotion as tourist destinations. Similarly, it had targeted to tie up conservation of the national heritages to income earning opportunities and their institutionalization through community management. Effective marketing of Nepal in the international arena to establish it into a major tourist destination, development of traditional arts into an industry to create new employment opportunities, increase in income and

foreign currency earning, and to channel the benefits accrued from the tourism sector to the rural areas were the major targets of the Ninth Plan. The programs implemented during the Ninth Plan period had mixed results.

“Visit Nepal Year 1998,” was launched as a national campaign for the first time for the development of the tourism sector. It played a crucial role in generating awareness on tourism, drawing attention and local investment on tourism related areas, bringing new tourism destinations to the forefront, promoting tourism contacts worldwide and re-establishing Nepal’s tourism image in the world. New aviation agreements were reached with the friendly countries and existing ones were renewed adding a number of air seats and air routes.

During the plan period, with the help of international donor agencies, various infrastructures were added in the hilly and the most busiest local airports. Similarly, improvement in runways, addition of more equipments, improvement of the standard of Tribhuvan International Airport, expansion of parking area and terminal buildings, strengthening of the fire extinguishing services among others were achieved during the plan period.

Despite a sharp decline in the arrivals of the South Asian tourists towards the middle of the Ninth Plan Period, overall number of the tourists visiting Nepal grew due to the addition of four international airlines’ services in Nepal. The domestic airlines were given permission to start their services abroad. In the area of institutional development, Nepal Civil Aviation Authority was set up and Tourism Department was dissolved to establish Nepal Tourism Board with the participation of the private sector. Cultural issue was brought under the tourism sector and the ministry was renamed as the Ministry for Culture, Civil Aviation and Tourism.

The World Buddhist Conference was convened in Lumbini. Significant construction works and reconstruction of Mayadevi temple started in the area. Lumbini area has also been enlisted in the new World Heritage list. Similarly, the improvement of the physical infrastructures and renovation works of other areas enlisted in the World heritage list such as Swoyambhu and Changunaryan and purification of water of the Bagmati river in Pashupati area has also been completed. The maintenance works of Gorkha Palace and three other historical palaces of the Valley have been completed as targeted. In order to conserve the cultural heritage, users’ groups have been formed in some districts in coordination with the local bodies.

Against the target of 10 percent growth in tourist arrivals and 20 percent growth in foreign currency earning during the plan period, the achievement has been as follows

Yr.	Tourist Arrival (in numbers)				Foreign Currency Generation (US \$in million)			
	Target	Achievement	Achievement in %		Target	Achievement	Achievement in %	
			Compared to target	Compared to previous year			Compared to target	Compared to previous year
1997	420,000	421,857	101.4	7.2	213	115.9	54.4	-0.6
1998	462,000	463,684	101.4	9.9	255.6	152.5	59.7	31.6
1999	508,200	491,504	96.7	6.0	306.7	168.1	54.8	10.2
2000	559,020	463,646	82.9	-5.7	368.1	166.8	45.3	-0.7
2001	614,922	361,237	58.74	-22.1	441.6	140.2	31.74	-15.9
Total	2,564,142	2,201,928	85.9		1585	745.3	47.0	

The average day of tourist stay in Nepal, during the Ninth Plan period, was targeted at 13 days, however, in the first three years of the plan period the figure was 10.49, 10.76 and 12.28 days respectively. The average stay-day declined to 11.88 and 11.93 respectively. During the last two years of the plan period. Likewise, per day income from a tourist was expected to be US\$ 60; however, in 2001 the figure was only US\$ 39.6. Similarly, in 2002/03, the Ninth Plan targeted to provide direct employment to 111,329. The achievement, at the end of 2001, however, is only 80,000 employments. Contribution of this sector in the total foreign currency earnings and Gross Domestic Product has been 12 percent and 3.1 percent respectively.

13.2.2 Problems and Challenges

1. In recent years, the tourism sector has been affected by the following major incidents:
 - The suspension of the Indian Airlines flight following the hijacking of one of its flights that took off from Kathmandu.
 - The different circumstance following the tragic incidence in Royal Palace Out June 2001.
 - The 11 September 2001 attack on America, and the Afghanistan war.
 - The frequent bandhs and strikes announced by political parties, and the nation-wide imposition of emergency.
2. Lack of development of new tourist spots, and inability to orient tourist services forwards rural areas.
3. Lack of co-ordination in programs and actions between private sector and government and within the private sector despite the establishment of Nepal Tourism Board.
4. There is an absence of analysis and estimation of the portion of the revenue generated from the tourism sector that stays inside the country, status of the development of the cost-based quality tourism, direct and indirect employment, use of established infrastructure, and necessity of investment.

5. Availability of air seats have been constrained due to the termination of Europe sector flights by Royal Nepal Airlines and reduction in the number of scheduled flight by international airlines and the failure of the Nepal's private sector airlines to operate international flights.
6. Life rescuing services, communication mediums and fire control services have not proved to be reliable. There is only one international airport in the country, in which big aircrafts cannot land since it is situated inside the hilly valley. If they manage to come it is only in much lower speed and lesser load.
7. Due to lack of financial resources, the conservation, preservation and campaigning of living heritage like cultural, historical and memorial sites have been inadequate. Similarly, due to lack of adequate quality up-gradation of the heritage sites and violation of standard practice in the renovation works of areas and monuments enlisted in the World Heritage Site, they have reached at endangered level for being de-listed from the World Heritage Site lists.
8. Involvement of local communities in managing the heritage sites and making such management self-reliant has been moving at snail's pace.

13.3 Long term vision

Based on past experience and realities, the following long-term vision has been adopted.

1. Developing tourism factor as an important part of the national economy and re-establishing the country globally as a prime destination.
2. Expansion of earning from the tourism sector to rural areas through qualitative improvement of tourism related services.
3. Emphasis on cultural tourism by conservation and proper management of living heritage, world heritage sites and monuments of national importance.
4. Making international and domestic air services simple, efficient, safe, and reliable and developing convenient road networks in tourism areas.

15-Year Projection

S. No.	Particulars	F.Y. 2072/73 (2015AD)
1.	Tourist Arrival (in thousands)	1,219
2.	Earning of foreign Currency (in million US\$)	635
3.	Contribution to GDP (%)	4.1
4.	Employment: Direct (in thousands)	150
	Indirect (in thousands)	200
5.	Regular flights operated to Nepal by International airlines (in Number)	22

13.4 The Tenth Plan

a) Objective:

The effective and prioritised implementation of the programmes in the tourism sector that has already emerged as an important organ of the national economy, will not only contribute to national economy but will also provide benefits to foreign tourists as well as increase the income generating and employment opportunities. In view to this, following objective have been set forth in the Tenth Plan.

1. Sustainable development and qualitative promotion of the tourism sector.
2. Conservation and preservation of historical, cultural, religious and archaeological heritages and enhancing their practical utilization.
3. To render air transportation services easily accessible, secure, standard, and reliable.

b) Quantitative Targets:

Emphasizing to recover the opportunities of the Ninth Plan Period the following annual quantitative targets have been fixed for the Tenth Plan period:

S. N.	Particulars	2058/059 situation (2001)	F.Y. 2063/64 (2006)
1.	Tourist Arrival (in thousands)	365	516
2.	Tourist stay period (Days)	11.93	13
3.	Foreign Currency earning (in million US\$)	140	205
4.	Earning per tourist per day (US\$)	39.6	60
5.	Contribution to GDP (%)	3	3.0
	Employment: Direct (thousands)	80	100
6.	Indirect (thousands)	Not Available	125
7.	Regular international flights (numbers)	13	17
8.	Availability of one-way air seat in international sector (thousand)	1,000	1,200

c) Strategy

Development of the tourism sector assists the overall development of the national economy and generates foreign currency; it also helps in the economic development of the hilly region that has low agricultural productivity and creates employment in the region.

The hilly and backward regions are blighted with unemployment and poverty; at the same time, they are bestowed with astonishing natural beauty and enormous potential for mountaineering and white-water rafting that calls for greater emphasis in the development of tourism in this area. This will also promote social justice in development. The quality of civil aviation is equally important when considering the

development of the tourism sector. Similarly, culture is the treasure of the country and its development and conservation will promote the fame and identity of the country; at the same time, it also helps in the overall social development of the country and the development of the tourism sector.

■ ***Strategies related to objective one***

1. Besides the established tourism markets, less risky tourist destinations will be promoted. Likewise, Nepali tourism will be promoted in the neighbouring countries.
2. By increasing the use of locally produced goods and services, local retention of the money spent by the tourist will be encouraged. Women and backward communities will be encouraged with special priority in such activities.
3. Tourism activities in the recently opened (previously banned) and other potential areas will be encouraged through infrastructure development and domestic tourism will be established as an economic alternative.
4. Eco-tourism will be promoted and Nepal will be developed as one of the major destinations for eco-tourism.
5. Competitive and collaborative capacity of non-governmental and private sectors associated with the tourism sector will be enhanced.

■ ***Strategies related to objective two***

6. To encourage involvement of non-governmental sectors in management, preservation and utilization of cultural, religious, archaeological and natural heritage in accordance to decentralization policy.
7. Study, conservation and preservation of literature, art and culture will be done.

■ ***Strategies related to objective three***

8. The airport and airlines service with necessary infrastructure will be developed to ensure domestic and international travel.
9. Private sector will be involved in airport construction, operation and long-distance airlines service.

d) Policy and action plan

■ ***Promotion of tourism market in neighbouring countries (related to strategy I)***

- Implementation of sub-regional plan and program in co-operation with the South Asian countries.
- Priority to neighbouring countries in promotion activities.
- Foreign diplomatic services, any agency representing His Majesty Government abroad and individual or organization with business relationship will be mobilized in promotion and publicity activities.

- ***Retention of maximum amount of money spent by tourists in local areas (related to strategy 2)***
 - Increasing employment opportunities through protection of local skills and its commercial use.
 - Emphasis on the use of local locally produced goods and services .
 - Offer clean environment, qualitative service and courteous behaviour.
 - Preparation and implementation of the code of conduct and improvement in the quality of residence, travel, entertainment etc.
- ***Establishing domestic tourism as an economic alternative (related to strategy 3)***
 - Implementation of a strong and reliable security system for the safety of domestic as well as international tourists.
 - Development of the infrastructure related to tourism sector such as road, communication, drinking water, health etc in coordination and help of the ministry, and related implementing agencies .
 - Execution of various activities in an integrated manner through the establishment of regional tourism centres (hub).
 - Expansion of mountaineering, trekking, and other adventure tourism in new areas through participation of the local bodies and non-governmental organizations.
 - Mountaineering tourism will be made more attractive by allowing to summit new or less used mountains and adoption policies for mountaineering through promotional subsidy, low price or free of cost.
 - Exploration of new areas including incentive, convention, sports, village tourism and practical development of available tourist heritage.
- ***Promotion of eco-tourism (related to strategy 4)***
 - To implement priority programs such as environmental protection, garbage management, alternative energy, employment generation and awareness raising activities, coordination among the governmental, non-governmental and private sector will be enhanced.
 - Special monitoring will be done to check pollution in protected areas like trekking, mountaineering and other environment-sensitive areas.
- ***Involvement of tourism related government, non-government and private sectors in a coordinated manner (related to strategy 5)***
 - Implement Destination Nepal Campaign 2002-03 with priority.
 - Carryout institutional reforms of Nepal Tourism Board and Civil Aviation Authority of Nepal
 - Operationalize and or fully privatize Royal Nepal Airlines Corporation with joint investment of government and or domestic /foreign agencies.

- ***Protection, promotion and management of cultural, religious, archaeological, and natural heritages (related to strategy 6)***
 - Play a role of a facilitator in promoting positive attitude of people towards cultured tourism to support tourism service
 - Archaeological survey, exploration, protection, and excavation of the areas of national importance will be carried out.
 - Protection and conservation of cultural uniqueness and religious tradition that supports tourism sector.
 - Mandatory implementation of guidelines for the protection of the areas under world heritage and of archaeological importance.
 - Participation of the local, non-governmental and private sector in the protection and promotion of the heritages to make such activities self-reliant and income generating
- ***Study, protection and promotion of literature, arts and culture (related to strategy 7)***
 - Legal protection and recognition of works of various literatures, writers, musicians, artists etc and encouragement to new talents.
- ***Creation of necessary infrastructure for the domestic and international travel (related to strategy 8)***
 - To render air travel less risky and secure, a satellite-based communication system will be established, developed and expanded.
 - Construction and expansion of existing facilities in the international and domestic airports such as hangers, communication facilities and other necessary technical equipments and coordination of skilled technical manpower to provide a secure environment for landing and take off.
 - To make air service regular and reliable the quality of existing airports in remote areas will be upgraded and new airports will be constructed
 - Renewal of international air agreements and encouragement to new agreements.
 - Creation of necessary infrastructure and service in the domestic airports to start flights to neighbouring countries.
- ***Participation of the private sector in construction, operation and management of long-distance air service (related to strategy 9)***
 - Beginning of a construction work of a well-facilitated international airport in the Terai area
 - Encouragement Promotion of regular or chartered international flights.
 - Maximum use and enforcement of air routes in the Nepali sky.

13.5 Program and implementation mechanism

The following programmes will be conducted in this sector:

1. Nepal Tourism Board will, in coordination with social organization, NGOs and educational institutes, conduct programs at local levels to enhance public awareness towards tourism .
2. Local bodies' involvement will be emphasized in developing new tourist spots. Under the initiative of the NTB, and the participation of the private sector, publicity and promotion works will be done.
3. To make the tourist's travel safe and well-managed, various government recognized agencies like travel and trekking will be encouraged to coordinate travel programmes. While traveling in the rural areas, a mechanism will be set up for registration at various points of travel and travelers will be put into close contacts with the local bodies and security agencies . To provide health and communication services in rural areas concerned bodies will coordinate accordingly.
4. NTB will setup Tourism Centre (hub) and the set programs will be integrated.
5. Private sector will be involved in the management of pollution and garbage problem in the urban areas and their participation will be coordinated with concerned municipalities to implement the programs
6. Code of Conduct will be prepared and mandatory implemented to discourage unhealthy practice and competition. NTB will monitor the services provided by the concerned parties and will enforce reward and punishment system on the basis of service delivered.
7. Establishment of an umbrella institution incorporating all organizations and sectors related to the tourism sector will be encouraged so that they can participate in the activities starting from the policy to the implementation level and raise collective voice and problems of their sectors.
8. Natural, archeological, religious, cultural and touristic places will be categorized and a certain portion of the income generated from the use of these places will be mobilized for future development of the local areas through local and non-government bodies such that they become self-sufficient and sustained. In the management of such areas, local user jump communities and tourism service providers will be involved.
9. Participation of local women and backward community will be encouraged in the conservation of physical infrastructures and living heritages.
10. A permanent body comprising of tourist-sector, private sector and intellectuals will be constituted to review successful programmes and make Destination Nepal 2002-2003 a grand success.
11. Organizations or individuals will be appointed as representatives of Nepal in foreign countries with the help of embassies and consulates for tourism promotion activities.

12. Promotional strategy will be adopted to use the less risky tourist destinations as per the changing time and context. While promoting and campaigning Nepal, NTB will mobilize national and foreign tour operators and friends of Nepal
13. Satellite based navigation system for aviation safety will be graduated established in airports through Civil Aviation Authority of Nepal
14. Short-distance international flights to neighboring countries will be started through establishment of customs, immigration and other necessary facilities and services in some domestic airports.
15. Construction of second international airport will be commenced in the appropriate place of the Terai region. In case of HMG's inability to mobilize financial resources, construction works will be carried out through the participation of national or foreign private sectors.
16. During the Plan period, joint venture operation or total privatization of RNAC will be completed after its organizational structure is restructured.
17. RNAC will expand its service through commercial agreement with other prestigious international airlines .
18. Information and data will be updated to reflect the current state of culture, tourism and civil aviation sector; similarly, track record of the international activities related to the field will be kept informed.

13.6 Policy level, legal and institutional reforms

1. Local bodies and private sector will be involved, in accordance with the decentralization policy, in the conservation of natural resources and in providing quality service to tourists. To make such bodies and organizations competent, necessary technological and other assistance will be provided.
2. Weaknesses in the policy level and institutional reforms initiated in the last few years in the area of tourism and civil aviation will be assessed and timely reform in acts, laws, regulations will be initiated and institutional structures will be strengthened
3. Existing aviation and tourism policy will be amended and cultural policy will be formulated.
4. Suitable standards will be enforced in the area of culture, tourism and civil aviation and inappropriate committees will be dissolved.
5. Necessary amendments will be made to Civil Aviation and Culture Acts; Copy Rights Acts will be formulated and a register's office will be established.
6. Necessary amendments will be made in existing policies, laws and implementation process to make the arrival and departure of international airlines easy, transparent and attractive.
7. To provide industry status to the tourism sector and provide all the service and facilities that the industry sector is entitled to, His Majesty Government

will bring new programs and packages to attract new activities in the tourism sector.

8. To develop and promote tourism sector unhindered, a long term (20 years) master plan for tourism sector will be formulated and implemented.
9. Various development and promotional activities will be executed in accordance with the master plan for major religious, historical and cultural sites (Lumbini, Pasupati, Janakpur etc).

13.7 Programs for implementation and their priority

During the plan period, 13 programs on tourism, 12 on culture and 9 on civil aviation with total of 34 will be implemented. The priority evaluation is attached in annex 13.1. The total estimated development expenditure for the implementation of the programs is presented below on a priority basis.

(In 10 million rupees)

Area	Priority	Prog. No.	Normal case growth rate		Lower Case growth rate	
			Amount	%	Amount	%
Culture	A (P1)	1	515.9	47.8	451.6	54.7
	B(P2)	6	354.1	32.8	314.7	38.2
	C(P3)	6	210.1	19.4	58.8	7.1
	Total	13	1080.1	100	825.1	100
Tourism	A (P1)	1	1419.8	54.6	1183.3	59.8
	B(P2)	6	982.3	37.8	736.8	37.2
	C(P3)	5	197.6	7.6	59	3
	Total	12	2599.7	100	1979.1	100
Civil Aviation	A (P1)	2	858.8	50.4	813.6	61.3
	B(P2)	4	476.3	27.9	420.2	31.7
	C(P3)	3	369.7	21.7	92.9	7
	Total	9	1704.8	100	1326.7	100
Grand total		34	5384.5		4130.9	

13.8 Expected Output

Expansion and development of tourism sector especially to new and rural areas will bring regional balance by creating non agricultural employment opportunities and will improve living standards of rural people as well as help in poverty alleviation campaign.

Usages of locally provided services and facilities by tourists will provide employment to unskilled, semiskilled labourers and as well help in preserving local art and culture It will also benefit women and the backward class.

The investment of a fixed portion of revenues generated from tourism sector at the local level through the participation of non-governmental organization and local

bodies will create regional development and enhance a sense of ownership among the locals in the tourism promotion programs

Tourism sector is a key component of economic development since competition is relatively low in this sector and foreign currency can be earned from within the country. Its contribution to the GDP has remained 3 percent.

Tourism has proven to be a strong area for the development of the hilly and remote area which is often overlooked by the development planners due to high cost of development.

In the context of growing attraction of local communities towards tourism sector and increasing participation of local bodies in tourism activities, planned development of the tourism sector will certainly be beneficial for rural areas.

13.9 Role of HMG and other agencies

The involvement of the private sector, local community and non governmental organizations in the management of heritage sites will be further enhanced with an aim to bring about a change in the present practice of depending solely on public spending in the area of cultural preservation and promotion.

Continuity will be given to the present practice of HMG's withdrawal from commercial activities and limiting its role in infrastructure development and to that of an efficient regulator.

Since a significant portion of the revenue generated will be spent in local areas, it will not only encourage the participation of tourism entrepreneurs but also the participation of active and conscious local communities.

The present practice of covering all the expenses of the NTB through the fund collected from tourists will be maintained. Collected money and the fund contributed by the private sector will be spent on tourism promotion campaigns as well as in the conservation of heritage sites.

Up-gradation and standardization, improvement of international aviation services, international flight routes, management operation, training etc will be done through Nepal Civil Aviation Authority. Whereas, flight safety, bilateral and multilateral air relations, and formulation and amendment of national level policies etc. will be HMG's responsibility.

To generate skilled and capable manpower in the tourism sector and training activities will be conducted through Nepal Tourism and Hotel Management Academy; moreover, private sectors will also be mobilized to carry out the activities in an integrated manner. Higher educational institution and regional mountaineering academy will be established in tourism sector. The works of the Taragaon Development Committee will be implemented as an unique and an exemplary model in the field of tourism and social service.

13.10 External Risk Factors in implementation.

Development of the civil aviation sector is the prime and first necessity of the tourism

sector. For this purpose, appropriate and standard airports, reliable and safe flight services are required. In this context, as there is a minimum chance of building international airport by mobilizing domestic resources, participation of foreign and private capital become imperative.

To increase the tourist arrival, efficient and competent international airlines service is required; therefore, bilateral air agreement with the concerned countries to increase air seats is necessary. Since the addition of the international airlines service will be temporary in nature, empowering the national airlines is necessary, for which privatization of RNAC is the utmost need. Tourist arrival is affected by the factors such as international financial situations, world events, negative publicity, tension in the neighboring countries, endemic and epidemic diseases, law and order situation, environment, pollution, waste management and attitude towards tourist. Travel advisory for their nationals by foreign embassies also affect this sector. The Travel Advisory issued by the foreign embassies also impact the tourism sector. All concerned bodies and institutions should remain alert to these issues and remain active to address them.

13.11 Log frame

The summary policy and programmes log frame has been given below and is illustrated in detail in the Annex three.

Policy and programmes log frame : Culture, Tourism and Civil Aviation

Overarching National Goal: Poverty incidence of Nepalese People (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Goal: Substantial contribution of Industry, commerce, and supply management in the economic and social development of the country

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Goals: Rational and exemplary use of national resources, upgradation of civil aviation service, standard promotion and massive public participation for sustainable development of tourism.</p>	<ul style="list-style-type: none"> • Development of less risky tourism spots and promotion of tourism in neighbouring countries. • Maximum portion of the money spent by tourists will be retained in local areas. Women and people from backward communities will be involved with priority in such activities. • The infrastructure of the newly opened and alternative tourist destinations will be developed and tourism will be established as an alternative to economic activities. • Eco-tourism will be 	<ul style="list-style-type: none"> • 7.2 percent annual growth in tourist arrival totalling to 516 thousands. • Annual 8 percent growth in foreign currency earning totalling to USD 205 million. • Contribution to GDP to reach 3 percent. • Per tourist per day income of USD 60. • Average tourist stay day to 13 days. • Creation of 100 thousand direct employment and 50 thousand 	<ul style="list-style-type: none"> • Agencies under MCTCA and other • Ministry of Home and immigration department • Ministry of Finance and Nepal Rastra Bank. • Ministry of Land Refom and "Guthi" Sansthan. • Royal Nepalese Embassy 	<ol style="list-style-type: none"> 1. Programs to create public awareness towards tourism and importance of cultural heritages. 2. Emphasis in the visit of the Increase tourist travel to new tourist destinations. 3. Tourist travel to be made comfortable, secure and safe. 4. Ensuring quality development of tourism. 5. Facilitating cultural and religious tourism development through conservation of heritage, promotion and publicity to make it a supporting sector for development. 6. Re-establishing country's international image by successfully organizing 	<ul style="list-style-type: none"> • Economic fluctuation in the international market. • Security and health situation within and neighbouring countries. • Guarantee of foreign airlines' operation in Nepal. • Diplomatic ties between Nepal and foreign countries.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>given priority and Nepal will be developed as one of the major destinations for such destinations.</p> <ul style="list-style-type: none"> • Governmental, non governmental and private sector will be involved in a coordinated manner so as to improve their competitive capacity. • Participatory program based on the principle of the decentralization will be designed in order to conserve, promote and manage the cultural, religious, archaeological, and natural heritages. • Conservation, promotion and study of literature, arts, and culture • Ensuring a safe and reliable air service for domestic and 	<p>indirectly employment annually.</p> <ul style="list-style-type: none"> • Availability of 17 air services in the international sector and 120 thousand air seats annually. 	<p>and Consulates</p> <ul style="list-style-type: none"> • Department of Wildlife and National Parks and King Mahendra Trust for Nature Conservation. • Private tourism entrepreneurs. 	<p>destination Nepal 2002-2003 campaign.</p> <ol style="list-style-type: none"> 7. Air travel to be made safe and reliable. 8. Commencement of international flights from domestic airports. 9. Beginning of the construction of the second international airport. 10. To avail sufficient air seats in international seats. 11. Privatization of the Royal Nepal Airlines Corporation. 12. To generate skilled manpower in cultural, tourism and civil aviation sector. 13. To formulate master plan in the area of culture, tourism and civil aviation sectors as well as timely amendment of policies, acts and regulations. 14. Updating the database and information that reflect the current scenario in culture, tourism and civil aviation 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>international travel with the construction of airport with the necessary infrastructures.</p> <ul style="list-style-type: none"> • Participation of the private sector in construction, management and operation of airports and operation of long distance airlines. 			sector.	

Table 13.1 : Program and Estimated Budget

Culture

In million rupees

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	First priority A(P1)		
1.	Conservation of World Heritage sites		
	• Master Plan and conservation of monuments enlisted in the World Heritage sites (except Pashupati and Lumbini)	40.9	3.66
	• Pashupati Area	285.0	25.50
	• Lumbini, Kapilbastu and Ramgram area	190.0	16.00
	Total	515.9	45.16
	Percentage	477.7	54.73
	Second Priority B (P2)		
2	Policy, Act, Regulation and Institutional Reform	02.8	02.5
	• Culture policy act, regulation, and master plan preparation		
	• Copy Rights, establishment of registrar office and coordination with WIPO		
	• Transfer of <i>guthi</i> and monastery management works		
	• Preparation of archaeological guidelines		
3	Existing projects for excavation and conservation	1.35	1.20
	• Completion of Karebihar excavation and publish report, and its conservation		
	• Excavation and conservation of DevghatMani Mukundasen Pachadebal		
4	Conservation and management of the religious and archaeological heritage sites	24.39	21.68
	• Completion of renovation works of Gorkha Durbar renovation & conservation completion.		
	• Renovation and conservation of the temples, monuments, pilgrimage sites of religious and archaeological importance.		
	• Conservation of the following pilgrimage sites: Janaki temple and Dhanushadham, Devghat area, Swargadwari, Haleshi Mahadev, Pathibhara, Bahara Chhetra etc.		
5	Development of Aavilekhalaya, Museum and Laboratories	5.69	5.06
	• Establishment of Gorkha Museum based on master		

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	plan		
	<ul style="list-style-type: none"> • Development of Museum, Aavhilekhalaya and Laboratories 		
6	Conservation and promotion of lively culture	12.2	10.9
	<ul style="list-style-type: none"> • Technical and financial assistance in the conservation and promotion works done by the local authorities. 		
7	Kavre Integrated Development Project **	24.8	22.0
	Total	354.1	314.7
	Percentage	327.8	381.4
	Third Priority C (P3) (Probable projects)	210.1	58.8
	Percentage	194.5	71.3
8	Archaeological conservation, exploration, research and excavation		
	<ul style="list-style-type: none"> • Excavation and exploration of Ramgram, Gotihawa, Chandolpur Kapalvastu, Kichakbadh Jhapa, Khokshar Saptari. • Survey, exploration, study and research of historical and archaeological forts, monuments sites etc. Record keeping of these sites and preparation of the master plan for their conservation 		
9	Survey, Research and Renovation of the important National Heritages		
	<ul style="list-style-type: none"> • Survey, exploration, study and research of historical and archaeological sites, monuments etc. Record keeping of these sites and preparation of the master plan for their conservation • Conservations of famous pilgrimage sites 		
10	Participatory development of museum and culture		
	<ul style="list-style-type: none"> • Establishment of museum with the participation of the private sector to conserve traditional musical instruments, attires, ornaments, currency, idols, epics and arts. 		
11	Cultural Promotion		
	<ul style="list-style-type: none"> • Cultural exchange with different countries • Cultural exchange between different areas within a country. • Promotion and publicity of Devghat, Halesi Mahadev, Sworgadari, Pathibhara, Khaptad, Janakpur etc. • Production of audio-visual materials 		
12	Development of language, literature, arts, and		

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	culture		
	<ul style="list-style-type: none"> • Assistance to local bodies in the study, research and conservation of language, literature, arts, and culture that is at the verge of extension. • Publication of a dictionary of the national language. • Publication of the works of the famous literatures . • Training to emerging talents and assistance to private sectors in such works and organization of com petitions. • Economic subsidy to conserve traditional rituals and rites • Economic assistance to National Talents Trust Fund and concerned organizations • Lord Budda International Peace Prize • Investment and loan to Cultural Corporation • Establishment of Universities • Hindu University • Buddhist University 		
	Grand Total	108.01	82.52

* *Established under Ministry of Education*

** *Full French grant*

Tourism

In million rupees

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	First priority A(P1)		
1.	Development of touristic areas		
	• Ecotourism project: Development of Kanchanjanga, Makalu, Barun, Dolpa, Humla remote area development, Palpa environmental reform, Lumbini infrastructure upgradation and airport infrastructure development (suketar, tumlingtar, surkhet, misinechaur and simikot)	138.60	115.52
	• Tourism model village: shree antu, dhanushadham, tanahu, khaptad, jumla.	3.38	2.81
	Total	141.98	118.33
	Percentage	54.61	59.79
	Second Priority B(P2)		
2.	Policy, acts, regulation and institutional reform	1.16	0.87
	• Revisit and improvement of tourism policy		
	• Institutional evaluation and amendment in tourism related acts		
	• Documentation, research and training		
	• Formulation of tourism master plan		
3.	Development of Tourism infrastructure	64.00	48.00
	• Link trail, road		
	• Suspension bridge		
	• Communication networks among trekking and mountaineering agencies.		
	• Electrification of resorts and camp sites		
4.	Second Tourism Infrastructure Project**	16.11	12.09
5.	Tourism Promotion	9.80	7.35
	• International contact		
	• Destination Nepal Campaign***	-	
	• Program for promotion of religious and cultural tourists***	-	
	• Special promotion in neighbouring countries***	-	
	• Tourism market diversification***	-	
	• Tourism market promotion***	-	
	• Domestic tourism promotion***	-	
	• International promotion and publicity***	-	
	• Production of publicity and promotion materials***	-	
	• Mobilization of royal Nepalese Embassies and diplomatic agencies***	-	
6.	Expansion of tourists security and facility	1.56	1.17
	• Simplification of visa and emigration procedures and making travel comfortable		
	• Improvement in security management		
7.	Project to conserve touristic, religious, and cultural heritage	5.60	4.20
	Total	98.23	73.68
	Percentage	37.79	37.23

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	Third Priority C(P3) (Possible projects)	19.76	5.90
	Percentage	7.60	2.98
8	Tourism activities expansion		
	<ul style="list-style-type: none"> • Trekking routes renovations • Cable car • Funicular rail • Rafting etc. 		
9	Environmental protection and tourism development of Himalayas, mountains, lakes, ponds, and open public places		
10	Tourism Human Resources Development		
	<ul style="list-style-type: none"> • Establishment of regional tourism training centre • High -skilled manpower development and training • Establishment of higher level educational institutions • Establishment of regional level mountaineering training academy • Mobilization of private sector in human resource development 		
11	Investment in Tourism Sector		
	<ul style="list-style-type: none"> • Setting procedure for foreign direct investment • Investment in areas lacking tourism promotion • Identification and production of the items consumed by the tourists 		
12	Hub Centre establishment in Ilam, Jumla and Mahendranagar		
13	Rural Tourism Development		
	<ul style="list-style-type: none"> • Tourism Programs for Poverty Alleviation: Kanchanganja, Solukhumbu, Lamtang, Chitwan, Lumbini, Dolpa**** • Rural Tourism Development: Terathum, Kavre, Nuwakot, Tanahu, • Sakhu, Khokana, Lakuni, Kakani, Ghale Gaun Lamjung, Junbasi 		
	Grand Total	259.97	197.90

* Including Asian Development Bank 's Rs 1.1 billion loan assistance

** Rs. 178.9 million loan assistance from Asian Development Bank

*** To be implemented by Nepal Tourism Board

**** A grant assistance from UNDP, DFID and SNV

Civil Aviation

In million rupees

S. N.	Programmes and projects	Normal case growth rate	Lower case growth rate
	First priority A(P1)		
1.	Construction of additional international airports Feasibility study and agreement with private sector (acquisition of land)	57.38	54.36
2	Strengthening Tribhuban International Airport Tribhuban International Airport improvement project* Development and extension of satellite-based radar system** Total	28.50 - 85.88	27.00 - 81.36
	Percentage	50.38	61.32
	Second Priority B (P2)		
3	Reforms in policies, acts, regulations, and institutions Institutional evaluation and amendment in civil aviation related acts Review and improvement of air policy and formulation of airlines service policy and acts.	0.17	0.15
4	Upgradation of airports for medium scale international flight ***	27.20	24.00
5	International air route development and airlines security programme	3.26	2.87
6	Construction of Hangers Total	17.00 47.63	15.00 42.02
	Percentage	27.94	31.67
	Third Priority C (P3) (Possible projects)	36.97	9.29
	Percentage	21.69	7.00
7	Feasibility study of new domestic airports and construction Studying the possibility of new airport Construction of new airport Making the runways concrete		
8	Airlines Development Program Strengthening international airports Reliable airlines service in remote areas (subsidy)		
9	Airlines agreement and international contacts Improvement in air agreements and new agreements Ratifications of Conventions and Protocols International Civil Aviation institution (grant)****		
	Grand Total	170.48	132.67
	Grand total of the Culture, Tourism and Civil Aviation sectors	538.45	413.09

* Full ADB loan- Loan investment in CAAN

** Born by CAAN

*** Involve private sector also

**** Amount to be born by Nepal as per air safety and other agreements.

Chapter - 14

Industry, Commerce and Supplies

14.1 Industry

14.1.1 Background

Despite some changes brought about by the policies and other reforms initiated in the past, the contribution of the industrial sector in the Gross Domestic Product (GDP) has not exceeded 10 percent. In terms of industrial units, still more than 90 percent of the industries fall under small and cottage industry/(cottage and small scale) categories. Such industries have contributed over 76 percent of employment in the industrial sector, and 50 percent in value addition. Thus, there is a huge potential for using the development of small-scale and cottage industries as important means for poverty alleviation.

In this context, there is a need to develop micro enterprises and small scale industries and to extend them to the village level. There is also a need for policy level, legal, institutional and procedural reforms to expand and diversify the products of the industrial sector through the active participation of the private sector. Moreover, the quality of the industrial products needs to be improved and be competitive in the international market.

14.1.2 Review of the Ninth Plan

a) Targets and Achievements

Despite initial positive results witnessed after the promulgation of Industrial Act, Foreign Investment and Technology Transfer Act and other procedural reforms initiated within the framework of open and liberal economic policies, the pace of industrialization was severely affected by the deterioration in the law and order situation and weaknesses in institutional coordination and lack of effectiveness in service delivery.

The Industrial Production Index gradually declined due to deteriorating industrial security during the Ninth Plan period and eventually plummeted to 2 percent in the fiscal year 2001/2002.

However, due to high rate of growth in the industrial production in the initial years which was 37.65 percent, the average growth rate at the end of the fiscal year was 13.2 percent. The average targeted growth rate for the Ninth Plan period was 13 percent.

Similarly, the annual industrial value added is expected to be 3.9 percent against the initial target of 9.1 percent. Likewise, the total contribution of the industrial sector in the GDP has remained less than 10 percent against the target of 14 percent. The industrial sector has generated additional 151000 employment opportunities against the target of 350, 000, which is only about 43 percent of the target.

Table 14.1 : Industrial product, annual value added and contribution to GDP

Particulars	Ninth Plan's average growth rate target	FY 1997/98	FY 98/99	FY 99/00	FY 2000/01	FY 01/02	Average growth rate for five years
Growth rate of Industrial Index (base year 1885/86) +	13.0	37.65	13.9	6.1	6.3	2.0	13.2
Industrial sector's Annual value added rate (percent)+	9.1	3.42	5.29	7.2	3.6	- 0.06	3.9
Contribution of the industrial sector in DGP(percent) +	14	9.8	9.8	9.9	9.8	9.2	9.7

Source: (+) economic survey 2002/03

On the industrial investment front, the total investment target was Rs. 35 billion for the plan period, assuming the average annual domestic investment of Rs. 2 billion and Foreign Direct Investment (FDI) of Rs. 5 billion. However, the total investment at the end of the plan period was only Rs. 24 billion, including Rs. 9 billion of FDI.

The Plan has exceeded its target of training about 1,00,000 people for the expansion of micro, cottage and small scale industries. The total number of trained people has been 112,676. Similarly, it has also exceeded its target in standard and measurement promotion programme. The standard of 697 products has been fixed as against the target of 675. Likewise, against the target of 4000, the physical and chemical analysis of 6622 products has been completed.

The industrial and scientific measurement target of the products has also been exceeded. This service is extended to over 585 products against the target of 265 products.

Against the target of monitoring the industrial pollution 1020 times, it has been monitored 1163 times and more than 3598 products have been provided with the quality inspection certification though the target was only 2500.

The achievements in some other areas have, however, been less than the target. The analysis service has been extended to only 5819 products as against the target of 7500

and only 701 products have been given standard certification though the target was 756.

Despite the target of mineral exploration, including metal and non-metal, in more than 6,335 square kilometers, the total mineral exploration was completed only in 5,100 square kilometers. Similarly, only about (1000 meter) (33.33 percent) was drilled for exploration as against the target of 3000 meters. Despite the target of 21,300 square kilometers of geological exploration, engineering and environmental geological study, and remote sensing study under the geological survey and research only 12,410 (58.26 percent) square kilometers have been studied. The target of publishing 9 geological colour maps has been fully achieved. Similarly, the National Seismological Centre has worked for 34,731 station days against the target of 36,865 station days. The target of establishing four network stations in Karnali has also been met. Out of the target of studying 250 square meters under the *Polio-seismicity*, 135 square kilometers have been studied.

b) Problems and challenges

Major internal reasons like, deteriorating law and order situation, high investment in industries yielding low value addition, lack of control in quality standard coupled with international reasons such as economic recession and terrorist attacks had negative implications in industrial production. This led to a serious decline in the production of exportable items and in turn export resulting in rise in unemployment rate. Moreover, failure to develop industries based on viability and comparative advantage, low inflow of Foreign Direct Investment, limited expansion of industries in the rural areas, weakness in competitiveness, absence of forward and backward linkages, and lack of industrial development base on domestic resources, human resources and raw materials are the major problems of this sector.

Among the major exportable items, the export of high-quality carpets woven out of traditional wool was adversely affected by the use of low-quality wool, export of inferior carpets, smuggle in the export of Nepali wool and child labour issues. Due to the lack of timely initiative, the country could not obtain more quotas from the US and European markets for gradually developing garment industry. With the expiry of the Multi-Fiber Agreement on December 31, 2004 and in the absence of the alternative market, garment industry is likely to face a serious problem in the future. The end of the Agreement will force the garment industry to look for international markets based on its competitiveness. It is important to create necessary infrastructure, investment-friendly environment, reduction in the cost of readymade garments, promotion of quality products, and timely import of the required raw materials to meet the future challenges.

Despite the implementation of a number of policy and procedural reforms to promote private sector, the country has yet to create a private sector friendly environment. It is necessary to develop a competitive and open market and make the role of the private sector decisive in realizing the national development and attaining optimum results. For this, it is also necessary to initiate timely reform of the macroeconomic policies such as tax, customs, revenue, and domestic and foreign investment consistent with

the open and market-oriented economy, and mobilize the participation of the private sector to the optimum level.

14.1.3 Long-term vision

The long-term vision of this sector is to make the areas of comparative advantage more competitive, and promote and strengthen the role of the private sector while minimizing the negative impact on environment to achieve a sustainable industrial development in the long run. Similarly, the long-term goal of this sector is to enhance production and productivity and to create investment-friendly industrial environment.

14.1.4 The Tenth Plan

a) Objectives

1. To increase the contribution of the industrial sector in GDP by promoting and facilitating the private sector.
2. To contribute to poverty alleviation goal by increasing the income and purchasing power of the rural people through employment generation in the micro, cottage and small-scale industries.
3. To increase industrial competitiveness by attracting FDI and adopting appropriate technology.

b) Sectoral and macro level major quantitative targets

1. Achievement of 7.8 percent annual average industrial growth rate.
2. Total industrial investment of Rs. 40 billion in the plan period, including annual domestic investment of Rs. 5 billion and foreign direct investment of Rs. 3 billion.
3. Creation of additional 250,000 employment opportunities in the industrial sector.

c) Strategy

Industrial sector plays an important role in economic development of the country, besides reducing the employment pressure in the agriculture sector by providing an alternative employment opportunity. It also has a role in bringing about a structural change and creating a regional balance in the development process.

The industrial sector can contribute to achieving broad-based and high economic growth rate through the use of locally available means and resources. For the development and expansion of the industrial sector, industries of national priority and comparative advantage should be developed; competitiveness of the established industries should be enhanced; and industrial productivity and quality should be improved through channeling domestic and foreign investment.

Similarly, to meet local needs and to create income earning opportunities in the backward rural areas, an integrated programme should be launched to develop skills, entrepreneurship, investment and technology for the industrial promotion. If such integrated programme is connected to the market and the access of special targeted groups is enhanced, it can contribute significantly to poverty alleviation. The following are the strategies to achieve the goal.

▪ **Strategies related to objective no. 1**

1. The government will play a role of a facilitator, regulator, communicator of information and monitoring agent to create an enabling environment for the private sector to take a lead role in industrial development.
2. Industrial production will be enhanced through identification of industrial sectors that have comparative advantage and competitive edge and also by creating necessary infrastructures.
3. Intellectual property will be protected and its entrepreneurial use will be promoted.

▪ **Strategies related to objective no. 2**

4. Special attention will be given for the sustainable development of infrastructures, entrepreneurship and skills to develop micro, cottage and small scale industries based on local agro-forest resources.

▪ **Strategies to attain objective no. 3**

5. Based on Industrial Perspective Plan, an industrial implementation action plan will be prepared and implemented.
6. Foreign Direct Investment will be promoted to expand the base of the industrial capital.

d) Policies and action plan

▪ ***Government will play a role of facilitator and regulator to create an environment for the private sector to take a lead role in industrial development (related to strategy 1)***

- Investment will be promoted by creating social and physical infrastructure wherever there is a potentiality of industrial development.
- One-Window System will be made more effective and developed as a service-oriented unit that would be active, efficient and functioning according to calendar of operation.
- The garment, woolen carpet, pashmina and handicrafts industries will be promoted and expanded at the regional level under the regionalization concept of these industries.

- Further reforms will be initiated in eliminating the legal, procedural and policy level obstacles to private sector investment in industrial sector. Investment climate will be improved so that private sector itself can make the investment decision.
- Existing labor laws will be reformed and made flexible to connect the welfare and interest of investors and workers to industrial production.
- Special program will be initiated to rehabilitate viable sick industries.
- A number of measures will be taken to make the industry and business more competitive by cutting down the cost of production and transportation, administrative hassles and red-tapism.
- ***Identification of the industries of comparative advantage and improvements in professional production (related to strategy 2)***
 - Emphasis will be given to identify the areas of comparative advantage.
 - Industrial promotion will be launched in accordance with WTO, SAPTA and SAFTA.
 - Domestic and foreign investment will be attracted in exploration, development and management of national mineral resources.
 - The already developed basic services in Biratnager-Dharan, Birgunj-Hetauda, Rupandehi-Butwal corridors will be encouraged to be used in industrial development.
- ***Protection of intellectual property rights and its promotion in professional use (related to strategy 3)***
 - Based on the World Trade Organization concept, the laws and regulations related to the intellectual property rights will be updated and implemented.
- ***Establishing the micro and small scale industries based on local agro-forest resources (related to strategy 4)***
 - Local bodies and private sectors will be mobilized to develop suitable human resources, concessional loan, and technical service necessary for the promotion of micro, cottage and small scale industries.
 - Micro and small scale industries will be encouraged to work as sub-contracting to big industries.
 - Various promotional programmes will be launched in rural areas to develop entrepreneurship and skills to promote investment in industries based on local resources.

- The micro, cottage and small scale employment-oriented industries will be developed and expanded by strengthening financial, institutional and technical supports.
- To develop entrepreneurship among rural women, the access of entrepreneurial women will be enhanced in the operation and management of food processing industries.

▪ ***Action plan based on industrial perspective plan (related to strategy 5)***

- The obstacles in the development of the industrial sector will be eliminated by prepared industrial perspective plan and related action plan. An effective protection system will be put in place to make industries competitive and to create an industrial base.
- Industries will be encouraged to be established outside the urban area and emphasis will be given to the development of environment friendly industries.
- Small, medium and large-scale industries that can take advantage of the trading relations with neighbouring and other countries will be developed and expanded.
- An environment will be created to establish backward and forward linkages between all scales of industries, and such industries will be encouraged to adopt professional management.
- The environmental impact of industries will be minimized.
- Extension and institutional reform of employment-generating industries will be encouraged.

▪ ***Promotion of Foreign Direct Investment (related to strategy 6)***

- A mechanism will be developed and expanded to smoothly mobilize fixed and working capital from financial institutions for establishing industries.
- High priority will be given to industries of national importance and that can create regional balance and necessary facilities will be provided to promote investment in the backward and underdeveloped regions.
- Security environment in the industrial sector will be enhanced. Foreign Direct Investment will be attracted and encouraged to invest in the areas of comparative advantages.
- Local know-how and other relevant technologies needed for industrial development will be promoted.

e) Policy level, legal and institutional reforms and provisions for implementation.

- Industrial Act and other Acts will be updated timely for the long-term development of the industrial sector.
- Action Plan will be prepared based on Industrial Perspective Plan formulated for the long term development of the industrial sector.
- Complementary relationship will be established between Mineral Act, Forestry Act and Local Autonomy Act to expedite the operation of industries based on mineral resources.
- Since Nepal is already a member of the World Intellectual Property Organization (WIPO) and a signatory to Paris Covenant on Protection of Industrial Property and has already applied for the World Trade Organization membership, an institutional arrangement will be made under the Department of Industry to protect industrial properties.
- The scope of One Window system constituted to provide the necessary facilities to industries from one spot will be reviewed and strengthened through decentralization process.
- Concerned parties will be provided up-to-date product-wise and subject-wise information related to the industrial sector, and the managerial capacity will be enhanced by gathering, processing and disseminating up-to-date information.

f) Programmes and Projects

The summary of the prioritized programmes related to industrial sectors prepared on the basis of prioritization process of Policy Action Matrix is given below.

Table 14.2 : Summary of program prioritization

(Rs. in millions)

Priority order	no. of programs	At expected growth rate		At normal growth rate	
		amount	percentage	amount	percentage
A (P1)	2	1444.3	63.6	1326.4	77.8
B (P2)	1	219.4	9.7	195.0	11.4
C (P3)	13	606.9	26.7	185.0	10.8
Total	16	2270.6	100.0	1706.4	100.0

14.1.5 Expected Achievements/Outputs

a) Expected additional contribution to Gross Domestic Product

To achieve the average growth rate of 6.2 percent at factor cost during the plan period, the agriculture sector is expected to grow at an average of 4.1 percent and non-agriculture sector at an average of 7.3 percent at the constant price of fiscal year

2002/03 of the non-agriculture sector, the contribution of the industrial and mineral sector is estimated to be 9.32 percent.

b) Contribution to poverty alleviation and human resource development

The development and expansion of the industrial sector by attracting domestic and foreign investment and the development of industries of national priority and comparative advantage; improvement in the competitiveness of the established industries along with the enhancement in industrial productivity and quality can contribute to creating a broad based and high economic growth rate.

Similarly, to meet local needs and to create income generating opportunities in backward rural areas, an integrated programme should be launched to develop skills, entrepreneurship, investment and technology needed for industrial promotion. If such integrated programme is linked to market and the access of special targeted groups is enhanced, it can contribute significantly to poverty alleviation.

The development, utilization and extension of local raw material, local skill and technology and upgrading them as per market demand, through trainings, can contribute to poverty alleviation and human resource development.

c) Employment generation and other contribution

There is a possibility of creating additional 250,000 employment opportunities in industrial sector through the improvement in industrial production and productivity, reform in industrial management, promotion of employment generating industries and exploration of minerals by attracting domestic and foreign investment.

d) Gender equality

Women's skills will be enhanced through technical education and skill development programme and the technical assistance and soft loan available in this process will enhance economic opportunity, employment and earning of women resulting in better gender equality in the society.

14.1.6 Possible obstacles and risks in implementation and attaining results

- No improvement in law and order and security situation
- Absence of policy level stability
- Uncertainty in domestic market
- Adverse international situation

14.1.7 Output Monitoring indicators

- Industrial statistics that reflect industrial registration, operation and status; progress report such as production, employment, raw material, consumption of electricity and fuel, and policy and procedures related to various aspects.
- Statistical report that monitors macro indicators on productivity improvement and quality management on labor, capital, total factor productivity growth

and national and international quality certifications (ISO 9000, ISO 14000), quality circle establishment and whether things are done in accordance with the rule of environmental friendliness.

14.2 Trade Sector

14.2.1 Background

Trade sector has an important role to play in the economic development of the country. With the objective of expanding foreign trade, the policy and programmes are directed towards making the Trade sector liberal and market-oriented. The shortfall in export in comparison to the import in Nepal has created an adverse impact in the balance of trade.

Though export to India has increased significantly due to Nepal-India Trade Treaty, trade deficit with India remains unabated mainly due to a few number of exportable items to India. Trade should be diversified country-wise and product-wise and economic liberalization should be aimed at export promotion and import competing rates at higher level

14.2.2 Review of the Ninth Plan

a) Targets and Achievements

The construction of dry port has been completed during the Ninth Plan period. During the same period, an export promotion seminar was held in Kathmandu aimed at expanding Nepal's foreign trade to various countries and to familiarize Nepal's trading image in the international markets.

The simplification of trade between Nepal and India has enhanced industrialization in Nepal. With a view aim to promote export of readymade garments and make it sustainable an agreement has been reached with the European Union in 1999 and a number of initiatives have been taken to enhance the quality of the products.

b) Problems and Challenges

Concentration of export trade in a few items and destinations, dependence on the import for raw materials, weak forward and backward linkage among the items in export list, widening annual trade deficit, and lack of development of infrastructures are among the problems faced by trade sector.

Failure to fully use the alternative transit route via Kakarbhitta-Fulbari-Banglaband to expand foreign trade is one of the major challenges. Similarly, failure to expand trade with China despite huge business potential is another weakness of the country's foreign trade regime. Since the country has not been able to use the Dry Port constructed in Birgunj, this has also adversely affected the competitiveness of the country's foreign trade.

14.2.3 Long term vision

The trade sector will be integrated to the globalization process and will be made competitive and market-oriented to develop it as a strong foundation of the economy.

14.2.4 The Tenth Plan

a) Objective

The major objective of trade sector is to integrate import to industrial development and to promote export so as to increase the overall contribution of the trade sector to the GDP. Similarly, another objective of this sector is to enable people at all levels to utilize the gains of domestic and foreign trade through maximum participation of the private sector under the liberal, competitive and market-oriented economic environment.

b) Major quantitative targets

- a. Export of about Rs. 320 billion worth of merchandise goods
- b. To reduce the trade deficit to 12 .1 percent of GDP at the lower growth rate and to 12.2 percent of GDP at normal growth rate in 2006/07 from 12.7 percent of GDP at 2001/2002.

c) Strategy

Policies and programs will be oriented towards making the trade sector liberal and market-oriented to speed up foreign trade. In the face of growing trade deficit that has already started to have adverse impacts on the Balance of Payments (BoP), special emphasis will be given to diversification of the exports both commodity wise and country wise, maximum use of local raw materials in domestic industries, strengthening of forward and backward linkages of exportable items and integration of the trade sector to globalization process.

The trade sector can contribute to achieving a higher growth rate if the trade is promoted and diversified under the leadership of the private sector in a competitive and market-oriented economic environment. Similarly, income earning and employment opportunities can be created for marginalized group through the promotion of micro and small enterprises and through an integrated program to improve skills, entrepreneurship, investment and technology transfer. This will significantly contribute to poverty alleviation. In this context, the following will be the major strategies of this sector.

- 1) Policy level changes will be given continuity to promote the participation of the private sector and to make the overall trade sector open and competitive.
- 2) Necessary arrangements will be made to obtain the WTO membership.
- 3) Import trade will be integrated with industrial development and internal trade will be made more market-oriented.

- 4) Special emphasis will be given to identify new exportable products of comparative advantage and improve their quality.
- 5) Various promotional programs will be carried out with the participation of the private sector and the capacity of institutions that can play a role in export promotion will be enhanced.

d) Policies and work plan

▪ Continuation of policy level change (related to strategy one)

- Long term action plan will be designed and implemented based on the study of long-term Trade and Export Policy through the participation of the private sector.
- To promote the participation of the private sector in trade, existing laws will be improved and procedural simplification will be made.
- The role of the government will be limited to that of a facilitator, regulator and evaluator.

▪ Membership of the World Trade Organization (related to strategy two)

- Necessary preparation will be done to obtain the membership of the World Trade Organization (WTO).
- WTO member countries having trading relations with Nepal will be approached to create an environment for an early accession of Nepal into the WTO.
- Necessary preparations will be done to study and minimize adverse impacts of Nepal's accession to the WTO, especially in the area of industry and commerce.

▪ Integration of import trade with industrial development (related to strategy three)

- Areas of comparative advantage will be identified and environment for investment will be created in those sectors to develop import trade as a component to the industrial sector.
- Small and medium scale processing industries will be established to process and export locally available natural and other resources.
- Participation of the private sector will be promoted to make the internal trade market oriented.

▪ Emphasis on export promotion (related to strategy four)

- The interrelationship between agro, forestry and other service oriented

industries will be promoted to increase the export of exportable items.

- Emphasis will be given to quality production of agro-based industrial goods at the local level and their export to create employment in the rural areas .
 - Competitiveness of exportable items will be enhanced by promoting foreign investment and technology in the area of competitive advantage based on study of demand and supply of goods in the international markets.
 - The procedural impediments to product-wise and country-wise diversification of foreign trade will be gradually simplified.
 - Using the opportunities that has emerged in the area of hydro-power, computer software and labor markets in the national interest, their export will be emphasized.
 - Emphasis will be given to the use of dry ports, two of which are already in use and the third one whose construction has been completed in Birgunj. Export promotion zones will be established nearby these dry ports with the participation of the private sector. Besides the traditionally used ports, new ports will also be identified.
 - Feasibility study will be carried out to establish Special Economic Zones to support the industrial and trade sector.
 - The competitiveness of the trade sector will be enhanced in harmony with SAARC, SAPTA and SAGO agreements.
 - Emphasis will be given in the quality promotion of traditionally developed exportable items such as woolen carpets, ready made garments, pashmina and handicrafts.
- ***Emphasis on promotional program and institutional capacity enhancement (related to strategy 5)***
- Institutional capacity of governmental, non-governmental and private institutions involved in the collection, processing and dissemination of information related to export promotion will be enhanced.
 - With the participation of the private sector, organization of trade fairs, participation in international trade fairs, identification and promotion of exportable items of comparative advantage will be given additional emphasis.
 - Various agencies working in the area of trade will be restructured to provide service under one umbrella.

e) Policy level and institutional reform

- To make foreign trade more simple, reliable, and cost effective, reform will be made in the area of laws, regulations, procedural and coordination activities. In addition, Trade Policy 1992 will be improved and various treaties and agreements will be implemented gradually.
- To create necessary environment for market development, an integrated and participatory co-operative programs among various institutions will be implemented. For this, organizational management will be strengthened and export promotion will be carried out in a co-coordinated manner.
- The policy to mobilize Nepalese foreign agencies (like embassies, trade consulate offices etc) in promoting FDI for industrial development in the country will be made effective.

f) Programmes and Policies

The summary of prioritized programmes related to trade sector during the Tenth Plan period is summarized below on the basis of prioritization process of Policy Action Matrix .

Table 14.3 Summary of fixed priority

(Rs in millions)

Priority order	no. of programs	At expected growth rate		At normal growth rate	
		amount	percentage	amount	percentage
A (P1)	1	543.6	96.9	413.1	96.8
B (P2)	1	10.6	1.9	07.1	1.7
C (P3)	3	06.7	1.2	06.7	1.5
Total	5	560.9	100.0	426.9	100.0

14.2.5 Expected Outputs

- a) The contribution of the trade sector in GDP is expected to rise with trade diversification and export promotion.
- b) The liberal, competitive and market-oriented economy in the leadership of the private sector will contribute to poverty alleviation and human development.
- c) Creation of 250, 000 employment opportunities.
- d) Export promotion and quality enhancement programmes through the participation of scattered private sector entrepreneurs and coordination of various agencies is expected to have positive impacts on rural development.
- e) Gender equality will be promoted through the development of entrepreneurship of rural women in the operation and management of food processing industries.

14.2.6 Possible obstacles and risks in implementation and achievements of targets

- Ups and downs in the international market
- Adverse change in policies in foreign countries
- Cumbersome accession process to WTO
- Instability in public policies
- Adverse law and order situation

14.2.7 Output monitoring indicators

- Export-GDP ratio
- Contribution in foreign currency reserve through export sector
- Improvement in trade deficit

14.3 Supply sector

14.3.1 Background

There is an indispensable relationship between consumption and supplies of goods and services. Supply management has an important role to play in ensuring easy availability of quality consumer goods and services at a cheaper rate to common people. Similarly, it also has to play a role in ensuring the regular supply of goods and services to poverty-stricken, remote and rural areas and maintaining a smooth and overall flow of goods and services between producer and consumers.

On the one hand, there is a need for regulating the supply situation through competitive market, on the other hand, there is also a need for encouraging the private sector for supplies and market management in the areas that are weak and backward areas in terms of social, economic, educational indicators and where people cannot exercise their choice. In such sectors there is a compelling need to manage the supply situation through the government machinery with the involvement of the non-governmental organization and civil society.

A reliable food security management is equally needed to cope up with the natural calamities and unforeseen emergencies. Keeping these facts in mind, there is a need to put in place a credible, qualitative, easily accessible, and dynamic supply system. To achieve this, a working plan, institutional mechanism, effective implementation system based on a suitable policy should be developed.

14.3.2 Review of the Ninth Plan

a) Targets and Achievements

The Ninth Plan had aimed at regular and smooth supply of essential consumer goods, monitoring these goods to protect the interest of consumers, and storage of minimum required food items at the regional level to ensure food security. The Plan had also mentioned that the government would play the role of a regulator and would control

the black marketing and creation of artificial shortages of essential goods.

To monitor the market price, monitoring official has been appointed in all 75 districts as recommended by Consumer's Right Protection Act 1997 and Consumer Protection Regulation 1999. The transportation subsidy is still in place to ensure that there is no shortage of foods in the remote hilly districts.

Subsidy on price and transportation has been given to ensure the supply of iodized salt in the remote and semi-remote areas. Relevant information has been disseminated through the electronic and print media. A minimum support price has been fixed by Nepal Food Corporation to purchase food grains.

Over 30,000 metric tones of food stuffs have been stocked as per the food reserve program of the Ninth Plan 4000 metric tones of food for SAARC Food storage Stock and additional 40,000 storage tones for National Food Security Stock have been provisioned. The petroleum reserve capacity of Nepal Oil Corporation have been expanded to 70,000 kilolitre from 30,000 kilolitres against the target of 100, 000 litres. Likewise, 57, 791 quintals of iodized salt have been supplied to 13 remote and 9 semi-remote districts against the target of 70,031 quintals.

b) Problems and challenges

The major challenges in this sector include the following: Lack of coordination among agencies that deal in supply price, quality, weight, and cost; absence of smooth and result oriented structure and procedures in public corporations; and absence of scientific management for keeping the necessary stock of food and petroleum products. There is also lack of a mechanism for calculation of production cost and a system for gathering export-related information, information bank. There is a further need for making the import of Liquefied Petroleum Gas and other petroleum product more transparent and effective. Poverty and backwardness in remote areas, low production of essential consumer goods, limited market development in those areas, maximum impact of border price in the domestic market, and failure to effectively implement the acts related to consumers' rights are other major challenges.

14.3.3 Long-term vision

Necessary basis will be created conducive to the private sector to play leading role. Regulatory and monitoring role will be recorded to the public sector. Likewise, necessary mechanism will be designed to develop partnership between the private sector, non-governmental agencies and civil society for a reliable management of supply system. By developing necessary infrastructures and institutions, supply system will be made easily available, reliable, credible, and qualitative to meet the need of people and the nation.

14.3.4 The Tenth Plan

a) Objectives:

- 1) Reliable and easily accessible supply of essential commodities through the private sector.
- 2) Effective monitoring of prices and quality of essential goods and services and protection of consumers welfare by containing black-marketing and artificial shortage.
- 3) Necessary arrangement for food security.

b) Major sector-wise and macro-level quantitative targets

- Regular monitoring of prices of daily essential commodities.
- Supply of 13,200 metric tones iodized salt in 22 remote and semi-remote districts by providing transport subsidy.
- Necessary arrangement for the import of 800 thousand metric tones of iodized salt required during the plan period.
- 35000 metric tones of food will be supplied and distributed in remote districts.

c) Strategy

Supply system has an important role to play in maintaining the regular supply of goods between producers and consumers as well as supplying daily essential goods to remote areas, villages, and areas affected by natural calamity. The government will play a role of a regulator and facilitator for a disciplined and well functioning supply system through private sector and cooperation between non-governmental organizations and civil society. In this context, following will be the strategies in this sector.

▪ ***Strategies related to objective no 1.***

- 1) The system of fixing prices through market system will be further strengthened.
- 2) In order to maintain a regular and easily accessible supply of daily essential goods, an information system regarding production, import, export, and selling prices will be developed.

▪ ***Strategies related to objective no. 2***

- 3) For the sale of daily essential goods, fair-priced shops will be established. Consumer co-operatives will be promoted.
- 4) Monitoring will be strengthened with the involvement of the private sector to check monopolist tendency, artificial shortage and obstructions in the smooth supply of goods.

▪ ***Strategies related to objective no. 3***

- 5) Special attention will be given to maintain regular supply of food to food-deficit areas and to the poor. Transport subsidy will be provided

to supply food to the remote districts.

- 6) Buffer stock will be maintained to address the shortages of food, petroleum products etc due to natural calamities or other reasons.

d) Policy and Action Plans

- ***Supply of essential consumer goods and construction materials (related to strategy 1)***
 - The supply of iodized salt will be arranged through various agencies in 22 remote and semi-remote districts and the import and sales of salt will be arranged in other districts.
- ***Easy availability of essential commodities and construction materials (related to strategy 2)***
 - Necessary supply of food items in remote areas will be maintained through Nepal Food Corporation and other agencies. Easy availability will be maintained to ensure food security.
- ***Arrangement of fair-price shops (related to strategy 3)***
 - Consumer groups and cooperatives will be promoted to open fair-price shops for sales and distribution of necessary goods.
- ***Checking the monopolistic tendency, artificial shortage, rent seeking and obstruction in the supply system (related to strategy 4)***
 - Emphasis will be given to create a competitive environment with the participation of the private sector in the supply of goods.
 - Regular monitoring will be done and necessary mechanism for eliminating monopoly be in place to end artificial shortage.
 - For the protection of consumers' right, various programs will be launched to raise public awareness to maintain quality and effective monitoring.
- ***Regular supplies in the food deficiency areas. (related to strategy 5)***
 - Regular monitoring will be made regarding demand and supply situation of goods daily necessity and construction materials and this information will be disseminated as necessary.
 - Provision of buffer stock will be continued as a market stabilization, measure to ensure food security and maintain stocks.
- ***Checking the shortage of goods due to natural calamities or other reasons (related to strategy 6)***
 - Arrangements for additional supplies of goods, medicines and clothing

will be made for natural disaster-prone areas.

d) Policy level, legal, and institutional reform and mechanism for implementation

Regular study will be conducted for timely reform in policies to ensure the supply of quality goods and services by strengthening the participation of the private sector in supply system.

Long-term supply policy will be formulated with the participation of the concerned stakeholders. Recommendation committees will be set up and the recommendations will be implemented especially to upgrade the existing Consumer's Rights Protection Act 2054 and Consumer's Rights Protection Regulations 2056. Acts, regulations, circulations and directives related to supply system will be collected and published.

All the monitoring and evaluating agencies will be brought under an umbrella to the possible extent.

e) Programs and Projects

Since there is a lack of coordination between the market monitoring and evaluation programs and the programs implemented by the Department of Commerce, necessary coordination and implementation works will be done through the Program Monitoring and Implementation Division of the Ministry of Industry, Commerce and Supplies as provisioned by Consumers Rights Protection Act 2054.

To implement effective reform programs, a detailed report of the program and cost will be prepared and its implementation will be completed within next five years.

Within the Tenth Plan period, four programs/projects will be implemented in the supply sector. The programs are presented below in priority order in the following table.

Table 14. 4: Priority fixation summary

(Rs. in Million)

Priority order	no. of programs	At expected growth rate		At normal growth rate	
		amount	percentage	amount	percentage
A (P1)	1	930.8	79.7	740.4	83.1
B (P2)	1	225.6	20.2	149.5	16.8
C (P3)	2	11.5	0.1	00.8	0.1
Total	4	1167.9	100.0	890.7	100

14.3.5 Expected Output

- a) Contribution to poverty alleviation and Human development
- b) Creation of employment opportunities
- c) Contribution to regional development and regional balance

14.3.6 Possible risks and obstacles in implementation and achievement of targets

- Lack of financial resources
- Absence of relevant law and institutional arrangements.
- Lack of transparency and good management in supply system.

14.3.7 Output monitoring indicators

- a) Following indicators will be used to monitor whether the programs were available as per the goals.
- Regular availability of goods and services within the fixed time frame and at an adequate quality.
 - Increase in the capacity of buffer stock
 - Price Index trends
 - Reaction of consumer groups

14.3.8 Programs and estimated budget for industry, trade and supply sector for the Tenth Plan has been given in the matrix below.

14.3.9 Log frame

The overall log frame for Industry, Trade and Supply has been given below. Detail is given in Annex 3.

Policy and Program Log Frame— Industry, Commerce and Supply*

Overarching National Objective: Poverty incidence of Nepalese People (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Goal: Substantial contribution of Industry, commerce, and supply management in the economic and social development of the country

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Objective: Improvement in supply system along with increased competitiveness in the industry and commerce sector.</p>	<ul style="list-style-type: none"> Government will play a role of a regulator, facilitator, information disseminator and a monitoring agency to create an environment for the private sector to play a lead role in industry and commerce sector. Intellectual property will be protected for commercial purposes. Sustainable development of infrastructure, entrepreneurship and skills to establish micro and cottage industries. Encourage foreign capital to enhance industrial capital base. Accession to World Trade Organization membership For export promotion, new products of comparative advantage will be identified, quality of exportable goods will be improved, and new export destination will be identified. Monopoly will be eliminated in supply management and availability will be increased. 	<ul style="list-style-type: none"> Employment situation in industry and commerce sector Contribution of industry and commerce sector to GDP 9.32%. Diversification of exportable goods Sector-wise in export. Increase in availability of manufactured goods of Nepali origin in the international market Absence of shortage of essential goods in the various parts of the country. 	<ul style="list-style-type: none"> Ministry of Industry, commerce, supplies and its line agencies progress report and other reports. Central Bureau of Statistics' Industrial Census report Reports of Ministry of Finance, Nepal Rastra Bank and NPC Ministry of Labour's report Report of the Trade Promotion Centre . Special Survey reports 	<ol style="list-style-type: none"> Programs to promote export oriented industries based on local and foreign raw materials. Programs to promote industries, commerce and services based on foreign investment. Programs to promote small and cottage industries based on traditional skills and arts. Programs to develop and expand micro industries in rural areas. Programs for geological survey and exploration of minerals and development of industries based on minerals. Programs to make the commerce and trade sector liberal and competitive. Programs for regular, qualitative, and accessible supply of necessary goods. 	<ul style="list-style-type: none"> Ups and Downs in international market Policy consistency of government Law and order situation Reform in labour law Foreign Trade Relations

** Quantitative targets based on 6.2 per cent growth rates (details in annex 3)*

**Table 14.1 : Program and estimated budget
Industry**

(In Rs. million)

S.N.	Programs/Projects	Normal Case	Lower Case
	First Priority (P1)		
1.	Cottage and small scale industries promotion program, 27districts	614.2	564.1
2.	Cottage and small scale industry promotion program, committee-48 districts	830.1	762.3
	Total	1444.3	1326.4
	Percentage	63.61	77.73
	Second Priority (P2)		
3.	Cottage and Small scale industry development committee, centre	219.4	195
	Total	219.4	195
	Percentage	9.66	11.43
	Third Priority (P3) (Possible Projects)	606.9	185
	Percentage	267.3	108.4
4.	Cottage and small scale industry training centre		
5.	Industrial Entrepreneurship Development Academy		
6.	Environmental sector support program		
7.	Geological survey and research project		
8.	Minerals exploration and development project		
9.	National Seismological Center project		
10.	Industrial promotion project		
11.	Nepal Standards and Metrology Project		
12.	Industrial statistics system reform project		
13.	Petroleum Exploration Project		
14.	Industrial Energy Management Project		
15.	Technology transfer and development project		
16.	Company Registrar's Office Strengthening Project		
	Grand Total	2270.6	1706.4

Commerce

In Rs. million

S.N.	Programs/Projects	Normal Case	Lower Case
	First Priority (P1)		
1.	Export processing zone	543.6	413.1
	Percent	96.91	96.77
	Second Priority (P2)		
2.	Trade information and Export Facilitation Project	10.6	7.1
	Percent	1.89	1.66
	Third Priority (P3)	6.726	6.73
	Percentage	1.2	1.58
3.	Export Promotion Fund		
4.	Nepal Multi-modal Transit and Trade facilitation project		
5.	International Exhibition Hall Project		

Grand Total	560.93	426.9
--------------------	--------	-------

Supplies

In Rs. million

S.N.	Programs/Projects	Normal Case	Lower Case
	First Priority (P1)		
1.	Distribution and sales of food in remote areas (Nepal Food Corporation)	930.78	740.4
	Percentage	79.70	83.13
	Second Priority (P2)		
2.	Cretinism Disease Control Project	225.6	149.5
	Percentage	19.32	16.78
	Third Priority (P3)	11.472	00.76
	Percentage	0.98	0.09
3.	Consumer Rights Protection Program		
4.	Price Monitoring Project		
	Grand Total	1167.9	890.6

Chapter 15

Labour and Transport Management

15.1 Labour management

15.1.1 Background

Creating opportunities for income generation and employment is indispensable for poverty alleviation. Skill enhancement training, human resource development, improvement in the investment environment and promotion of private sector industry and commerce are the major prerequisites. It is equally imperative to maintain industrial peace by creating harmony between the management and labourers to establish cordial relationship and to improve occupational health and safety for advancing the process of industrialisation in a healthy way.

In this context, maximum number of Nepalese youth needs to assimilate in the mainstream of economic development through their skill development and providing domestic and foreign employment opportunities. Similarly, it is essential to update the labour administration to consolidate the rights, interests and protection of the labourers of industrial enterprises and other sectors. A policy on making both employees and the management more responsible for increasing production and productivity is also required.

On one hand, there is a need for appropriate labour policy to attract private sector investment and it is also equally important to train the management for Best Management Practices on the other hand. If women's skill is enhanced through vocational and technical training and their capacity is built, women's involvement in income generation will increase, which will ultimately contribute to the gross national income.

15.1.2 Review of the Ninth Plan

A. Targets and achievements

Following are the achievements of the Ninth Plan:

- Of the targeted 26,158 people, 25,139 people have been trained.
- 230,720 Nepalese are involved in foreign employment.
- Labour Market Information on 11 districts has been prepared.
- Factories of organised sector have been inspected for 5,232 times.
- Informal population education has been provided to 30,000 people.
- It is estimated that a total number of 9,959,000 manpower employment has been created

B. Problems and challenges

The legal jurisdiction and responsibilities related to labour has expanded notably as per the policy on labour administration, Act and laws, but there has been no implementation of the provisions relating to labour laws as expected due to lack of

manpower expansion and development of infrastructures.

Similarly, incompatibility between the demand and supply of skilled manpower in the market, lack of required level of communication between the labour administration and management, absence of good relations and mutual trust among the labour administration, management and labourers, and lack of improvement in industrial relations in most of the industrial enterprises due to absence of organisational management as provided by the law are other problems.

15.1.3 Long-term vision

The Tenth Plan envisages developing labour force that can be supplied to the domestic as well as the international market in the context of globalisation and liberalisation for which required number of competent, skilled, creative, competitive and high quality manpower will be developed by calculating the necessary labour force in different sectors of the economy.

Similarly, the Tenth Plan has the long-term vision of promoting industrial peace, healthy and safe working environment and enhancing the dignity of the labourers thereby assisting in poverty alleviation.

15.1.4 The Tenth Plan

A. Objectives

1. To safeguard the rights, interests and social security of labourers and to maintain industrial peace by ending exploitation of labourers.
2. To consolidate and manage labour market information and to produce skilled manpower thereby helping in poverty alleviation.
3. To create an environment to help Nepalese labourers get employment opportunities in foreign labour markets.

B. Quantitative Targets

	Normal case	Lower case
1 No. of people trained in various skill and vocational subjects	20,000	17000
2 Collection of labour market information in various districts (no.)	25	25
3 Study, research and workshop on labour and training sector (no.)	5	5
4 Foreign employment promotion tour (no.)	10	10
5 To send youths to various countries for employment to raise the contribution of this sector to the national income (no. of youths)	5,50,000	5,50,000
6 To provide informal education and to operate day child care centres for the elimination of child labour (no.)	15	12
7 Collect samples of smoke, dust, light, heat and poisonous substance from industrial enterprises and formulate national standard relating to them	300	255
8 Inspection for elimination of child labour (frequency)	2000	2000
9 Additional manpower of employment generation	10,53,000	10,53,000

C. Strategy

The conventional skills have not been able to meet the increasing and special type of

demand of the labour market due to the use of new technologies emerged in course of the development activities. The supply of skilled labourers not only creates opportunities for income generation and employment, but also positively helps in the entire production process thereby contributing to maintain better and sustainable high growth of economic activities.

Similarly, conducting various vocational education training and awareness generating programs for skill development of labourers, providing loans to self-employment-oriented particularly low income group labour force, making them capable of utilising the employment opportunities available in the domestic and foreign labour market, establishing labour trust and improving the relations between labourers and employers among others bring changes in the social and economic condition of labourers.

Production of skilled labourers creates employment opportunities in both domestic and foreign employment market environment for access and it will contribute significantly to poverty alleviation as well. Similarly such programs can be introduced as targeted programs. In this context, the main strategies of this sector are as follows:

■ ***Objective- 1 related strategy***

1. Labour related legal provisions shall be timely amended to make labour administration more effective and the rights and interests of labourers will be protected as per the International Labour Organisation labour standard.
2. Communications between labourers and management shall be encouraged regularly to promote harmonious industrial relations.

■ ***Objective- 2 related strategy***

3. Employment will be ensured through managing information on labour market and by organising vocational and skill development training as per the demand of the domestic and foreign labour market.

■ ***Objective-3 related strategy***

4. Loan assistance shall be extended to the low income groups in order to utilise the foreign employment opportunities to the best possible extent.

D. Policies

■ ***Effectiveness of labour administration (Related to Strategy 1)***

- Necessary Acts, laws, practice code, guidelines, directives and standards shall be formulated in order to promote occupational health and safety at workplaces in industrial enterprises.
- Emphasis will be laid on the protection and promotion of physical and mental health and protection of labourers involved in industrial enterprises.
- Labour related laws, process and institutional aspect will be reformed as

required to safeguard the rights and interests of labourers and to create an environment for investment. Labour Act will be timely amended.

- Establishing bilateral mechanism in every enterprise will create environment conducive to resolve field level disputes at workplaces justifiably.
- Trade unions will be encouraged in such a way that it helps in promoting enterprise by developing them as organisations protecting the occupational rights and interests.
- Indicators of remuneration and labour wage will be formulated and updated.
- Laws related to social security of labourers projects will be implemented formulating.

■ ***Promotion of harmonious industrial relations (Related to Strategy 2)***

- The provision of inspection shall be made more effective and organised.
- A central labour trust will be established in order to promote cordial industrial relations.

■ ***Vocational and skill development training programs (Related to Strategy 3)***

- Statistics on labour will be collected and published and labour market information system will be consolidated.
- Vocational and skill development training will be conducted in a coordinated manner.
- Information on employment potentials of non-agriculture sector will be disseminated regularly.
- Vocational and skill development training as per the demand of the labour market will be organised targeting the residents of remote areas, ethnic communities, indigenous people, women and backward communities including the residents of other areas to develop manpower as per the demand of the domestic and foreign employment market, and their employment is ensured.
- Short-term skill and entrepreneurship development program in rural areas will be implemented in integrated manner to contribute to poverty alleviation substantially through generation of self-employment.
- Skill-oriented training will be imparted to Nepalese youths in order to replace foreigners working in industrial enterprises for a long period.
- Skill development and vocational training centres, involved in producing manpower as per the demand of the labour market, will be strengthened and expanded. Researches, training, seminars, labour training, and education programs on industrial relation, labour administration, labour productivity growth and management will be made more organised and effective.

■ ***Encouragement to foreign employment (Related to Strategy 4)***

- In order to utilise the practical and occupational skills of retirees from foreign employment in opening up small industries and developing entrepreneurs, entrepreneurship development and refreshment training in existing legal provision and market potential will be provided along with soft loans.
- Micro-credit enterprise program will be conducted to provide self-employment to those receiving training from skill development training centre and vocational training centre.
- Loans will be extended to those who are unable to go abroad for employment due to lack of fund. Youths from economically backward communities and from remote areas will be involved in this scheme.

E. Policy, legal and institutional reforms and their implementation provisions

Institutional reforms will be made to render the labour administration, training, manpower development, foreign employment and occupational health and safety of factory labourers and factories more effective.

F. Budget allocation as per the priority of programs and projects

The summary of the programs and projects of this sector in the Tenth Plan are as follows:

Rs in million

Priority basis	No. of programs	Normal case		Lower case	
		Amount	percent	Amount	percent
A (P1)	4	167.3	57.3	130.1	58.6
B (P2)	2	124.4	42.6	91.5	41.2
C (P3)	2	00.4	0.1	00.4	0.2
Total	8	292.1	100.0	222.0	100.0

G. Possible constraints and risks of implementation and targets achievement

- If there is inadequate information on labour market.
- If there is industrial instability.
- If there is a lack of adequate means and resources, manpower and experts in labour offices.
- Lack of tripartite coordination.

H. Achievement monitoring indicators

- The condition whether the trained people are employed or not.
- Attraction of trainees towards training.
- Increase in domestic production boosted by alleviation of poverty.
- Rise in industrial production fuelled by prevalence of industrial peace.
- Increment in productivity due to improvement in occupational health and

safety of factory workers.

15.1.5 Expected achievements

- Some 20,000 Nepalese youths will be trained and employed and it is expected to make additional contribution to Gross Domestic Product during the plan period.
- As the involvement of skilled manpower in paid jobs, self-employment and foreign employment generates economic benefits, it will help in reducing poverty.
- Training will contribute to developing manpower.
- Skilled manpower can find jobs in labour market.
- As training centres have been expanded to various regions of the kingdom, people of all regions will have opportunity to learn skill and it will contribute to balancing regional development.

15.2 Child Labour

15.2.1 Background

Although Nepalese children have been assisting in household tasks traditionally due largely to economic depravity, child labour has emerged as a major and sensitive issue in recent years as they are used in various economic activities as labourers. According to a study report, there are about 2.6 million child labourers in Nepal of which 2 million are estimated to be of 5 to 14 years age group.

Mainly, child labour in Nepal is found to be involved in the following areas:

- Work on agricultural land, herding cattle.
- Work as domestic helper.
- Work in service sector like hotels, restaurants, buses and tempos.
- Work in various factories.
- Involved in immoral activities like drug abuse and sexual exploitation.

15.2.2 Review of the Ninth Plan

The following progresses have been made during the Ninth Plan period in eliminating child labour:

Of the total target of inspecting 2,900 carpet factories, 2,726 factories were inspected and it was found that out of the total labourers working in carpet factories 0.61 percent was child labour. Action has been taken against the factories employing child labour. Such child labourers have been rehabilitated with the assistance of various non-governmental organisations.

Day child care and informal education have been provided to 200 children of carpet labourers on average annually by establishing 3 day child care centres. Similarly, informal education has been provided to the children of carpet labourers by opening

two day child care centres each in six districts with the help of His Majesty's Government of Nepal and the International Labour Organisation.

To raise awareness against child labour in various places of the country, publicity has been generated through newspapers, magazines, posters, pamphlets, radio and television.

Child Labour (Prohibition and Regulation) Act, 2056 has been formulated.

International Labour Organisation convention no. 138 relating to fixing minimum age for employment and convention no. 182 relating to eliminating the worst forms of child labour have been ratified.

A National Steering Committee has been formed with an objective of coordination while conducting programs related to child labour elimination through various governmental and non-governmental organisations and about 73 programs for the welfare of children have been conducted.

Problems and Challenges

The following major problems were faced while conducting programs related to child labour elimination:

- Lack of coordination in conducting programs related to child labour elimination and poverty alleviation despite the fact that child labour is directly linked with poverty and income generation.
- Lack of enough awareness on child labour elimination.
- Inability to conduct sufficient programs focusing on the child labourers of unorganised sectors and remote areas.
- Inability to introduce effective programs for rehabilitating child labourers displaced from various industries.
- Failure to strengthen and make capable district labour offices due to lack of means and resources.
- Failure to provide skill-oriented training to the labourers of unorganised sectors and to conduct programs that create opportunities for self-employment and failure to impart training focused on child labour prone families.
- Lack of coordination among institutions like educational, health, agricultural, land reform, trade unions and non-governmental organisations which help in child labour elimination, in introducing effective programs to end child labour.
- Lack of cost/effect study of programs conducted so far by various governmental and non-governmental organisations targeting child labour elimination and lack of monitoring and evaluation of those programs.
- Lack of transparency in conducting programs aimed at eliminating child labour even by international non-governmental organisations.

- Absence of initiation to provide alternative primary education to the children having no access to school education.
- Inability to provide education, health and safety for the child labour involved in carpet, transport and agriculture sectors and lack of apprenticeship training to child labourers of 14 to 16 years age group.

15.2.3 Long-term vision

The Tenth Plan envisages to eliminating child labour within 10 years by massively expanding the income generating and self-employment programs along with the programs related to education, health and safety particularly focussing on raising awareness among the child labourers of remote areas working in unorganised sectors and their parents.

15.2.4 The Tenth Plan

A. Objective

- To eliminate most of the worst forms of child labour existing in various sectors in Nepal.

B. Quantitative targets

- To alleviate 90,100 worst forms of child labour in 35 districts implementing The Master Plan.

Types of child labour	Number
Bonded child labour	14,150
Child porter	28,450
Street children	2,900
Domestic helpers	40,850
Child labour working in mines	400
Carpet child labour	3,350
Total	90,100

C. Strategy

Children are the competent citizens of the future. If they are deprived of the opportunity to get education, well-nourishment and to grow up in a fearless environment due to child labour, the future manpower will be unproductive. Basically, children from very low income families, suffering from family torture, adversity and having no guardians turn to be child labour.

Besides, lack of sensitiveness of the employers of such children has also worsened the condition of child labour. Elimination of child labour, incorporating the low income group families, which contribute to child labour, into poverty alleviation fund

and various sectoral group-targeted programs, development of child labour elimination related care centres, rehabilitation, education, awareness and capacity building and consolidation of organisational management will benefit the targeted groups.

This apart, it will also contribute to poverty alleviation and to the national strategy of developing infrastructures of social development. In this context, the following strategies have been formulated for this sector:

1. Programs related to child labour elimination will be integrated with poverty alleviation programs.
2. Provision will be made to eliminate the worst forms of child labour within next five years and all forms of child labour within next 10 years.
3. Emphasis will be laid on enhancing capacity of the employees of the concerned ministries, departments and offices related to child labour elimination to implement the child labour program effectively.
4. A high level Central Coordination Committee will be constituted in order to coordinate the programs related to child labour elimination.

D. Policies

■ *Programs related to child labour elimination (Related to Strategy 1)*

- Various targeted programs will help in promoting the employment of the guardians of poor and child labourers.
- Instead of the existing practice of introducing programs to organised sector only for ending child labour, programs will be extended to unorganised and poor communities in the plan period.

■ *Provisions on eliminating child labour (Related to Strategy 2)*

- Opportunity to education will be given to children and assistance will be extended to rehabilitate the children working in various factories and industries as child labour.
- Programs contributing to child labour elimination will be incorporated in the sectoral programs of the government, local bodies and non-governmental organisations which are actively contributing to eliminate child labour.
- For the effective implementation of Child Labour (Prohibition and Regulation) Act, 2056, regulations relating to the Act will be formulated.
- District Children's Welfare Committees will be activated and empowered and emphasis will be given on conducting awareness programs about child labour elimination by mobilising people through such committees. Appropriate awareness generating programs will also be carried out in the urban areas where child labour is prevalent.
- Skill development training centres, labour offices and other government

offices will be directly involved in eliminating child labour by incorporating programs that contribute to end child labour to their regular programs.

- Inspection of child labour will be given continuity. Similarly, arrangement will be made for the day care and informal education for child labourers and the children of working parents through Child Development and Rehabilitation Trust.
- Private sector, industrialists and trade unions will be actively mobilised to eliminate child labour.

■ ***Effectiveness of child labour programs (Related to Strategy 3)***

- Capacity building programs will be conducted for the employees of the government and non-government sectors working in the field of child labour elimination.
- The collection, analysis, monitoring and evaluation of information and statistics on child labour will be consolidated, collected and networked.

■ ***Coordination of programs on child labour elimination (Related to Strategy 4)***

- A high level central coordination committee comprising representatives from all sectors and bodies will be constituted in order to convene the programs related to child labour elimination in a coordinated manner by reviewing the role of various committees pertaining to the elimination of child labour.
- Emphasis will be laid on activating the role of district child welfare committees and the local bodies through programs related to child labour elimination conducted at various places.

E. Policy, legal and institutional reforms and provision for their implementation

- A master plan has already been formulated to eliminate child labour. The National Steering Committee will be further consolidated in order to render the programs run by concerned government agencies, international organisations and international non-governmental organisations related to elimination of child labour more effective. Required sub-committees will be formed to coordinate programs at the implementation level.
- Child Labour (Prohibition and Regulation) Act, will be implemented. Nepal has already ratified the convention no. 182 of the International Labour Organisation. In this context, necessary amendments will be made to Child Labour (Prohibition and Regulation) Act to make it compatible with the convention and a separate regulation will be formulated and enforced.
- Laying emphasis on studies and researches relating to child labour, special efforts will be made to make information dissemination more effective and organised. Besides, the district child welfare committees through the central child welfare board will be mobilised to make monitoring and evaluation of

periodic programs on child labour elimination.

- In order to coordinate the programs related to child labour elimination at implementation level, various programs of different governmental and non-governmental organisations related to child labour will be integrated into the child welfare committee and the programs will be carried out through the committee.

F. Budget allocation for Projects/Programs on priority basis

The priority based projects/programs in this sector in the Tenth Plan are as follows:

Rs in million

Priority order	No. of programs	Normal growth rate		Alternative growth rate	
		Amount	percent	Amount	percent
A (P1)	7	33.3	57.1	27.8	66.9
B (P2)	1	25.0	42.9	13.8	33.1
C (P3)	0	0	0	0	0
Total	83	58.3	100.0	41.6	100.0

15.2.5 Expected Outcomes

The following outcome will be achieved during the Tenth Plan as a whole:

- A separate policy will be formulated on child labour.
- Most of the worst forms of child labour will be eliminated.
- Rehabilitation centres will be established for child labourers and informal education will be imparted through them.
- Laws related to child labour will be implemented more effectively.
- Local bodies and child welfare committees will be actively mobilised while conducting various programs for the elimination of child labour. And it is expected to help in decentralisation and institutional development.

15.3 Transport Management

15.3.1 Background

It has been imperative to make transport service reliable, safe, non-polluting and public service-oriented, and to improve the quality of the service through better management and consolidation. Institutional strengthening and reforms are necessary to strengthen and enhance capability for the administrative and technical aspects of transport and well-equip them.

15.3.2 Review of the Ninth Plan

- A.** Building construction of the Department of Transport Management has been

completed, construction of Transport Management Office building of Bagmati zone has been commenced and computer networking in the Department of Transport Management and the offices under it is ongoing. Reform process has been begun after commissioning Kathmandu Traffic and Transportation Study and Load Carrying Capacity of roads.

The Plan had targeted to carry out study on scientific research on accidents, black spots, sketching accident-prone spots, opening accident prevention centres in 6 places and transport safety centres in 36 places with a view to preventing road accidents, but they could not be realised.

However, a high level National Transport Safety Committee, a central level Transport Safety Management Monitoring Committee and Transport Management Committee at zonal level were constituted during the Ninth Plan. The Plan had targeted to control pollution in Kathmandu and other major cities, and Nepal Emission Standard 2000 and Euro-1 Standard have been implemented.

B. Problems and challenges

- Budget not appropriated as per the requirement.
- Excessive rise in the number of vehicles compared to the existing road facility.
- Increasing pressure of traffic compared to the load carrying capacity of the existing road resulting in growing road accidents.
- Lack of bus stops and parking facility in urban areas.
- Lack of necessary monitoring during the movement of vehicles.

15.3.3 Long-term Vision

The long-term vision of the Tenth Plan is to develop a reliable, low cost, safe, non-polluting and self-dependent transport system thereby contributing to the development of economic, social, cultural and tourism sectors, among others, of the kingdom.

15.3.4 The Tenth Plan

A. Objective

The prime objective of the Tenth Plan is to develop a reliable, low cost, safe, non-polluting and self-dependent transport system and to make the transport service affordable and qualitative.

B. Quantitative Targets

- Permanent and mobile inspection mechanism will be set up in the Kathmandu Valley and highways in order to regulate traffic on highways and roads as per the load control and management system.
- Traffic and transport management directives will be implemented in order to

consolidate transport management.

- Railway service will be operated under Company Act and will be extended from Janakpur to Bardibas.

C. Strategy

Programs like standardising and well-managing vehicular movement involving the private sector in the operation and management and making transport service low cost and more effective are expected to contribute to the development of the private sector. If transport service can be better managed in the rural areas linked with road, the local produces could have access to market and would be a base for industrial development and raise the income of the rural populace, which in turn helps in poverty alleviation.

Similarly, pollution control programs will have positive impact on public health and contribute to the social development strategy. In this context, following are the major strategies of this sector:

- 1 Transport service will be made reliable, standard and safe by better managing the vehicular movement throughout the kingdom.
- 2 Vehicular pollution will be reduced in Kathmandu Valley and other major cities by adopting various pollution reduction measures.
- 3 All records will be updated through computer networking in order to consolidate transport management. A well-equipped inspection and monitoring system will be developed and implemented in order to reduce road accidents.
- 4 Alternative means of transport will be sought and promoted.

D. Policies

■ ***Safe transport management (Related to Strategy 1)***

- Bus parks, parking for other vehicles and bus stops in Kathmandu and other urban areas will be better managed.
- Transport service in Kathmandu and other urban areas will be made reliable and safe. Bottlenecks will be removed.
- Traffic management system will be improved to reduce road accidents.
- Difficulty in rural life will be eased through better managed transport service.

■ ***Vehicular pollution control (Related to Strategy 2)***

- Nepal Emission Standard 2000 will be effectively implemented in order to reduce vehicular pollution.
- Emphasis will be given on raising awareness among the people about vehicular pollution control.

■ ***Consolidation of transport management (Related to Strategy 3)***

- A well-equipped inspection and monitoring system will be developed and implemented in order to reduce road accidents.
- All information like vehicle registration, renewal, tax payment record, route permit and check pass will be computerised at the Department of Transport Management and Transport Management Offices, which can be easily accessed.

■ **Alternative transport management (Related to Strategy 4)**

- Railway service will be operated and expanded under the Company Act by carrying out feasibility study for expansion.
- Feasibility study of sea route will be made.
- Ropeway and trolley bus services will be expanded and operated by the private sector.

E. Budget allocation based on the priority of programs/projects

The prioritised programs/projects of this sector in the Tenth Plan are as follows:

Rs in million

Priority order	No. of programs	Expected growth rate		Normal growth rate	
		Amount	percent	Amount	percent
A (P1)	1	042.	0.9	04.2	1.1
B (P2)	0	0	0	0	0
C (P3)	4	477.1	99.1	369.7	98.9
Total	5	481.3	100.0	373.9	100.0

F. Possible constraints and risks

- Unavailability of expected budget.
- Increasing pressure of traffic beyond the load carrying capacity.
- Slow speed of vehicles in urban areas and lack of bus stops, parking facility etc.
- People's indifference to following traffic standard.

G. Monitoring indicators

- Improvement and expansion of transport administration.
- Organised transport service in Kathmandu and other urban areas.
- Reduction in road accidents.
- Reduction in pollution in Kathmandu and other urban areas.
- Construction of infrastructures like bus parks, parking lots and bus stops in Kathmandu and other urban areas.
- Department of Transport Management and the offices under it to be networked.
- Participation of private sector in the management and operation of railway

and ropeway.

15.3.5 Expected outcomes

- Efficiency of Transport Management Offices will be enhanced.
- Decision making process will be prompt once the Department of Transport Management and Transport Management Offices are networked.
- Road accidents will decrease.
- Feasibility study of East-West Electric Train Service will be completed.
- Participation of the private sector in the management and operation of railway and ropeway will increase.

15.3.6 Programs and Estimated Budget of Labour and Transport Management are given in chapter 15.1.

15.3.7 Log frame

The summary of logical framework of transport management sector is given below. Its detailed structure is given in annex 3.

Policy and Programs of Log Frame- Labour and Transport Management*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objective: Creating an environment conducive to economic activities through cordial labour relations and to contribute to the larger national policy of poverty alleviation through the elimination of child labour and consolidation of transport management.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<ul style="list-style-type: none"> • To manage labour force and to guarantee the rights of labourers and to raise their productivity and income. • To eliminate child labour. • To make transport service affordable and qualitative by rendering transport sustainable, reliable, safe and self-reliant. 	<ul style="list-style-type: none"> • The rights and interests of labourers will be ensured as per the standard set by the International Labour Organisation through timely amendments to labour laws. • Communications between labourers and management will be encouraged to promote cordial industrial relations. • Employment opportunities will be increased by conducting vocational and skill development training as per the demand of the domestic and international labour market by managing information on labour market. • Loans will be extended to low income groups in order to utilise the foreign employment opportunities optimally. • Child labour elimination programs will be integrated with poverty alleviation programs. • Emphasis will be given on enhancing the capacity of the officials of the concerned ministries, departments and offices to make child labour eradication programs effective. • The standard, safety and quality of vehicular transport will be enhanced and better managed. • Vehicular pollution will be reduced. • Means of alternative transport will be sought and promoted. 	<ul style="list-style-type: none"> • Ratio of more skilled labourers in international labour market. • Fixation of minimum standard of occupational health and safety. • The number of disputes in industrial enterprises. • The number of day child care centres. • Percentage of child labour. • To end worst forms of child labour within next five years and to eliminate all forms of child labour within next 10 years. • Reduction in road accidents. • Reduction in pollution in Kathmandu Valley and other urban areas. 	<ul style="list-style-type: none"> • Household Survey (Nepal Life Standard Survey) • Records of Department of Labour. • Records of Department of Transport Management, Transport Management Offices, traffic police and Department of Roads. • Reports of the Ministry of Labour and Transport Management and Ministry of Population and Environment. • Department of Transport Management and Transport Management Offices. • Traffic police, associations of transporters, passengers. • Emission survey. 	<ol style="list-style-type: none"> 1 To establish a separate Department of Employment Promotion and occupational health and safety centre. 2 To increase employment opportunities through conducting vocational training. 3 To disseminate information on labour market. 4 To formulate minimum standards for occupational health and safety. 5 To carryout programs to prevent child labour. 6 To consolidate the administrative and physical means related to transport management. 7 To increase the involvement of the private sector in the expansion of various sectors of transport. 8 To conduct programs to reduce road accidents. 	<ul style="list-style-type: none"> • Lack of enough information on labour market. • Industrial instability. • Lack of tripartite coordination. • Lack of coordination among government agencies on policy.

** The quantitative targets are based on 6.2 percent economic growth (Details are on annex 3)*

Chapter 15.1 Programs and estimated budget

Labour Management

S.N.	Programs and projects	<i>In Rs million</i>	
		Normal case	Lower case
	P1 programs and projects		
	Industrial development programs	7.2	5.6
	Vocational training centre programs	117	91
	Foreign employment programs	9	7
	Occupational health and safety programs	34.2	26.6
	Total	167.4	130.2
	Percentage	57.30	58.64
	P2 programs and projects		
	Skill development training	115.9	85.3
	Employment exchange service	8.4	6.2
	Total	124.4	91.5
	Percentage	42.57	41.19
	P3 programs and projects (Possible projects)		
	Percentage	0.38	0.38
	Micro-credit to trained manpower	1.3	1.7
	Entrepreneurship development program for retirees from foreign employment		
	Grand total	292.2	222

Child Labour

S.N.	Programs and projects	<i>In Rs million</i>	
		Normal case	Lower case
	P1 programs and projects		
1.	Informal education to child labour and their guardians	4.5	3.8
2.	Awareness building against child labour	4.5	3.8
3.	Skill-oriented training to the guardians of child labourers	9	7.5
4.	Information system on child labour	1.8	1.5
5.	Effective implementation of legal provisions relating to child labour	9	7.5
6.	Micro-credit to the families of child labourers	4.5	3.8
7.	Programs to eliminate the worst forms of child labour	0	0
	Total	33.3	27.8
	Percentage	57.12	66.87
	P2 programs and projects		
8.	Operation of child labour elimination and child labour reform projects in woollen carpet factories	25	13.8
	Total	25	13.8
	Percentage	42.88	33.13
	Grand total	58.3	41.5

Transport Management

In Rs million

S.N.	Programs and projects	Normal case	Lower case
	P1 programs and projects		
1	Computer networking of transport related documents	4.2	4.2
	Total	4.2	4.2
	Percentage	0.87	1.12
	P3 programs and projects (Possible projects)	477.1	369.7
	Percentage	991.3	988.8
2	Railway service reform, consolidation feasibility study and expansion		
3	Expansion of trolley bus service		
4	Expansion of ropeway service		
5	Building construction		
	Grand total	481.3	373.9

Chapter - 16

Electricity Development

16.1 Background

The availability of electricity contributes significantly to the overall development of the country on one hand, and its consumption reflects the economic condition of the nation on the other. Therefore, it has become highly important to harness the abundant water resources to generate electricity for the development of the kingdom.

Nepal, known as a highly potential country for generating hydroelectricity, has a theoretical potential of generating 83,000 megawatt electricity and real production capacity of 527.5 megawatt. The public sector generates 412.5 megawatt and the private sector produces 115 megawatt, which comes to be 0.63 percent of the total potential of electricity generation.

As electricity plays a crucial role in the balanced development of agriculture, industry and other sectors, it is necessary to supply power at reasonable price and its effective consumption is also equally important. It is undisputable that electricity expedites the process of balanced development. As the development of electricity calls for a huge investment, it is necessary to seek investment from various sources and to make best use of the existing resources.

Currently, the urban population is consuming most of the electricity. But majority of people live in the rural areas and most of the agro-industries, irrigation and cottage industries are also concentrated on the rural areas. As the overall development of the nation premises on the development of the rural areas, balanced development can be achieved only through creating opportunity for equal consumption of power in the villages and the urban areas.

Generating electricity from comparatively low cost hydroelectricity projects not only raises national production, but also fetches economic benefits for country from exporting power. Besides, hydroelectricity, a non-polluting natural energy, replaces fuels like oil, coal and gas and saves foreign currency and helps in reducing air pollution.

It is expedient to implement bilateral and regional cooperation in the development of hydroelectricity placing the national interest atop as the development of hydropower is potential to accelerate both the national and regional economic development of Nepal. Implementation of the concept would help in economic development, industrialization, flood control, environmental protection and in creating employment opportunities besides benefiting the downstream nation in profit sharing.

The investment from the private sector in hydroelectricity was remarkable in the Ninth Plan and the Tenth Plan also encourages investment from the private sector in

hydropower. It will create an opportunity to invest a reasonable share of government means and resources in the social and rural development. Attracting the private sector to hydropower development as per the Hydroelectricity Development Policy, 2058, will apparently help in reducing poverty and backwardness either through joint efforts of the government and the private sector or through unilateral efforts of any one party.

16.2 Review of the Ninth Plan

Targets and Achievements

As shown in table 16.1, the production capacity of hydropower and solar energy achieved so far is satisfactory compared to the target of the Ninth Plan. The contribution of 144-megawatt Kali Gandaki A Hydropower Project is remarkable to achieving the target. Similarly, the extension of transmission lines of 33/11 KV, substations of 132 and 66 KV and 11 KV and 400/230 volt distribution lines, (according to National Census 2058) 40 percent people are estimated to be benefited by the end of the Ninth Plan.

The real consumers of electricity have been calculated counting the people consuming electricity from alternative source and those who are not the direct consumers of Nepal Electricity Authority. It is estimated that out of 40 percent, 33 percent have been using the power from the national grid and the rest 7 percent from alternative sources of energy.

By the end of the Eighth Plan, electricity was available to about 800 Village Development Committees (VDCs) and 57 municipalities of 72 districts. Till date the facility is available in about 16,000 VDCs and 58 municipalities of all the 75 districts of the country. Power generated from the national grid is available in 57 districts.

By the end of the Eighth Plan period, the highest demand for electricity was 300 megawatt which has shot up to 426 megawatt by the end of the Ninth Plan. Currently, per capita electricity consumption is 60 kilowatt-hour. The average electricity tariff effected from 14 May 1996, a year before the beginning of the Ninth Plan, was Rs 5 per unit. The tariff was raised on 16 November 2000 and on 17 September 2001 and the current average tariff per unit is Rs 6.81.

Table No. 16.1 Targets and Achievements of the Ninth Plan

Area	Unit	Target	Achievement
Hydropower installed capacity	megawatt	538	527.5
Solar energy installed capacity	megawatt	60	57
Transmission line (132, 66 and 33 KV)	km	3,926	4,324
Capacity substation at higher level MVA		862	881

(132 and 66 KV)				
Substation capacity of 33/11 KV	MVA		650	393
Distribution line (11 KV and 400/230 volt)	km	6,067(additional)		8,400
Number of consumers	thousand		828	878
Benefited people	percentage		20	40

Problems and challenges

The problems and challenges faced during the implementation of the Ninth Plan are as follows:

- It has become necessary to amend the Electricity Act, 2049 in order to revise the royalty that the government receives as per the Hydroelectricity Development Policy, 2058, and to rectify the shortcomings.
- It has been felt that the private sector has been facing difficulties in accelerating the growth of electricity development due to the inefficiency of the one window policy.
- Non-fixation of wheeling charge and lack of proper management of grid code have been creating problems in power development.
- There has been difficulty in recovering the due tariff from government agencies, corporations and municipalities.
- Both the public and private investors have not invested enough in transmission and distribution system compared to the production of electricity.
- Lack of investment has hindered the use and expected development of hydropower.
- There has been a seasonal imbalance between demand and supply of hydroelectricity as majority of the existing hydel projects are run-of-river type.
- Although efforts have been made to stem leakage in the existing system, it has not been satisfactory.
- The coordinated use of all alternatives of power has remained a challenge due to the topography of Nepal which has made it difficult to provide electricity to all Nepalese.
- Given the purchasing power of the majority of people, the current electricity tariff is very high and to bring it down is a challenge.

16.3 Long-term Vision

Prime Objective

The long-term vision of this sector is to expand hydroelectricity through appropriate harnessing of water resources thereby raising the life standard of the Nepalese in a sustainable way.

Vision

In order to achieve the prime objective, the following concept will be adopted:

- Coordination will be established among peaking run-of-river, run-of-river and reservoir projects in order to make power supply reliable. Emphasis will be given on developing low cost small and medium hydroelectricity projects to supply power at an affordable rate.
- Priority will be given to run small hydroelectricity projects with people's participation through cooperatives and users groups and non-governmental organisations.
- Policy will be reformed in order to attract the private sector to electricity development thereby promoting investment and rendering the participation of the private sector competitive and transparent. Similarly, necessary amendments will be made to the provisions of the existing laws.
- Emphasis will be given to one window policy for efficient and effective implementation of projects.
- In order to make electricity export effective and institutional, infrastructural reforms will be made for developing electricity as an exportable item.
- Rural electrification program will be made effective.
- Industries and transport service consuming maximum electricity will be developed and electricity demand management will be encouraged.
- Policy to involve foreign and domestic investors in electricity development will be adopted and environment conducive to investing in power sector by the local capital market will be created.
- The existing single buyer and seller system of electricity market will be turned into multi buyers and sellers system. Nepal Electricity Authority will be unbundled gradually for this purpose.

Targets

The long-term targets of this sector will be as follows:

- To raise the consumption of electricity to 3.5 percent from the existing 1.4 percent of the total power consumption of the country.
- Initiatives will be taken to export 22,000 megawatt electricity generated from the development of Pancheshwor, Karnali and Saptagandaki multi-purpose projects.
- Hydroelectricity projects will be constructed to generate 2,230 megawatt electricity, out of which 400 megawatt could be exported.
- Electricity will be supplied to 63 percent people through national grid and 17 percent will be covered from alternative sources of energy.
- Per capita electricity consumption will be raised to 180 kilowatt-hour.

16.4 The Tenth Plan

A. Objectives

The following objectives have been set for the electricity sector to reduce poverty in a sustainable manner in the Tenth Plan.

1. To produce electricity at low cost harnessing the existing water resources.
2. To supply reliable and high quality electricity at reasonable price throughout the kingdom by integrating economic activities.
3. To expedite rural electrification so that it could contribute to the rural economy.
4. To develop hydroelectricity as an exportable item.

B. Quantitative targets

The following targets have set for achieving the objectives of the Tenth Plan.

- Hydropower projects will be constructed to supply 842 megawatt electricity, out of which 70 megawatt could be exported.
- Additional 10 percent people will be supplied electricity through the national grid for which power will be supplied to 2,600 Village Development Committees through the national grid and additional 5 percent people will be supplied power through alternative sources of energy.
- Per capita electricity consumption will be raised to 100 kilowatt-hour.

C. Strategy

Power sector plays an important role in the development of industry and commerce, increasing employment opportunities, and in the social and economic development. Rural electrification contributes significantly to modernisation of agriculture, supplying power to households and ground water irrigation in the Terai at low cost. And it helps in raising agriculture productivity, production, income generation and economic development.

Electricity relieves women of difficult jobs and helps in protecting them from in-house pollution. Similarly, it helps in distance learning and communication in the rural areas. Therefore, electricity helps in the economic and social development of the rural areas and in dispensation of justice. In this context, the following are the main strategies of the sector:

■ *Strategies related to objective No. 1*

1. A comprehensive approach will be adopted while developing and managing hydroelectricity as per the vision of developing water resources in an integrated manner for the development of the nation.
2. Electricity will be developed through the investment of the private sector, public investment or jointly.

3. Water resources will be developed and managed on the basis of the command areas of rivers.
4. Policy on transferring the unforeseen risks to the sector bearing at the lowest cost, be it the private or public sector, will be adopted.

■ ***Strategies related to objective No. 2***

5. According top priority to national interest, environment-friendly and highly beneficial small, medium and large scale projects of all types will be constructed.
6. Nepal Electricity Authority will be commercialised and unbundled ultimately.

■ ***Strategies related to objective No. 3***

7. Hydroelectricity will be expanded to the rural areas on the basis of social justice.

■ ***Strategies related to objective No. 4***

8. As hydroelectricity can help in national and regional economies, policy will be adopted on producing hydropower with bilateral and regional cooperation.
9. Investment-friendly, clear, simple and transparent process will be adopted in order to increase the participation of the private sector for internal consumption and export of electricity.
10. In order to increase electricity exchange between Nepal and India, inter transmission link will be developed to connect with India's electricity grid.

D. Policies and Work Plans

■ ***Comprehensive approach on developing and managing hydroelectricity in the context of national development. (Related to Strategy 1)***

- Emphasis will be laid on mobilising internal capital market while investing in power sector.
- Priority will be given to Nepali labour, skill, resources and means while developing hydropower projects.
- An institution will be established to produce required manpower for hydroelectricity development, to enhance the capacity of the people working in the field and to provide training within the country. The institution will also be used for making studies and researches on hydroelectricity.

■ ***Developing power with private, public or joint investments (Related to Strategy 2)***

- Legal and procedural reforms will be made in order to encourage private investment in power sector.
 - Joint investment of the private and public sector will be made in the hydropower projects in which private investment alone is not possible.
 - Various programs will be carried out to promote foreign investment in power development.
 - Hydropower potential will be optimally exploited to meet the domestic demand. For this purpose, hydropower projects appropriate to the prevalent electricity system and other reservoir projects will be constructed with priority.
 - Emphasis will be given on involving the private sector in the production, transmission and distribution of electricity.
- ***Command areas of rivers prime source of development and management of water resources (Related to Strategy 3)***
- The government will forge partnership with the private sector depending on the possibility of irrigation through multipurpose projects.
- ***Unforeseen risks to be borne by the sector which quotes lowest cost (Related to Strategy 4)***
- Contribution will be made to environment protection by developing hydropower as the alternative to bio and solar energy. Negative impacts of hydropower projects on environment will be mitigated and proper arrangement will be made for the rehabilitation of the displaced families.
 - Appropriate measures will be taken from both the public and private sectors to minimise the risks to hydropower projects.
 - In order to make electricity available at reasonable price, the price fixing process will be made transparent and justifiable.
- ***Develop environment-friendly and highly beneficial small, medium and large projects including reservoir (Related to Strategy 5)***
- Efforts to develop large reservoir and multipurpose hydropower projects will be continued and such projects are constructed in such a way that the nation gets maximum downstream benefits.
- ***Nepal Electricity Authority will be unbundled through commercialisation (Related to Strategy 6)***
- Electricity leakage will be controlled. Technical measures and legal provisions will be adopted and emphasis will be given on mobilising people for controlling leakage.
 - Arrangements for regular repair and maintenance of running hydropower projects will be made in order to operate them in full capacity.
 - The existing public enterprises will be restructured to create competitive environment in the power sector.

■ ***Hydropower to be made accessible to rural economies on the basis of social justice (Related to Strategy 7)***

- Rural electrification will be encouraged and expanded, and small and micro-hydro projects will be constructed to provide electricity to a larger number of people. Besides mobilising people, a rural electrification fund will also be established for this purpose.
- Arrangements will be made to provide appropriate benefit to the local level while constructing hydropower projects.
- Attention will be given to protecting the interest of consumers and to providing them quality and reliable service.
- Consumers will be encouraged for demand management to boost protection of energy. When demand for electricity is minimum, it is encouraged to use power for rural drinking water, irrigation, industries and tourism sectors.

■ ***Power to be developed through bilateral and regional cooperation (Related to Strategy 8)***

- Electricity will be generated through bilateral and regional cooperation and in keeping with the abundance of production capacity, export of electricity will be encouraged.

■ ***Increase in the participation of the private sector in power generation (Related to Strategy 9)***

- Private sector will be encouraged in the implementation, construction, operation, ownership and transfer on the principle of BOOT (Build, Own, Operate and Transfer) through competitive tender.
- Investment-friendly, clear, simple and transparent process will be adopted in order to attract domestic and foreign investment in the development of hydropower.

■ ***Inter-transmission link between Nepalese and Indian grids to raise power exchange between the countries (Related to Strategy 10)***

- Electricity will be imported and exported as per requirement by consolidating the bilateral inter-transmission lines.

16.5 Programs and implementation process

The programs of the power sector in the Tenth Plan have been divided into four sub-categories on the basis of their nature:

1. Electricity production and supply
2. Electricity transmission and consolidation
3. Distribution, expansion and electrification

4. Surveys, studies and promotional activities

These programs are implemented through the agencies under the Ministry of Water Resources like the Secretariat of the Commission for Water and Energy, Department of Electricity Development and Nepal Electricity Authority. Electricity production and supply, transmission and consolidation, distribution extension and electrification of the public sector will be carried out by Nepal Electricity Authority. Surveys and studies will also be carried out by those agencies.

Electricity production, transmission and some activities of survey and studies will also be carried out by the private sector as well. Promotion of the private sector in the development of electricity will be carried out by the Department of Electricity Development.

Following are the brief introduction to the programs to be carried out in every sub-sector in the Tenth Plan:

Electricity production and supply

A total of 315 megawatt electricity will be generated and supplied from both the public and private sector during the Tenth Plan to meet the domestic demand. The public sector will produce 101 megawatt and the private sector 214 megawatt. The contribution of 70-megawatt Middle Marsyangdi Hydropower Project and another 74 megawatt power generated from small hydropower projects (less than 10 megawatt capacity) during the plan period will be remarkable.

It shall be required to begin construction of some hydropower projects during the Tenth Plan in order to export and meet the demand of power after the completion of the Tenth Plan. Construction of hydropower projects with a total capacity of 1,938 megawatt will be begun during the Tenth Plan. Arun with 402 megawatt, Upper Karnali with 300 megawatt and Upper Tamakoshi (Rolwaling) with 250 megawatt capacity are among the major projects.

The construction of Western Seti Hydropower Project of 750 megawatt capacity will also be commenced during the Tenth Plan. This apart, construction of a reservoir hydropower project suitable to the existing electricity system will also be started during the plan period. (Chapter 16.2)

Electricity transmission and consolidation

Construction of a total of 430-km long transmission lines of various kilovolts will be completed during the Tenth Plan in order to transmit power from the hydroelectricity projects to be completed during the plan period to electricity consumption centre, to export more electricity and to consolidate the system.

Of the total, 301 km transmission lines will be constructed by the public sector of which the 127-km long Chameliya-Attariya 132 KV transmission line is worth mentioning. In addition to it, the construction of 140-km Hetauda-Bardaghat, 75-km Khimti-Dhalkebar and 40-km Hetauda-Thankot 220 KV and 14-km Dumre-Damauli 132 KV transmission lines will be commenced during the plan period. This apart, 129 km transmission line will be constructed by the private sector. (Chapter 16.3)

Besides constructing new transmission lines, some new substations will also be built and the capacity of some existing substations will be enhanced. Construction of a total of 426 MVA capacity substations of various kilovolts will be completed during the Tenth Plan. (Chapter 16.4)

Electricity distribution, extension and electrification

Special emphasis will be given on expanding electricity to the rural areas in the Tenth Plan considering the unavailability of the facility. During the plan period, 965 km long transmission and distribution lines of 33 KV, 4,977 km of 11 KV and 9,940 km of 400/230 MVA and 33/11 KV distribution substations of a total capacity of 143.5 will be constructed for this purpose.

This will facilitate additional 1,000 Village Development Committees and 705,600 consumers. Electricity will be extended to additional 14 districts during this plan period through the national grid. It is targeted to involve cooperatives or users groups in rural electrification. (Chapters 16.5, 16.5 A, 16.5 B)

The details of rural electrification through micro-hydro projects and other alternative sources of energy are given in the science and technology section.

Surveys, studies and promotional activities

Surveys and studies will be made on the hydropower projects to be completed or begun during the Tenth Plan and on selecting appropriate projects to supply power in the future and on exporting electricity. During the plan period emphasis will be given on the studies of reservoir projects. Surveys and studies will be commissioned on various projects with a total capacity of 13,376 megawatt of which 12,239 megawatt will be produced from the public sector and 1,137 megawatt from the private sector.

Studies being commissioned with bilateral cooperation on Pancheshwor Multipurpose Project (6,480 megawatt), Sunkoshi-Kamala Diversion (1,300 megawatt) and Saptakoshi Multipurpose Project (3,400 megawatt) will be completed during this plan period. Other studies on water resources and power development and on promoting the private sector in the development of electricity will continue during the Tenth Plan. (Chapter 16.6)

16.6 Resource Management and allocation

Seventy programs will be carried out during the Tenth Plan of which 14 will be directly operated through government agencies and the rest through Nepal Electricity Authority. The summary of the expenses of these programs are given below. The detailed breakdown of the budget is included on chapter 16.7.

Table No. 16.2 Summary of budget appropriation to public sector

(In Rs million)

No. of	Normal case	Lower case
--------	-------------	------------

Programs	programs	Total	HMG	NEA	Total	HMG	NEA
A. Programs to be run through government agencies							
Surveys, studies and others	14	2099.6	2099.6	0	1600.8	1600.8	0
B. Programs to be run through NEA							
Electricity Production	7	19266.3	15496	3770.2	14270.9	11562.1	2708.9
Transmission & Consolidation	16	6879.3	3851	3028.3	4506.5	2376	2130.5
Distribution & Electrification	26	11605.4	9603.5	2001.9	9172.2	7748.8	1423.3
Surveys, studies and others	7	1300.9	796.8	504.1	843.8	507.9	336
Total	56	39051.8	29747.3	9304.5	22194.8	22194.8	6598.6
Grand total	70	41151.4	31846.9	9304.5	23795.6	23795.6	6598.6

Of the programs to be implemented through Nepal Electricity Authority, the cost of Marsyangdi Hydropower Project is estimated to be 10 billion and 703.1 million rupees which comes to be 26.8 per cent of the total budget of the authority.

16.7 Policy, legal and institutional reforms

The existing electricity Act, 2049 and the Electricity Regulations, 2050 will be amended as per Hydroelectricity Development Policy, 2058 for achieving the targets of the Tenth Plan. Action will be taken to unbundling Nepal Electricity Authority. Institutional provisions for the development of hydropower will be made as given below.

Regulatory body

Electricity Tariff Fixation Commission will be developed as a regulatory body. The body, in course of monitoring and supervising the quality of electricity, will issue directives as required in keeping with the power purchase agreement of the public and the private power developers.

Institution for the study and research of water and energy sources

1. Secretariat for the commission of water and energy

The secretariat will give suggestions to the concerned agencies of the government on formulation of policies and project implementation for appropriate use, control, protection, management and development of water resources and energy.

Similarly, the secretariat will evaluate the implementation of “National Water Plan” and “Environment Management Plan” being formulated under the 25 year “Water Resources Strategy Nepal” and to update the water resources strategy and water plans

on the basis of the evaluation.

The secretariat will also work on national demand projection and system planning studies of electricity, carry out preliminary findings of power projects and various policy researches on power development.

In addition to this, the secretariat will be developed as National Water Planning Unit for the sustainable development of water resources and will be promoted as a special agency for carrying out policy, legal, institutional and researches on water resources and various sectors of energy.

During the plan period, the secretariat will primarily carry out studies on bilateral, multilateral and multipurpose issues of water resources and energy, implement the national water plan and cause the same, prepare strategy on sources of energy and establish coordination among the agencies related to water resources.

Likewise, the secretariat will provide necessary consultations to institutions related to water resources and energy and promote libraries established with the objective of collecting information and data on water resources as an integrated information and reference centre. Arrangements will be made for institutions related to water resources to acquire pre-consultations from the secretariat on various policy issues and project implementation.

Under the institutional reforms to be carried out in public enterprises, arrangements will be made for involving the professionals in the board of Nepal Electricity Authority.

2. Department of electricity development

The Department of Electricity Development will be basically developed as a study and promoter institution for carrying out studies on hydropower projects including multipurpose projects and attracting to and encouraging the private sector in the development of hydropower.

Financial institutions

Electricity Development Fund will be established as an investor in the hydropower projects to be constructed by the private sector for supplying power for the domestic consumption. A Rural Electrification Fund will be established as a new source of funding in the expansion of rural electrification by utilising some portion of royalty generated from electricity tariff.

16.8 Prioritisation

Hydropower projects to be implemented through government agencies and Nepal Electricity Authority will be prioritised differently as Nepal Electricity Authority also invests in the projects implemented by itself. The summary of prioritisation is given below in table No. 16.3. Prioritisation has been made on the basis of the budget deducting the allocated fund for Middle Marsyangdi Hydropower Project, which is in first priority order, as it alone constitutes a big amount of the total budget.

Since some projects have been put into the first priority in the budget for fiscal year 2001/02, projects of the Tenth Plan have been prioritised in keeping with them. The detailed programs and estimated budget for the power sector in the Tenth Plan is given in chapter 16.8.

Table No. 16.3 Summary of prioritisation

(In Rs million)

Programs	No. of programs	Normal case		Lower case	
		Amount	Percent	Amount	Percent
To be run through government agencies					
• First	4	1438.1	68.5	1198.4	74.9
• Second	4		26.3		23.7
• Third	6	109.8	5.2	23.2	1.4
Total	14	2099.5	100.0	1600.8	100.0
To be run through NEA		0		0	
• First	21	20240.6	68.0	16867.1	76.0
• Second	13	6970.1	23.4	4791.9	21.6
• Third	22	2536.7	8.6	535.7	2.4
Total	56	29747.4	100.0	22194.7	100.0

16.9 Contribution to economic sector

The Tenth Plan targets to increase per capita electricity consumption from 60 kilowatt-hour to 100 kilowatt-hour and to provide electricity to 43 percent of the total population through national grid. Similarly, it aims to supply power to 2,600 Village Development Committees and to raise the consumption and volume of electricity in industry, agriculture, irrigation, education and health sectors thereby contributing to the social and economic development in a sustainable manner.

It is estimated that it will, in the constant price of fiscal year 2001/02, raise the contribution of the power sector to the Gross Domestic Product from current 2.3 percent to 2.7 percent by the end of the Tenth Plan.

During the Tenth Plan, 96 percent of electricity distribution and electrification will be appropriated to the rural electrification and it will advance the social and economic development and contribute significantly to poverty alleviation and human development.

Similarly, 65 percent appropriation will be made to the Eastern, Mid-western and Far-western regions, where electrification is comparatively low, and this will contribute to balanced regional development.

The implementation of the programs of the Tenth Plan besides providing the primary benefit of electrification, will also benefit the people of the project implemented areas through the pre-production relation created by the consumption of electricity and post-production relations created by the availability of goods and services there.

While the construction, maintenance and operation of the projects will create

employment opportunities directly, the pre- and post-production relations will create such opportunities indirectly.

16. 10 Role of various organisations

The Ministry of Water Resources in cooperation with the Department of Electricity Development and the Secretariat of the Commission for Water and Energy will make necessary amendments to the governing Acts and laws as per Electricity Act, 2045 and Electricity Regulations, 2050 in order to implement the Tenth Plan.

Similarly, steps will be taken to unbundling the Nepal Electricity Authority to make the production, transmission and distribution of electricity being carried out by the authority more efficient. Except for some hydropower projects, priority will be given to the private sector for the construction of other projects.

Non-governmental users groups will be involved in rural electrification. As per the spirit of the Hydropower Development Policy, 2058, the responsibility of bearing the risks of hydropower projects will be given to the party quoting the lowest cost, be it public or private.

The returns of hydropower development have not reached the urban and rural areas due to economic, geographic, technical and other difficulties even by the end of the Ninth Plan despite the abundance of water resources.

Promotion of cooperatives and involvement of community users groups are deemed very important and effective in attracting both public and private sectors to develop small and micro-hydropower projects in the remote areas, which have no access to national grid, utilising the local labour, skill, resources and technology.

The Tenth Plan envisages to involving women in every level and sector of policy implementation for encouraging them to participate in the mainstream of national development thereby eliminating backwardness and gender inequality for good. To realise it, women will be involved in the production, distribution and consumption of electricity for improving their life standard.

16.11 Possible difficulties and risks

It is presumed that the Tenth Plan will face the following possible difficulties and risks in power development.

- High electricity tariff compared to the purchasing power of the common consumers.
- Lack of efficacy in the implementation of one window system.
- Lack of wheeling charge and grid code for the sales and exports of power developed by the private sector through the national grid.
- Low investment in transmission and distribution of power compared to the investment in production, and lack of policy on distribution line.
- Lack of enough investment in hydropower development.

16.12 Log frame

The summary of policy and programs framework of power sector is given below and its detail is given in annex three.



*Policy and programmes Log Frame- Electricity development**

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Larger Sectoral goal: Increasing the contribution of electricity in the national development significantly

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Goals: Sustainable development of economic structure of hydropower.</p>	<ul style="list-style-type: none"> • Development of hydropower sector through private, public and partnership of the both. • The watershed area of the rivers to be made major base of development of hydropower and its management. • The private or public sector whichever can bear the unexpected risks at low cost will be given the responsibility. • All small, medium and large projects yielding high returns and low environmental impacts will be implemented. • Nepal Electricity Authority will be made more commercial and will be move towards unbundling. • Hydropower services will be extended to rural economy level to promote social justice. • Policy to develop hydropower 	<ul style="list-style-type: none"> • To exchange 150 mega watt of electricity between Nepal and India 132 KV line will be established in three places. • Generation of 214 mega watt of electricity by private sector. • Household with electricity access. • 	<ul style="list-style-type: none"> • Ministry of Water Resources, Nepal Electricity Authority, annual and quarterly reports of Electricity Development Department. • Special Survey Reports. 	<ol style="list-style-type: none"> 1. Increasing the electricity generation capacity. 2. Expansion of electricity service and its reliability. 3. Studying the potential of various hydroelectricity projects. 4. Policy level and institutional reforms. 	<ul style="list-style-type: none"> • Fluctuation of electricity market. • Expansion of electricity market with India and its management.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>through bilateral and multilateral level will be adopted.</p> <ul style="list-style-type: none"> • To promote the participation of the private sector • investment friendly, simple and transparent procedure will be adopted. • To promote the exchange of electricity between India and Nepal, a grid connecting the electricity system of Nepal and India will be established. 				

** The quantitative targets are based on the economic growth rate of 6.2 percent (details in Appendix 3)*

Appendix 16.1: Hydroelectricity Projects to be completed

S.N.	Project Name	Capacity (MW)
Under Public Sector		
	Project with licence to generate electricity.	
1	Middle Marsyangdi	70
	b) The projects with feasibility completed	
2	Chamelia	30
3	Heldung	0.5
4	Gumgad	0.4
	Total	100.9
Under a joint venture of private and public sector		
	a) Project with licence to generate electricity.	
1	Chilime	20
	Total	20
Under Private Sector		
	a) Project with license to generate electricity	
1	Upper Modi	14
2	Indrabati III	7.5
3	Mailung	5
4	Piluwa	3
	b) Project with electricity purchasing agreement	
5	Langtang	10
6	Daram	5
7	Khudi	3.5
8	Sunkoshi Small	2.6
9	Chaku	1.5
10	Baramchi	1
11	Feme	1
	c) Project with feasibility study completed	
12	Kabeli I	30
13	Rahughat	27
14	Lower Modi	20
15	Madi I	20
16	Dodi	8.5
17	Hewa	5
18	Manhariv	5
19	Lower Indrawati	4.5
20	Trisuli	4
21	Belkhu	2.6
22	Vijayapur-1	2.5
23	Thupal	1.9
24	Ridi	1.8
25	Rigdi	1.5
26	Kahule	1.5
27	Sirsegad	1



S.N.	Project Name	Capacity (MW)
28	Junrimba	1
29	Lower Piluwa	1
30	Golmagad	0.4
31	Khoranga	0.2
32	Tatopani	0.2
	Total	193.7
	Grand Total	314.6

Appendix 16.2: Hydroelectricity projects to be commenced

S.N.	Name of the Projects	Capacity (MW)
Under Public Sector		
1	Kulekhani III	42
	Total	42
Under the joint investment of Public and Private sector		
1	Upper Tamakoshi (Rolwaling)	250
2	Khimti II	27
3	Thulo Dhunga	24.7
	Total	301.7
Under Private Sector		
1	Western Seti	750
2	Arun III	402
3	Upper Karnali	300
4	Likhu-4	51
5	Upper Marsyandi "A"	50
6	Myagdi	22
7	Upper Madi	19.2
	Total	1,594.2
	Grand Total	1,937.9

In addition to this, among the reservoir-run projects are under study, construction of another reservoir-run projects will be initiated apropos to the present electricity system.

o; cltI/Qm xfn cWbog e0/x\$]hnfzooQm cfof]hgfx; dWb]lj Bdfg lj Bt\
k0ffnlnf0{; xfbf]csf]Ps hnfzooQm cfof]hgfsf]; fj hlgS lfg cftu€
lgdf0f z? ul/g\$.

Appendix 16.3 : Distribution Line will be completion

S.N.	Name of the Distribution Line	Length (Km.)	Completion year
Under Public Sector			
a) 132 KV distribution line			
1	Butwal-Sunauni (Link of Export and Import)	25	2060/ 61
2	Dhalkebar-Vittamod (Link of Export and Import)	45	2061/ 62
3	Parwanipur-Birgunj (Link of Export and Import)	15	2061/ 62
4	Mid-Marsyandi -Marsyandi Hydroelectricity Centre	41	2061/ 62
5	Thankot-Chapagaun-Bhaktapur	27	2061/ 62
6	Pathlaiya-Parwanipur	20	2061/ 62
7	Chamediya-Attariya	127	2063/ 64
b) 66 KV distribution line			
8	Kulekhani III-Hetauda	1	2063/ 64
Total		301	
Under Private Sector			
a) 132 KV distribution line			
1	Upper Modi-Modi Hydroelectricity Centre	10	2060/ 61
2	Kabeli "A"- Anarmani	77	2063/ 64
3	Rahughat-Modi hydroelectricity centre	26	2063/ 64
4	Lower Modi-Modi hydroelectricity centre	5	2063/ 64
5	Madi-1 Lekhnath	7	2063/ 64
b) 66 KV distribution line			
6	Mailung-Grang	3	2060/ 61
7	Langtang -Chilime	1	2061/ 62
Total		129	
Grand Total		430	

Besides this, construction of 140 km long Hetauda-Bardaghat, 75 km long Khimti-Dhalkebar and 40 km long Hetauda-Thankot, 220 KV extension lines will be initiated under public sector. Similarly, 14 km long Dumre-Damulai 132 KV lines will also be started.

Appendix 16.4 : Construction of distribution sub-stations to be completed

S.N.	Name of the substation	Capacity (MVA)	Completion year
a) 132/33 KV substation			
1.	Butwal	30	2059/60
2.	Dubhabi	30	2059/60
3.	Aanarmani	15	2059/60
4.	Dhalkebar	15	2059/60
5.	Chandranigapur	30	2061/62
6.	Kawasoti	30	2063/64
7.	Duhabi	30	2063/64
	Total	180	
b) 132/11 KV substation			
8.	Bharatpur	15	2059/60
9.	Pokhara	15	2059/60
10.	Naya Parwanipur	40	2060/61
11.	Harisiddhi	22.5	2060/61
12.	Bhaktapur	30	2060/61
13.	Chapali	22.5	2060/61
14.	Chandranigapur	10	2061/62
15.	Bardaghat	10	2063/64
	Total	165	
c) 66/11 KV substation			
16.	Naya Chabhil	22.5	2060/61
17.	Naya Patan	22.5	2060/61
18.	K-3	36	2062/63
	Total	81	
	Grand Total	426	

Appendix 16. 5: Electricity generation, distribution, and extension projects whose construction will be completed

Projects	Distribution and extension lines to be added (kilometre)			Additional VDCs to receive electricity	Additional customers to receive service	Additional 33/ 11 KV distribution substation capacity (MVA)	Additional of transformers	Project completion date
	33 KV	11 KV	400/230 V					
Extension lines and rural Electrification projects	583	2,605	5,920	542	5,45,000	34.5	3,170	Will contd..
Mid and Far West Electrification project	152	620	491	145	15,000	9.5	197	2061/62
Kailali -Kanchanpur rural Electrification project	0	579	1,836	29	30,000	16.5	490	2062/63
Rural electrification and dist. system reform project	130	1,154	1,663	272	1,05,000	83.0	1,265	2062/63
Small hydropower construction and rural electrification	0	19	30	12	600	0	15	2062/63
Total	865	4,977	9,940	1,000	7,05,600	143.5	5,433	

p.s. Included is 33/11 KV substation extension and strengthening of and upgrading of 42.5 MVA.

Appendix 16.5 A: 33 KV distribution lines whose construction will be completed

S.N.	Name of the distribution line	District	Length (KM)
a) Operation under the government and Nepal Electricity Authority (NEA)			
1	Buipa-Okhaldunga	Khotang, Okhaldinga,	29
2	Piluwa-Bhojpur	Sankhuwasabha, Bhojpur	36
3	Ilam -Phidim-Taplejung	Ilam, Taplejung, Pachthar	90
4	Sitalpati -Musikot	Salyan, Rukum	50
5	Chhinchu-Rakam -Jajarkot	Surkhet, Jajarkot	70
6	Ghorahi-Hollerli	Dang, Rolpa	45
7	Udipur-Besisahar-Manang	Lamjung, Manang	81
8	Okhaldhunga -Solukhumbu	Okhaldhunga, Solukhumbu	37
9	Dailekh-Kalikot-Jumla	Dailekh, Kalikot, Jumla	92
10	Gorkha-Muchowk	Gorkha	18
11	Dhading-Salyantar	Dhading	15
12	Debighat-Chaughada	Nuwakot	20
Total			583
b) Mid and Far Western area rural electrification			
13	Dipayal -Safebagar	Doti, Achham	17
14	Patan-Khalanga-Gokuleshwor	Baitadi, Darchula	90
15	Dipayal -Chainpur	Doti, Bajhang	35
16	Chhinchu-Gumi	Dailekh, Surkhet	10
Total			152
c) Rural electrification and distribution system reform			
17	Rupani-Fatepur	Saptari	27
18	Janakpur -Yedukuwa	Dhanusa	20
19	Birgunj-Kaliya	Parsa, Bara	20
20	Biratnagar -Rangeli	Morong	22
21	Khanar -Biratchowk	Morong	15
22	Dhalkebar-Sonamai	Mahottari	26
Total			130
Grand Total			865

Appendix 16.5 B: 33/11 KV substations whose construction will be completed

S.N.	Name of the distribution line	District	Length (KM)
a) Operation under the government and Nepal Electricity Authority (NEA)			
1	Buipa	Khotang	1.5
2	Okhaldhunga	Okhaldhunga	1.5
3	Bhimeshwor	Dolakha	1.5
4	Khimti	Dolakha	1.5
5	Phidim	Pachthar	1.5
6	Taplejung	Taplejung	1.5
7	Sitalpati	Salyan	1.5
8	Musikot	Rukum	1.5
9	Khalanga	Jajarkot	1.5
10	Holeri	Rolpa	1.5
11	Besisahar	Lamjung	1.5
12	Manag	Manag	1.5
13	Nele	Solukhumbu	1.5
14	Chupra	Dailekh	1.5
15	Kalikot	Kalikot	1.5
16	Jalpa	Jumla	1.5
17	Gorkha	Gorkha	1.5
18	Muchowk	Gorkha	1.5
19	Salyantar	Dhading	1.5
20	Chaughada	Nuwakot	1.5
21	Bhojpur	Bhojpur	1.5
22	Jirikhimti	Terathum,	1.5
23	Rauwaghat	Khotang	1.5
	Total		34.5
b) Mid and Far Western Region rural electrification			
24	Gokuleshwor	Darchula	1.5
25	Patan	Baitadi	1.5
26	Khalanga	Baitadi	1.5
27	Chainpur	Bajang	1
28	Safebagar	Accham	1
29	Narayan	Dailekh	1.5
30	Gumi	Surkhet	1.5
	Total		9.5
c) Rural electrification and distribution system reform			
31	Yadukuwa	Dhanusha	6
32	Sonamai	Mahotari	6
33	Simraungaud	Bara	6
34	Bhimana	Sindhuli	1.5
35	Manthali	Ramechhap	1.5
36	Kusma	Parbat	3
37	Galkot	Baglunj	3
38	Biratchowk	Morang	6
39	Rangeli	Morang	3
40	Basantpur	Terathum	3
41	Fattepur	Saptari	3
42	Khairani	Rupandhei	3
43	Pitaujighat	Nawalparasi	3
44	Jitpur	Kapilvastu	3
45	Galeshwor	Mygadi	3
46	Fikkal	Ilam	3
	Total		57
	Grand Total		101

Appendix 16.6 : Hydroelectricity projects for completion of survey and study

S.N.	Name of the Projects	Capacity (KM)
a) Under Public Sector		
1	Pancheswor Multipurpose Project	6,480
2	Saptakoshi Multipurpose Project	4,700
3	Upper Tamakoshi (Rollbaling)	250
4	Sapta Gandaki	225
5	Langtang Watershed	221
6	Upper Seti Watershed	122
7	Madi-Isaneshwor Watershed	86
8	Kanakai Multipurpose	60
9	Bheri-Babai	48
10	Kulekhani III	42
11	Inawa	2.7
12	Sarada	2.2
	Total	12,238.9
b) Under Private Sector		
1	Lower Arun	308
2	Upper Trishuli - II	300
3	Upper Marshyangdi	121
4	Upper Marshyangdi – II	85.5
5	Likhu-IV	51
6	Upper Marshyangdi A	50
7	Bhotekoshi-V	46
8	Khimti -II	27
9	Lower Magdi	25
10	Thulodhunga	24.7
11	Magdi	22
12	Upper Magdi	19.2
13	Roshi-IV	12
14	Roshi-I	10.5
15	Roshi-III	7.5
16	Aankhu	5
17	Sunaiya	4.8
18	Lower Roshi	4.8
19	Taadi	4.2
20	Lower Balafi	3
21	Kolfu	2.2
22	Dordi-I	2.1
23	Daraudi	1.4
	Total	1,136.9
	Grand Total	13,375.8

Appendix 16.7: Allocation in the public sector

(Rs. in million)

S.N	Program	Expected growth rate			Normal growth rate		
		Total allotment	HMG resources	NEA source	Total allotment	HMG resources	NEA source
A) Programs to be run by government agencies							
1	Promotion of private sector in electricity development	754.6	754.6	0	628.8	628.8	0
2	Study of small hydroelectricity project	277.7	277.7	0	231.4	231.4	0
3	Hydroelectricity strategy third phase (National Water Policy)	78	78	0	53.6	53.6	0
4	Criterion regarding hydroelectricity project	19	19	0	4	4	0
5	Study of Saptakoshi multipurpose project	335	335	0	279.2	279.2	0
6	Restructuring of electricity sector	177.2	177.2	0	121.8	121.8	0
7	Multipurpose projects study	89.2	89.2	0	61.3	61.3	0
8	Study of Pancheshwor multipurpose project	70.9	70.9	0	59.1	59.1	0
9	Projects identification and study	207.2	207.2	0	142.5	142.5	0
10	Saptakoshi Multipurpose project study	2.8	2.8	0	0.6	0.6	0
11	River Basin study	36.3	36.3	0	7.7	7.7	0
12	Water and Energy Commission	22.7	22.7	0	4.8	4.8	0
13	Energy Strategy	14.5	14.5	0	3.1	3.1	0
14	National Demand Projection and System Project	14.5	14.5	0	3.1	3.1	0
	<i>Grand Total of government agencies</i>	<i>2099.6</i>	<i>2099.6</i>	<i>0</i>	<i>1600.8</i>	<i>1600.8</i>	
b) Programs to be run by Nepal Electricity Authority							
Electricity Production							
1	Kaligandaki A hydroelectricity project	633.2	545.4	87.9	435.3	374.9	60.41
2	Marshyangdi hydroelectricity project	11228.3	9632.8	1595.5	9356.9	8027.3	1330
3	Chamelia hydroelectricity project	5913.2	4069.6	1843.6	4065.3	2797.9	1267
4	Heldung micro hydroelectricity project (Humla)	94.6	94.6	0	65	65	0
5	Gumgad micro hydroelectricity project	111.8	111.8	0	76.9	76.9	0
6	Kulekhani III hydroelectricity project	755.1	692.7	62.4	159.5	146.3	13.19
7	One reservoir project	530	349.2	180.8	111.9	73.8	38.18

S.N	Program	Expected growth rate			Normal growth rate		
		Total allotment	HMG resources	NEA source	Total allotment	HMG resources	NEA source
	Total	19266.3	15496	3770.2	14270.9	11562.1	2708.9
	Electricity distribution and strengthening						
8	Load despatching centre expansion	665	603.5	61.6	554.2	502.9	51.33
9	Modikhola substation 66 KV	105.6	26.5	79.1	72.6	18.2	54.4
10	Expansion of distribution line (export-import link) Butwal-Sunauli 132 K.V. expansion line	581	145.4	435.7	484.2	121.1	363.1
11	Banepa, Panchkhal substation project	182.9	45.7	137.2	152.4	38.1	114.3
12	Thankot-Chhapagaon-Bhaktapur 132 KV distribution line	1325.5	1082.5	243	1104.6	902.1	202.5
13	Grid sub-station strengthening	195.2	167.9	27.3	41.2	35.5	5.76
14	Parwanipur Birgunj 132 K.V. distribution line	476.8	119.1	357.7	327.8	81.9	245.9
15	Distribution System Development (Birgunj corridor 132 KV distribution line)	1607	401.7	1205.4	1104.8	276.2	828.7
16	Hetauda- Dhalkebar, Butwal-Bardaghat 132 KV second circuit	336	84.1	251.9	231	57.8	173.2
17	Hetauda-Bardaghat 220 KV distribution line	353.4	317.6	35.8	74.6	67.1	7.56
18	Butwal-Bardaghat 220 KV distribution line	28.4	26.1	2.3	6	5.5	0.48
19	Dumre-Damauli 200 KV distribution line	96.4	71.3	25	20.4	15.1	5.28
20	Dhalkebar-Bhittamod 132 KV distribution line	287.8	197.8	90	197.9	136	61.85
21	Khimti-Dhalkebar 220 KV distribution line	167.8	139	28.8	35.4	29.4	6.07
22	Hetauda-Thankot 220 KV extension line	199.1	156.4	42.7	42.1	33	9.01
23	K-3 substation 66 KV distribution line	271.3	266.3	5	57.3	56.2	1.06
	Total	6879.3	3851	3028.3	4506.5	2376	2130.5
	Electricity distribution and electrification						
24	Other rural electrification	3301.2	3301.2	0	2751	2751	0
25	Kailali Kanchanpur electrification	1867.3	1263.2	604.2	1556.1	1052.6	503.5
26	Sitalpati Musikot 33 KV distribution line	102.2	102.2	0	85.1	85.1	0
27	Budar Substation and distribution line	3.2	3.2	0	2.2	2.2	0

S.N	Program	Expected growth rate			Normal growth rate		
		Total allotment	HMG resources	NEA source	Total allotment	HMG resources	NEA source
28	Chhinchu-Rakam-Jajarkot 33 KV distribution line	116.1	116.1	0	96.8	96.8	0
29	Jirikhimti (Terathum) substation	18	18	0	15	15	0
30	Ghorai-Holleri -Rolpa 33 KV distribution line	104	104	0	86.6	86.6	0
31	Rural electrification and distribution system reform	4074.8	3244.3	830.5	3395.7	2703.6	692.1
32	Mid and Far Western region rural electrification project	812.6	690.2	122.3	558.6	474.5	84.11
33	Buipa-okhaldhunga 33 KV	74.7	74.7	0	62.3	62.3	0
34	Ilam -Phidim-taplejung 33 KV distribution line	91	91	0	75.8	75.8	0
35	asuwaghat -Khotang substation	73.4	73.4	0	61.1	61.1	0
36	abukhairini-Gorkha 33 KV distribution line	101.3	101.3	0	84.4	84.4	0
37	indhu, Dolakha distribution line extension	43.6	43.6	0	36.3	36.3	0
38	istribution line and substation strengthening	460.8	115.2	345.6	97.3	24.3	72.99
39	olakha-Kalikot Jumla 33 KV distribution line	7	7	0	1.5	1.5	0
40	apti, Vheri rural electrification	4.2	4.2	0	0.9	0.9	0
41	iluwa-Bhojpur 33 KV distribution line	9.8	9.8	0	2.1	2.1	0
42	Udipur-Besisahar-Manag 33 KV distribution line	36	36	0	30	30	0
43	Okhaldunga-Salleri 33 KV distribution line	7	7	0	1.5	1.5	0
44	Distribution system development	106.7	87.4	19.3	22.5	18.5	4.08
45	Mechi rural electrification	4.2	4.2	0	0.9	0.9	0
46	Koshi, Sagarmatha, hill area rural electrification	4.2	4.2	0	0.9	0.9	0
47	Western Region hill area rural electrification	7	7	0	1.5	1.5	0
48	Dhanding-Salyantar 33 KV distribution line	54.7	54.7	0	45.6	45.6	0
49	Debighat-Chaughada 33 KV distribution line	120.7	40.8	79.9	100.6	34	66.62
	Total	11605.4	9603.5	2001.9	9172.2	7748.8	1423.3
	Survey, study and others						
50	East-West 220 KV and North-West 132 KV greed connection study	32	8	24	22	5.5	16.5
51	Identification of reservoir	1048.1	618.1	430.1	720.6	424.9	295.7


S.N	Program	Expected growth rate			Normal growth rate		
		Total allotment	HMG resources	NEA source	Total allotment	HMG resources	NEA source
52	projects and feasibility study Study of institutional reform in electricity distribution	4.5	1.1	3.4	0.9	0.2	0.71
53	Rural electrification, distribution and extension projects	87.8	66.5	21.3	73.1	55.4	17.72
54	Computerized billing	37.2	32.3	5	7.9	6.8	1.05
55	Small hydroelectricity projects (micro projects)	7.1	7.1	0	1.5	1.5	0
56	Kankai Multipurpose project	84.2	63.7	20.5	17.8	13.5	4.33
	Total	1300.9	796.8	504.1	843.8	507.9	336
	NEA's total	39051.8	29747.3	9304.5	28793.4	22194.8	6598.6
	Grand total of all programmes	41151.4	31846.9	9304.5	30394.3	23795.6	6598.6

Appendix 16.8 : Programs and estimated budget

(Rs. in million)

	At expected growth rate	At normal growth rate
A) Programs to be implemented through government bodies		
Programmes and projects in first priority A		
1. Promotion of private sector in electricity development	75.46	62.88
2. Study of small hydro-power projects	27.77	23.14
3. Study of Saptakoshi Multipurpose project	33.50	27.92
4. Study of Pancheshwor Multipurpose project	7.09	5.91
Total	143.81	119.84
Percentage	68.50	74.9
Programs and projects in second priority B		
5. Hydropower strategy third phase (National Water Policy)	7.80	5.36
6. Restructuring of the electricity sector	17.72	12.18
7. Study of Multipurpose project	8.92	6.13
8. Project identifications and study	20.72	14.25
Total	55.16	37.92
Percentage	20.58	23.7
Programs and Projects in third priority C		
Percentage	5.23	1.4
9. Criterion related to hydropower project		
10. Study of Saptagandaki Multipurpose Project		
11. River Basin study		
12. Water and Energy Commission		
13. Strategy for Energy resources		
14. National demand projection and system project		
Grand Total	209.95	160.08
(B) Programs to be run through Nepal Electricity Corporation		
Programs and projects under first priority A		
1. Expansion of Load Despatching Centre	60.35	50.29
2. Distribution line expansion (import-export link) Butwal-Sunauli 132 KV	14.54	12.11
3. Other rural electrification	330.12	275.10
4. Marsyangdi Hydropower Project	963.28	802.73
5. Banepa, Panchkhal, Substation Project	4.57	3.81
6. Kailali, Kanchanpur rural electrification	126.32	105.26
7. Sitalpati-Mushikot 33 KV distribution line	10.22	8.51
8. Chhinchu-Rara-Jajarkot 33 KV distribution line	11.61	9.68
9. Jirikhimti (Therathum) substation	1.80	1.50
10. Ghorahi-Hollari (Rolpa) 33 KV distribution line	10.40	8.66
11. Rural Electrification and distribution system reform	324.43	270.36

	At expected growth rate	At normal growth rate
12. Dhading-Salyantar 33 KV distribution line	5.47	4.56
13. Devighat-Chaughada 33 KV distribution line	4.08	3.40
14. Buipa-Okhaldunga 33 KV distribution line	7.47	6.23
15. Ilam-Tablejung-Phidim 33 KV distribution line	9.10	7.58
16. Rashuwaghat Khotang Substation	7.34	6.11
17. Aabukhaireni-Gorkha 33 KV distribution line	10.13	8.44
18. Sindhu-Dolakha distribution line expansion	4.36	3.63
19. Udipur-Besisahar-Manag 33 KV distribution line	3.60	3.00
20. Rural electrification, distribution and extension project	6.65	5.54
21. Thankot, Chhapagaon, Bhaktapur 132 KV	108.25	90.21
Total	2024.06	1686.71
Percentage	68.04	76.00
Programmes and projects under second priority B		
22. Kaligandaki A Hydroelectricity Project	54.54	37.49
23. Chamelia Hydroelectricity Project	406.96	279.79
24. Heldung small hydropower project	9.46	6.50
25. Gumgad small hydropower project	11.18	7.69
26. Madikhola substation	2.65	1.82
27. Budar substation and distribution line	0.32	0.22
28. Hetauda-Dhalkebar, Butwal-Bardaghat 132 KV second circuit	8.41	5.78
29. East West 220 and North-South 132 KV grid connection study	0.80	0.55
30. Identification and feasibility study of reservoir projects	61.81	42.49
31. Parwanipur-Birjung 132 KV expansion line	11.91	8.19
32. Dhalkebar-Bhittamod 132 KV distribution line	19.78	13.60
33. Mid-Western and Far-Western region rural electrification	69.02	47.45
34. Distribution system development: Birgunj corridor 132 KV distribution line	40.17	27.62
Total	697.01	479.19
Percent	23.43	21.59
Programmes and Projects under third priority C (Possible projects)		
35. Hetauda-Bardaghat 220 KV distribution line	8.53	2.41
36. Grid Substation strengthening		
37. Butwal-Bardaghat 132 distribution line		
38. Dumre-Damauli 132 KV distribution line		
39. Dailekh-Kalikot-Jumla 33 KV distribution line		
40. Rapti, Veri rural electrification		
41. Kulekhani III hydroelectricity project		
42. One reservoir project		
43. Khimti-Dhalkebar 220 KV distribution line		



	At expected growth rate	At normal growth rate
44. Hetauda-Thankot 220 KV distribution line		
45. Distribution line and substation strengthening		
46. Piluwa-Bhojpur 33 KV distribution line		
47. Okhaldunga-Saleri 33 KV distribution line		
48. Distribution system development		
49. Mechi rural electrification		
50. Koshi -Sagarmatha hill rural electrification		
51. Western region hill rural electrification		
52. K-3 substation 66 KV		
53. Study of institutional reform in electricity distribution		
54. Computerized billing		
55. Study of small scale hydroelectricity project		
56. Kankai Multipurpose Project		
Grand Total	2974.73	2219.48

Chapter - 17

Irrigation and water induced disaster prevention

17.1 Irrigation

17.1.1 Background

The extension of irrigation facilities in the agricultural land can bring crop integration and crop diversification, which can help to generate employment and reduce poverty.

It is necessary to pay attention to possible areas for irrigation development in the Terai region for the increment of agriculture production and productivity. It is necessary to formulate new irrigation projects or restore the existing irrigation facilities in the hills, particularly in the food-deficit areas, to increase supplies of essential food-items. It has become necessary to operate small irrigation projects by adopting modern irrigation technology systems in the areas suitable from climatic point of view and to produce high-valued crops (horticulture, vegetables etc.) in the areas where year-round irrigation is available.

In Nepal's river, the volume of water fluctuates highly between the winter and rainy seasons. During the monsoon season, irrigation facility is available in the targeted areas from almost all the irrigation projects, whereas in winter the same irrigation projects can irrigate only 30-40 per cent of the targeted area.

The Terai region has a huge groundwater reserve with the possibility of providing year-round irrigation facilities to around 570 thousand hectares of land. Therefore, it has become necessary to develop both the groundwater and surface irrigation facilities by developing both the sources as supplementary with each other.

In the hills, there is possibility of extending irrigation facilities for various crops in a small area by collecting rainwater in small ponds and applying the sprinkler or drip techniques. In some hilly areas, there is high possibility of providing year-round irrigation facilities by adopting the technologies, which can be used in producing high-valued crops.

17.1.2 Review of the Ninth Plan

A. Target and progress

The Ninth Plan had a target of providing irrigation facilities to a total of 249,400 hectares of land, including 142,400 hectares of land from new and under construction irrigation projects and remaining 107,000 hectares of land from reforms in the farmer managed systems. In addition, it was targeted to develop

command area in 15,100 hectares of land from the Sunsari-Morang Irrigation Project and to constitute active water users groups and strengthening them at 11 irrigation systems incorporating a total area of 68,000 hectares of land. It was also planned to hand-over to farmer users groups for maintenance and repair and, operating it under the annual plan after reconstructing and reforming the most-essential infrastructures. As per the target, irrigation infrastructures have become ready and it has been shown in table No. 17.1.

(i) Table 17.1: Physical target and progress of the Ninth Plan

(in hectare)

S. No	Concerned institution	New areas			Reform of farmer system		
		Target	Progress	Percent	Target	Progress	Percent
1	Department of Irrigation						
	Surface irrigation	52,400	29,586	56	81,500	80,879	99
	Ground water irrigation	30,000	23,613	79	500	500	100
	a. Deep tube-well	11,650	9,969	86	500	500	100
	b. Shallow tube-well	18,350	13,644	74	0	0	0
	Total	82,400	53,199	65	82,000	81,379	99
2	Agriculture Development Bank						
	a. Surface irrigation						
	b. Ground water irrigation	60,000	12,125	20			
3	Non-government sector				10,000		
	Total	142,400	65,324	46	82,000	81,379	99

During the Ninth Plan period, it is estimated that a total of 146,703 hectares of land, including 65,324 hectares from new irrigation projects and 84,561 hectares from farmer canal reforms, has been brought under the irrigation network. The total land under surface irrigation, which was 504,482 hectares by the end of Eighth five-year plan, has been increased by 110,465 hectares to 614,947 hectares of land. Similarly, during the same period, the total areas under the irrigation of traditional farmer canal has been reduced to 300,935 hectares from 381,814 hectares, as the traditional canal capable of irrigating 80,879 hectares of land has been transformed into surface irrigation. So, by the end of the Ninth Plan, irrigation facility has been extended to a total of 1,121,441 hectares of land. Similarly, 43,000 hectares of land has been handed-over for joint management as per the irrigation management and hand-over programs.

B. Problems and challenges

The Plan, which was prepared in accordance with Agriculture Perspective Plan, had the objectives of poverty alleviation through proper maintenance and management of the existing irrigation projects, extending year-round irrigation service to irrigable land and contributing for institutional development of farmer users groups. The following were the major problems and challenges faced by the irrigation sector during the plan period.

1. Due to the failure of concerned authorities to assert their rights of collecting service charge as per Irrigation Regulations 2056, the collection of irrigation service charge was nominal due to which there was lack of fund for proper maintenance, repair and operation of irrigation system resulting in poor performances.
2. Lack of joint utilisation of water by associating groundwater systems with the development of surface irrigation systems in the Terai region.
3. Low expansion of system of collecting rainwater in reservoirs and use it in the dry season for irrigation in the hilly areas.
4. As a result of decline in the use of tube-wells, the plan of providing year-round irrigation facility, as stated in the Agriculture Perspective Plan, could not be fully implemented due to the following reasons.
 - a) A massive decline on demand for tube-wells due to sharp fall of sales prices of rice and wheat in national and international markets.
 - b) Unrestricted inflow of cheap Indian food grains through open border into Nepal and continued subsidy on tube-well installation and operation and massive agriculture production that have lowered the cost of production in India were the main reasons for low sales of domestic food-grains.
 - c) Phase-wise withdrawal of subsidy on installation of shallow tube-wells in Nepal.
 - d) Price rise on per unit of electricity and diesel used in the operation of tube-wells.
5. Weak implementation aspect of the institutional development of farmer user groups.
6. Due to lack of co-ordination between the agencies concerned with agriculture sector, agriculture packages are not implemented in the areas where irrigation facilities are already available, resulting less-than-expected growth in the productivity.

17.1.3 Long-term vision

- Increase agricultural production and productivity by extending irrigated land to 1,686,000 hectares of the total irrigable land by the end of the Twelfth Plan through the development of year-round irrigation system, which will be controlled by farmers.
- Assisting in poverty alleviation by generating employment opportunities in constructing infrastructures for expansion of irrigation services, maintenance and renewal activities.

17.1.4 The Tenth Plan

A. Objectives

1. Develop necessary infrastructures through the development of additional infrastructures and strengthening the management of existing irrigation facilities to extend year-round irrigation facilities by utilising available water resources in the country.
2. For the sustainable management of the irrigation projects developed in line with farmers' participatory approach, institutional development of farmers' user groups

B. Quantitative targets

S. N.	Projects	Physical targets (in hectares)	
		Normal case	Lower case
1	Infrastructure development for expansion of new irrigation areas <ul style="list-style-type: none">• Surface irrigation projects• Ground water irrigation projects• Through modern irrigation system promotion programs• through the programs conducted by Agriculture Development Bank• through the programs conducted by Ministry of Agriculture and Cooperatives	177,600	150,200
2	Sustainable management of existing irrigation system <ul style="list-style-type: none">• Sustainable joint/hand-over management of existing irrigation system• Reconstruction and maintenance of irrigation facilities constricted by Department of Irrigation	280,710	240,000
3	Expansion and maintenance of farmer channel	64,000	54,000
	Total*	241,600	204,200

* New irrigation schemes and maintenance of farmers channel.

In addition, 10,000 hectares more command area will be expanded from Sunsari-Morang irrigation, water user groups active in the various irrigation projects will be strengthened and 37,000 hectares of land will be handed over to farmer user groups for yearly maintenance and operation after reconstructing and reforming the most necessary infrastructures. Successful exploration of tube-wells along with shallow and deep tube-wells, under the groundwater irrigation program, will be converted into irrigation tube-wells.

C. Strategy

In the context of low level of irrigated land, despite the high possibility of irrigation in the country, irrigation can be an important medium to achieve high economic growth rate through the adaptation of modern technology by increasing production and productivity. Given the very low production and productivity of agro crops,

irrigation can make an important contribution in alleviating rural poverty by raising both the production and productivity of agriculture. Remarkable contribution can be made in the deprived sectors by conducting small irrigation projects as targeted programs to raise their incomes. There is high possibility of developing large and small scale surface and groundwater irrigation systems in the country. As, Agriculture Prospective Plan has stressed on the development of shallow tube-wells and small surface irrigation keeping with the view of investment effectiveness and quick return, the Tenth Plan has also incorporated the policy.

■ ***Strategies related with objectives number 1***

1. An intensive irrigation plan will be formulated and implemented in irrigation areas where irrigation facilities, constructed and managed by government and users group, are available throughout the year.
2. Capabilities of water users group will be developed by strengthening the management of irrigation aspect and reforming existing canal, managed and constructed by farmer and the government.
3. Project formulation and construction system will be reformed by considering technical, social, economical and environmental aspects, while initiating new irrigation projects.
4. Possible huge irrigation projects will be developed on the basis of bilateral and multilateral co-operation.
5. As per the policy envisaged in Agricultural Prospective Plan, groundwater irrigation projects will be formulated in the Terai region, while projects like small surface irrigation, fountain irrigation and drop irrigation will be formulated in the hilly region.

■ ***Strategies related with objectives number 2***

6. Capabilities of local bodies like DDCs, VDCs and Water Users Group will be enhanced to make them able to formulate, construct and manage small and medium irrigation projects. In addition, steps will be taken to involve NGOs in implementation of such projects.
7. In order to increase agricultural productivity and effectiveness of irrigation facilities, pieces of irrigable land having single ownership will be integrated and farmers will be encouraged for contract farming and co-operative farming.
8. Development and management of groundwater irrigation will be improved.
9. Investment from the private sector in the irrigation sector will be encouraged.

D. Policy and programs

- ***Farmer controlled and availability of year-round irrigation facilities (related with strategy number 1)***

- As per the concept of watershed management, formulating irrigation projects will be done on the basis of availability of water in the given river and period of water requirement and place.
- The existing seasonal irrigation system in Terai will be renovated to provide year-round irrigation facilities by developing surface and groundwater irrigation as supplement to each other.
- In order to extend year-round irrigation facilities in the possible hilly areas, the existing irrigation facilities will be renewed, new surface irrigation projects will be developed and rainwater, in seasonal irrigation areas, will be collected in reservoir, to distribute by applying modern technologies in the participation of NGO.
- ***Reform of existing farmer canal and the Nahars system constructed by the government (related with strategies number 2)***
 - Groundwater resources, available in the Terai region, will be utilised at maximum level. In this regard, shallow tube-well program will be developed as a tube-well group and will be affiliated with the pocket agriculture program conducted by the Ministry of Agriculture.
- ***Formulation of new irrigation projects based on technical, social, economical and environmental aspects (related with strategy number 3)***
 - Implementation procedures of multi-purpose projects, which also contributed for the development of irrigation, will be accelerated.
- ***Development of huge project on the basis of bilateral and multilateral co-operation (related with strategy number 4)***
 - Detailed feasibility studies will be carried out before developing the mega-irrigation projects like Bheri-Babai Diversion, Sunkosi-Kamala Diversion and West-Rapti to ensure that they will not pose any negative impact to environment and human settlements.
- ***Capacity enhancement of local bodies for formulation, implementation and management of small and medium irrigation projects (related with strategy number 5)***
 - By enhancing the public contributions, their stake in management of irrigation projects will be increased . Actively involving them in new projects from the early stages and mobilising them through organised user groups in such irrigation projects will develop self-reliant users groups.
 - Except for the main canals of the large and medium scale irrigation projects, farmers tertiary canals will be involved in the construction and management of branches, sub-branches and farmer irrigation projects through water users committees. A policy aimed at encouraging investment partnership between local bodies and farmers will be formulated for the construction and management of small irrigation projects.

- Priority will be given to handling-over the operation and management of the already completed small and medium scale irrigation projects through the formation of users' groups. A joint management team comprising both the government and users' groups will operate large-scale irrigation projects. Department of Irrigation will look after the operational management of large-scale projects that are not feasible to hand-over at the moment.
- The management of the already completed large-scale and medium-sized irrigation projects will be strengthened and operated in co-ordination among the agencies looking after agriculture and irrigation sectors so as to ensure maximum benefits from the projects.
- Arrangement will be made under which the management and operation of the already completed large-scale and medium-sized irrigation projects could be handed-over to private sector on contract basis.
- Department of Irrigation will give priority for the reconstruction and maintenance of irrigation facilities in the areas where local investment partnership and commitment of paying water tax is high.
- ***Increase agriculture production and productivity by improving effectiveness of irrigation facilities (related with strategy number 7)***
 - Water user institutions and related irrigation agencies will be empowered by implementing effective legal mechanism to collect irrigation service charge from farmers in the irrigation projects operated under joint management.
- ***Improving groundwater irrigation and its management (related with strategy number 8)***
 - As per the demand of farmers and active participants, the program of extending supports to the farmer-managed irrigation projects will be continued for physical and institutional reforms will be continued.
- ***Promoting private sectors' investment in irrigation sector (related with strategy number 9)***
 - Irrigation projects on the basis of feasibility will be developed with the participation of private sector.

E. Policy-level, legal and institutional reforms

The following policy-level, legal and institutional reforms will be carried out in order to achieve the objectives of irrigation sector in the Tenth Plan period.

- As per the policy of Agriculture Prospective Plan, the irrigation sector will be reviewed and updated.
- The Irrigation Policy will be reformed on the basis of National Water Resources Strategy.

- Institutional reforms of Department of Irrigation will be carried out in order to enhance implementing efficiency of irrigation development and management.
- Action plan to increase people participation will be formulated to effectively execute irrigation programs (surface and groundwater).
- Uniformity on irrigation policy and irrigation regulations will be brought.
- Water User Associations and Irrigation Division Offices engaged in managing irrigation system and collecting irrigation service charge will be empowered by awarding legal rights.
- User-centred designs will be included in Detail Designing of irrigation projects.
- Both private sectors and NGOs will be encouraged to participate in the development of irrigation facilities.
- Action plans will be formulated to enhance efficiency of Water User Associations.
- Monitoring and evaluation processes in irrigation sectors will be strengthened and made effective.
- Water management and its use will be gradually made effective.

With an aim to put the water resources strategy into action, Water and Energy Commission will prepare National Water Plan during the Tenth Plan period. Apart from the long-term water plan of irrigation sector, the National Water Plan will also formulate action plan in implementing proper policy-level, legal and institutional reforms.

F. Program/name of project, prioritisation, investment, physical goals, programs executing agencies time frame to be operated under the government investment.

As per the prioritisation, name of the projects and programs, required investment, physical goal, implementing agencies and time frame has, herewith, been displayed in table no. 17.2. Department of Irrigation will construct large-scale and medium-level surface and underground irrigation (deep tube-well) projects. Activities like constructing small-sale irrigation projects, renewal of farmer canals and their renovations will be done by local bodies. Department of Irrigation, local government, NGOs, Agriculture Development Bank and district and division offices under the Ministry of Agriculture and Co-operatives are the implementing agencies of the irrigation related projects.

Management of small-scale surface irrigation, groundwater shallow and deep-tube-well projects will be carried out by water user institutions. Large, medium-scale and multipurpose surface irrigation projects will be managed jointly by the irrigation

agencies and water user institutions. Small-scale surface irrigation projects and shallow irrigation projects will be managed by the local bodies in co-operation with NGOs while the management of modern irrigation projects will be conducted jointly by farmers' groups and NGOs. Separate and integrated programs will be implemented by categorising various irrigation projects to be constructed and managed by government, private sector and local bodies.

17.1.5 Prioritization

During the Tenth Plan period, 46 programs/projects under the irrigation sector (included with water-induced disaster control) will be implemented. Priorities of these programs/projects have been fixed under the Policy Action Matrix. Following is the summary of the prioritisation. Detail programs and estimated budgets have been presented in table no 17.1.

(In Rs million)

Prioritisation	No. of program	Normal case		Lower case	
		Budget allocated	Per cent	Budget allocation	Per cent
AP1	25	11134.1	48.9	9376.10	54.4
BP2	18	7089.0	31.2	5421.0	31.5
CP3	9	4526.9	19.9	2427.9	14.1
Total	52	22750.0	100	17225.0	100

G. Expected outcomes

- The targeted extension of irrigation projects during the Tenth Plan period will contribute Rs 5.37 billion to the Gross Domestic Products.
- During the Tenth Plan period, additional irrigation facilities will be extended to 177,600 hectare of land and farmers' canal will be extended to cover additional 64,000 hectare of land through the expansion and reform of such canal.

Contribution towards poverty alleviation and human development

- Increase of excess of rural population towards irrigation facilities.
- Generation of employment opportunities while constructing, maintaining and renewing existing irrigation infrastructures that will ultimately contribute for poverty alleviation.

Employment generation and other contributions

The investments that will be made in the irrigation sector during the plan period will generate both the temporary and permanent employment opportunities. The nature of jobs that will be created in the construction phase will be temporary in nature and 30 per cent of the construction investment will be used in employing temporary nature of jobs. The jobs that will be generated after extension of irrigation to the agricultural land will be permanent in nature. As per the findings of a study (Feasibility study of

Raj Kudwa Irrigation Project) according to which, irrigated land create permanent employment equivalent to annual 72 labour day, 17,395,200 labour day employment opportunities will be generated by expanding irrigation facilities in 2,41,600 hectares of land.

Contribution in achieving regional development and balance

As farmer canal reforms, groundwater irrigation development and irrigation management hand-over programs will be implemented proportionately in all five-development regions, it will contribute for regional development and balance. Except for the Mid-Western Region, central-level large and medium-scale surface irrigation projects have been operated in other regions. With the construction of the Babai and Sikta Irrigation Projects in the Mid-Western Region during the Tenth Plan period, it is expected that such irrigation projects will help to bring about regional development and balance through the development of large and medium scale irrigation projects.

Contribution for gender equality from irrigation programs and policies

The Irrigation Policy, 2053 has made it mandatory that at least 20 per cent representatives in a farmer user group should be women. Women's direct participation, at least by 20 per cent, in the course of irrigation development and management will also help for gender equality.

Decentralisation of the programs as per the Local Self-governance Act 2055

Role of the Department of Irrigation, local bodies, private communities and NGOs is explained below. The objectives of the different roles are to achieve the objectives of irrigation in the Tenth Plan in accordance with its strategies, policies and reform programs. HMG/Nepal will extend co-operation to local bodies, private sector and NGOs in implementing irrigation plans.

a) Role of Department of Irrigation

- As per the irrigation strategy, the department of irrigation will construct infrastructures that have capacity for year-round irrigation facilities and manage them.
- As per the policy of involving local bodies in infrastructure development and management of small irrigation projects is concerned, regional and divisional offices of the Department of Irrigation will provide technical support in these projects.
- Medium-level surface and deep-well irrigation projects will be constructed by the Department of Irrigation. Role of water user associations in each phase of the project will be as per the irrigation policy. The water user association will do the management of the completed projects.
- The Department of Irrigation will effectively construct, manage and operate the running and under construction large-scale projects.

- Feasibility studies will be carried out and project will be formulated for the construction of surface irrigation in the areas where groundwater irrigation is not possible. Irrigation facilities will be made available to dry areas by carrying out feasibility studies and detailed designs of the project.
- Priority will be given to construct irrigation projects at food-deficit hilly areas.

b) Role of local bodies

- With the help of private community, DDCs, VDCs and water user associations will construct and manage small irrigation projects.
- All irrigation programs at the local level will be implemented in partnership of water user group and irrigation and agriculture bodies.

c) Role of private sector


- Construct tube-wells, renew and repair works
- Carry out repair works of electric motors and diesel pumps that will be used in tube-well by setting up private workshop.
- Promote and implement drip, sprinklers and reservoir technology in hill areas.
- Large-scale irrigation projects will be managed jointly Nepalese and foreigners in the initial phase, but after enhancing the capacity of Nepali private sector, such projects will be managed and operated by them in the future.
- Private sector will contribute in sample testing, exhibition, development and operation of the irrigation projects that are under construction.

d) Role of NGOs

- NGOs will play an important role in extending technical support to water users groups and community organisations, formation of farmers' groups, and formulate, design, construction and operation of projects.

17.1.6 Possible external risks in implementation of projects to achieve the irrigation goal

- Availability of foreign assistance
- Availability of government's matching fund
- Collection of irrigation service charge
- Lack of co-ordination and co-operation among Department of Irrigation,



Department of Agriculture and Department of Soil and Watershed Conservation

- Lack of political commitment for people participation.
- Availability of various agriculture-related services to farmers in coordinated manner.

17.1.7 Log Frame

The overall policies and programs of the irrigation sector have been presented below. Detail information has been given in annex 3.

*Policy and Programme Log Frame- Irrigation**

Overarching National Objectives: Poverty incidence of Nepali people (men and women) significantly reduced at a sustainable manner.

Sectoral objectives: Remarkably extending the contribution of irrigation sector in national development.

Objectives	Strategy	Indicators	Sources of information	Major programs	External risk factor
<p>Sectoral objective: Extending year-round irrigation facilities to irrigable land.</p>	<ul style="list-style-type: none"> ● Intensive irrigation programs will be launched in areas where year-round irrigation facility is available. ● Irrigation management will be strengthened by enhancing capacity of water users associations. Proper co-ordination will be established with Agriculture related agencies at project, regional and national levels. ● Project formulation and construction procedures will be improved by taking technical, social, economical and environmental aspects. ● Massive irrigation projects will be developed on basis of bilateral and multilateral co-operation. ● Ground-water irrigation projects will be developed in Terai, while, in hills drip and sprinklers projects will be formulated. ● Capacity of local bodies (DDCs, VDCs and water users groups) and NGOs will be developed in formulation, construction and management of small and medium-scale projects. ● Farmer will be encourage to integrate irrigable lands having single ownership and to adopt contract farming and co-operative farming. ● Private sector participation in the irrigation sector will be encouraged. 	<ul style="list-style-type: none"> ● Farmer canals reforms in 64,000 ha. ● New irrigation facility extension to additional 1,77,600 ha. ● Participation of users in canal management, its strengthening and project hand over in 37,000 ha. ● Renewal and improvement of government project in 33,780 ha. ● Maintenance, renewal, management improvement of traditional irrigation system in 280,710 ha. ● Producing high-value crops in 10,000 ha by developing irrigation through the adaptation of modern technology. ● Diversification in agriculture. ● Participation of local bodies and people in canal construction, its maintenance and management. 	<ul style="list-style-type: none"> ● Four -monthly and annual progress report of the Department of Irrigation ● Annual report of NGOs. ● Special survey report. ● Four -monthly and annual progress report of the Department of Agriculture. ● Four -monthly and annual progress report of local bodies. 	<ol style="list-style-type: none"> 1. Sustainable management of the running projects. 2. Completing irrigation management and hand-over projects. 3. Renewal and extension of farmers' canal. 4. Renewal and improvement of government projects. 5. Development of groundwater projects in new areas. 6. Development of surface irrigation projects in new areas. 7. Producing high-value crops by using non-conventional irrigation technologies. 8. Conducting irrigation program from Agriculture Development Bank, 9. Conducting irrigation program from the Ministry of Agriculture and co-operatives. 10. Conducting feasibility study of different projects. 	<ul style="list-style-type: none"> ● Commitment of external loans/assistance. ● Commitment of Matching Fund. ● Commitment of policies and programs. ● Political commitment. ● Continuity in the participation of Department of Agriculture and Department of Soil-conservation and watershed. ● Continuity in participation and local bodies and people.

* Quantitative targets based on 6.2% growth rate (details in Annex 3)

Table 17.1: Program and estimated budget.*Rs in million*

Projects		Normal case	Lower case
1. First priority projects			
1	Irrigation Development Project (ongoing)	38.1	32.0
2	Community Irrigation Sector Project (new)	1140.0	960.0
3	Nepal Irrigation Sector Project, second phase (new)	1204.8	1012.0
4	Mahakali Irrigation Project, third phase (new)	95.0	80.0
5	Sikta Irrigation Project (new)	1045.0	880.0
6	Community Groundwater Irrigation Project (ongoing)	1962.7	1652.8
7	Groundwater project deep tube-well program under APP (ongoing)	712.5	600.0
8	Maintenance of government-operated project (annually)	950.0	800.0
9	Extensive preservation of water infrastructure	237.5	200.0
10	Management and hand-over of government project (ongoing)	370.5	312.0
11	Bhairahawa-Lumbini Irrigation Project under PTP program	64.3	54.1
12	Rajapur Irrigation Project under POP program	41.1	34.6
13	Shallow tube-well under APP (ongoing)	86.3	72.7
14	Mahakali Irrigation Project second phase (ongoing)	34.2	28.8
15	Babai Irrigation Project (ongoing)	475.0	400.0
16	Project Management and Training Program	380.0	320.0
17	Institutional development	28.5	24.0
18	Construction quality testing laboratory	475.0	400.0
19	Regional Workshops	855.0	720.0
20	Project feasibility study (new)	69.7	
21	Groundwater exploration program	118.8	100.0
22	Research, training, monitoring and evaluation (ongoing)	47.5	40.0
23	First priority programs of Department of Water-induced Disaster Control*	1566.6	1319.2
24	First priority programs run by Agriculture Development Bank (irrigation)	380.0	320.0
25	First priority program run by Ministry of Agriculture and Co-operative (small irrigation)	285.0	240.0
Total		11134.1	9376.1
Per cent		48.94	54.43
Second priority projects			
Irrigation program			
1	Sikta Irrigation Project (new)	765.0	585.0
2	Mahakali Irrigation Project third phase (new)	170.0	130.0
3	Renewal and reforms of government projects	593.6	454.0
4	Siphon construction on Babai River	340.0	260.0
5	Command Area Development in the area to be irrigated by Babai eastern main canal	1147.5	877.5
6	Medium -scale Irrigation Project (new)	255.0	195.0
7	Renewal of Ranjamara Canal	510.0	390.0
8	Irrigation Development Quality Improvement Project	26.1	20.0
9	Praganna Irrigation Project (ongoing)	348.5	266.5
10	Nepal Irrigation Sector Project (ongoing)	477.9	365.4

Projects		Normal case	Lower case
11	Second Irrigation Sector Project (ongoing)	88.8	67.9
12	Sunsari-Morang Irrigation Project third phase (ongoing)	166.5	127.4
13	Bagmati Irrigation Project first phase (ongoing)	311.8	238.4
14	Chandamahana Irrigation Project (ongoing)	8.5	6.5
15	Non-conventional Irrigation Program (new)	399.5	305.5
16	Second priority programs of Department of Water-induced Disaster Control*	1034.0	790.7
17	Second priority programs run by Agriculture Development Bank	255.0	195.0
18	Second priority programs run by Ministry of Agriculture and Co-operatives (small irrigation)	191.3	146.3
Total		7089.0	5421.0
Per cent		31.16	31.47
Third priority projects			
Irrigation programs			
1	Trishuli Irrigation Project (new)		
2	Mahakali Irrigation Project third phase (new)		
3	Bagmati Irrigation Project third phase (new)		
4	Sunsari-Morang Irrigation Project third phase (new)		
5	Baghmara Irrigation Project (new)		
6	Other irrigation projects		
	a) Chandu dam (ongoing)		
	b) Mallas Irrigation Project (ongoing)		
	c) Karngaghol Lift Irrigation Project		
7	Third priority programs of Department of Water-induced Disaster Control*		
8	Third priority programs of the Agriculture Development Bank		
9	Third priority programs of Ministry of Agriculture and Co-operative (small irrigation)		
Total		4526.9	2427.9
Per cent		19.9	14.1
Grand total		22750.0	17225.0

* List of priority project prepared by Department of Water-induced disaster control has been presented in table 17.3.

Appendix 17.2 : Irrigation program/project priority list, investment cost, physical goal, implementing agency and duration

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target				
				New	Renewed	New	Renewed			
1.	Maintenance and sustainable management of running irrigation system							Department of Irrigation and water user groups	5 years	
	a) Renew and improvement of government run irrigation project	1,000,000					(280,710)	Department of Irrigation and water user groups	5 years	Continuing irrigation facility to 280,710 ha of land by carrying out maintenance and management of government irrigation projects
	b) Maintenance of main dam and pumping station	250,000					(33,780)			
	c) Repair, maintenance and rehabilitation of large-scale govt irrigation project	698,400					(37,000)	Department of Irrigation and water user groups	5 years	Giving continuity to irrigation facility 33,780 ha of land by renewing and improving the running irrigation projects
	d) Irrigation management and management transfer	390,000							5 years	Improving structures of the most needed irrigation projects commanding 37,000 ha of land, constituting water user groups, improving their efficiency and hand-over of management and operation of branch canals to water user groups
	e) Farmer canal renewal and improvement	0								
	1) Praganna Irrigation	410,000				300	5000	Department of	2 years	Improving the most needed

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks	
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target					
				New	Renewed	New	Renewed				
	Project									Irrigation and water user groups	structures of farmer canals irrigating to 5300 ha, improving efficiency of water user groups, management and operation of framers canals by themselves
	2) Community Irrigation Sector Project	1,200,000	1,200,000	6,200	20,000	62,00	20,000	"	5 years		Improving the most needed structures of farmers canals irrigating to 26,200 ha, constituting water user groups, improving their efficiency and hand-over of their management and operation to water user groups
	3) Nepal Irrigation Sector Project second phase	1,265,000	1,265,000	11,000	20,000	11000 (4000 ha from surface), (7000 ha from ground-water)	20,000	"	5 years		Improving the most needed structures of farmer canals irrigating 31,000 ha, constituting water user groups and enhancing their efficiency, hand-over management and operation to water user groups
	4) Babai irrigation project (siphon construction)	400,000	400,000		10,000	-	10,000	"	5 years		A siphon will be constructed on Babai river to supply water to farmers canals on the Western bank of the river from main canal of Babai
	5) Command area development in areas to be irrigated by the Eastern main canal of Babai irrigation	1,350,000	1,350,000		(10,000)	-	(10,000)	"	5 years		Development of command area on 13,500 ha in Eastern bank of Babai
	6) Second Irrigation Sector Project (SISP) (ongoing)	-	104,437				-	"	1 year		Works of incomplete projects will be completed
	7) Nepal Irrigation	-	562,197				-	"	1 year		Works of incomplete projects will be

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target				
				New	Renewed	New	Renewed			
	Sector Project (SISP) (ongoing)								completed	
	8) Ranijamara irrigation plan	600,000	600,000		8,000		8,000	"	5 years	Systematising the source of Ranijamara in Karnali River, improving the most needed structures of farmers canals irrigating to 8000 ha, improving efficiency of water user groups, operation and management of farmers canal by water user groups themselves
2	New and ongoing irrigation projects (programs with availability of year-round irrigation)		0							
	Surface Irrigation Projects		500,000	5,000			5,000	Department of Irrigation and water user groups	5 years	Works of Babai dam and main canal has been completed. Irrigation facility will be provided to 13,500 ha by constructing branch canal and watercourses.
	a) Babai Irrigation Project (ongoing)									
	b) Sikta Irrigation project (new)	5,100,000	2,000,000	34,000	-		3,000	Department of Irrigation and water user groups	12 years	Surface Irrigation projects are the only alternative as groundwater resource is low in Banke.
	c) Mahakali Irrigation project (new) Third phase	11,160,000	20,00,000	38,000	-		2,500	Department of Irrigation and water user groups	12 years	As per the Mahakali treaty, share of water that Nepal gets from the Mhakali river will be used for irrigation.
	d) Trishuli Irrigation project (new)	1,500,000	1,500,000	1,000	-		5,00	Department of Irrigation and JICA	10 years	To be constructed under the grant assistance from the Japanese government.

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target				
				New	Renewed	New	Renewed			
	e) Mahakali Irrigation project second phase (ongoing)		35,996	-	-	-		Department of Irrigation and water user groups	1 year	To be completed remaining 5 per cent works of the project.
	f) Medium Irrigation project (new)	300,000	300,000	-	-	2,000		Department of Irrigation and water user groups	5 years	Extension of irrigation facility to 2,000 ha from new surface irrigation projects.
	1) Baghmara irrigation (new)	1,40,000	1,40,000	1,200	-	-		Department of irrigation	7 years	Supply of water to Khageri irrigation system from Baghmara river for irrigating additional 1,200 ha.
	g) Chanda Morang irrigation project (ongoing)		9,981					"	1 year	An incomplete structure of the project will be completed.
	h) Rajapur irrigation project (ongoing)		43,290					"	2 years	Project has been completed but should be operated for two years as per POP*
	i) Bagmati command area development second phase (new)	5,00,000	5,00,000	16,000		16,000		"	5 years	New project to be started
	j) Bagmati irrigation project (ongoing)	-	366,844	20,100				"	1 year	To be complete ongoing project
	k) Sunsari-Morang irrigation project third phase (new)	1,000,000	1,000,000	-	(10,000)			"	5 years	Renewal of branch canals irrigating 10,000 ha., new tertiary will be built
	l) Sunsari-Morang irrigation project third phase (ongoing)	-	195,941	-	(15,100)			"	1 year	Renewal of branch canals irrigating 15,100 ha., work of incomplete tertiary will be built
	m) Irrigation development project (ongoing)		40,061			3100	1000	"	1 year	Project to be completed

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target				
				New	Renewed	New	Renewed			
	n) Community groundwater project (ongoing)		20,66,022	60000		49000		"	5 years	Tube-well expenses to be borne by farmer groups and Department of irrigation to act as a facilitator
	o) Shallow tube-well under special program (new)	90,880	90,880	40000		10000		"	5 years	Tube-well expenses to be borne by farmer groups
	p) Deep -tube well under special program (new)	7,50,000	7,50,000	10,000		11,000		"	5 years	Deep tube -wells to be built by Department of Irrigation
	q) Bhairahawa-Lumbini groundwater irrigation project		67,680					"	2 years	**Project has been already completed but it should be operated for two years as per PTP
	r) Groundwater resources exploration program (ongoing)		1,25,000					"	5 years	Conduct annual groundwater exploration
	s) Other surface irrigation projects (Mallaz and Chandu dam) (ongoing) and Kerunga Ghol Lift project (new)	159,631	159,631					"	3 years	Completion of the projects
3	Non -conventional irrigation project (new)	14,00,000	4,70,000			10,000		Non-governmental organization	5 years	Mobilising NGOs to do the work for Department of Irrigation
4	Research, training, monitoring and evaluation		50,000					Department of irrigation	5 years	To be done by Department of Irrigation
5	Feasibility study (new)		87,141					"	5 years	To be done by Department of Irrigation
6	Auxiliary programs of irrigation development							"		

S.N.	Name of program/project	Investment Cost (in Rs. 000)		Physical Progress				Implementing agency	Duration	Remarks
		Investment cost of project	Investment cost during Tenth Plan	Plan Target		Tenth Plan Target				
				New	Renewed	New	Renewed			
	(annual)									
	a) System management and training program	40,000						"	5 years	To be done by Department of Irrigation
	b) Irrigation institutional development program	30,000						"	"	"
	c) Construction quality test laboratory	50,000						"	"	"
	d) Mechanical workshop	90,000						"	"	"
	e) Irrigation development quality enhancement project	30,700						"	"	"
7.	ADB run irrigation project (new)	10,00,000				38,000		Agriculture Development Bank	"	Program to be operated from the flow of Agriculture Development Bank loan
8	Irrigation program run by Ministry of Agriculture and Co-operative (new)	750,000				10,000		Ministry of Agriculture and Co-operative	"	To be operated by District Agriculture Offices under Ministry of Agriculture
	Total	22,719,202				177,600	64,000			

POM=plan of operation and maintenance. Rajpur irrigation project has been completed, in order to smoothly operate the project, irrigation systems will be systematized for two years as per the POP. **PTP=project transitional period, as it is for 3 years during the tenth plan, budget for two years will be adjusted from Bhairahawa-Lumbini project.

17.2 Water Induced Disaster Prevention

17.2.1 Background

Adverse geographical structure, monsoon rain, global climatic changes and lack of public awareness are the main reasons behind ever increasing loss of lives and property due to floods, landslides, soil erosion and flow of debris. Therefore, concerted efforts, community participation, awareness raising programs, development of information system on disaster and development and expansion of appropriate technologies have become imperative.

In this context, the objectives, policies and working policies of the Tenth Plan have been prepared with the targets on mitigating water induced disasters, minimising loss to lives and property by controlling rivers and rivulets, protecting arable land and utilising the wasted land around rivers and rivulets thereby alleviating poverty.

17.2.2 Evaluation of the Ninth Plan

A. Review of the Ninth Plan

The Technical Centre for Water Induced Disaster Prevention, established with an objective of enhancing the capacity of mitigating water induced disasters, has been carrying out disaster mitigation programs and Mahakali River Control and the Department of Irrigation have been carrying out some central river control programs on Bakraha, Lalbakaiya and Bagmati rivers and emergency river control programs. In course of institutional development, the centre was transformed into the Department of Water Induced Disaster Prevention in 1999 and it has been mitigating water induced disasters since then.

B. Problems and Challenges Faced during the Implementation of the Ninth Plan

The task of managing floods, landslides and soil erosion prevention in coordination with agencies involved in water induced disaster mitigation still remains challenging. Similarly, lack of appropriation of enough means and resources has also become a problem.

17.2.3 Long-term Vision

To effectively mitigate and prevent water induced disasters in a coordinated manner through institutionalising water induced disaster management.

17.2.4 The Tenth Plan

A. Objectives

The prime objective of the Tenth Plan will be to control and manage water induced disasters - soil erosion, floods, landslides and flow of debris which cause damages to lives and property, arable land and development infrastructures every year - to contribute to poverty alleviation and sustainable development and to develop and

expand appropriate and low cost technologies and to disseminate information and enhance the capacity of people to protect themselves from such disasters.

B. Major Quantitative Targets

Following are the major targets related to the activities of control of water induced disasters:

- To formulate policy, laws, regulations and guidelines on water induced disaster management.
- To enlist, classify and sketch the map of areas prone to floods, landslides, flow of debris, soil erosion and glacier outburst.
- To implement model projects to mitigate/prevent the damages caused by floods, landslides, flow of debris, soil erosion and to develop and expand appropriate technologies. To provide training to the technicians of the concerned agencies of His Majesty's Government.
- To carry out appropriate programs for collecting information on floods and flow of water and its dissemination, for the establishment of pre-information system and for raising public awareness.
- To assist in reconstruction of development infrastructures damaged by water induced disasters and in emergency relief programs.
- To coordinate among the agencies related to water induced disaster management.
- To make the Nepa-India Committees/Sub-committees on Inundation in border areas effective.

C. Strategy

Water induced disasters have frequently damaged lives, property and thousands of hectares of fertile land. Since such lands are generally owned by low income groups, it has not only worsened the problem of sustenance of the poor, but has also negatively impacted the economic and social structure.

In this context, the necessity of effectively managing water induced disasters to boost economic growth and promote social justice is ever increasing. To enhance knowledge on natural disasters, to develop a system of assessing possible risks, to make efforts to stop change in the course of rivers and bring them back to original courses and to take effective measures for resolving the inundation problem in the border areas are the basic requirements. In this context, the prime strategies of this sector are as follows:

1. The institutional capacity of various agencies related to this sector will be enhanced by formulating policies and working plans of water induced disaster management.

2. Mobilisation of people and rehabilitation system at the concerned agencies and community level will be established for the effective implementation of preventive measures and enhancement in public awareness to mitigate water induced disasters.
3. Emphasis will be given on carrying out watershed management and river control programs in an integrated manner through public mobilisation using local skill and means.

D. Policies

■ *Policy Formulation, Working Plan and Institutional Development (Related to Strategy1)*

- Consolidation of collection, exchange and dissemination of information on national and international water induced disasters and preparation of risk map of floods, landslides, flow of debris and glaciers and categorisation of disaster-prone areas will be done.
- Work plan on flood and course of rivers will be prepared and determining the natural course of rivers, settlement and other construction of permanent structures in the areas will be discouraged.
- Nepal-India Committee/Sub-committee on Inundation will be made effective for resolving the problems of floods, landslides and inundation in border areas.
- Work plan for flood and landslide control will be formulated and external resources will be attracted for the purpose.
- Work plan for big, medium and small rivers of the kingdom will be prepared for sustainable river control and landslide control of sensitive steep areas will be prepared for preventing landslides.
- The rivers flowing into neighbouring countries will be enlisted and updated records of their impacts on border areas will be kept through preparing maps.
- Institutional capacity of agencies related to water induced disasters will be enhanced.

■ *Preventive Measures, Public Awareness and Coordination (Related to Strategy 2)*

- Capacity of water induced disaster rehabilitation works will be enhanced through promoting coordination among various agencies of His Majesty's Government, non-governmental organisations and the communities for water induced disaster rehabilitation and reconstruction.
- The district level emergency river control and watershed management

activities will be conducted through the concerned local government agencies. Local non-governmental organisations and community organisations will be involved in natural calamities relief and afforestation programs.

■ ***Use of Local Skills and Means and Public Participation (Related to Strategy 3)***

- Exploration, development and expansion of low cost appropriate technologies for mitigating water induced disasters will be made through model construction activities.
- River control will be carried out in coordination with agriculture, forest and soil protection activities. Arrangements will be made to optimally use the local skills, means, resources and bio technology.
- Women's participation in development works will be made compulsory.

E. Major Programs and Implementation Process

The major programs of the Department of Water Induced Disaster Prevention are as follows:

- To formulate policies, laws, regulations and guidelines in order to institutionalize water induced disaster management as a regular program.

The government has ratified National Water Resources Strategy which has an objective of enhancing institutional capacity of water induced disaster management. National Water Plan is preparing its detailed work plan. To formulate policies and work plan for water induced disaster management and execute them and to enhance institutional structure and capacity are the major programs.

- To prepare the maps and sketches of areas prone to water induced disasters.

Such prone areas will be enlisted and categorised and risks will be mapped and sketched and procedures and information system on disasters will be consolidated. Major landslides, inundation areas, glaciers and risk-prone watershed areas will be enlisted and their data will be collected on priority basis and risk maps of 20 districts will be included in the geo information system as soon as possible. Similarly, the ongoing Disaster Mitigation Support Program will be continued and public awareness on water induced disaster mitigation will be expanded.

- Appropriate technologies will be developed and expanded through model construction works.

Model control, river control and watershed protection projects will be implemented in order to mitigate/prevent damages caused by floods, landslides, flow of debris and soil erosion. Appropriate model construction

works on water induced disaster control will be carried out.

- To inform the people and enhance public awareness on damages caused by floods and landslides through pre-information system.

Appropriate programs will be conducted to collect information on floods and flow of water, to disseminate the information, to establish pre-information system and to enhance public awareness. Under this program, water induced and other natural disasters and rivers will be enlisted and their information will be collected and posters and pamphlets will be distributed for public awareness. Efficiency will be enhanced by coordinating with government agencies related to natural disasters, training will be given to users and public awareness will be raised for river control and watershed protection purposes.

- Management of the course of sensitive rivers and prevention of landslides in sensitive steep places will be done.

Studying the sensitive floods, lands lides, flow of debris and soil erosion, potential projects will be updated. Preventive measures will be taken in sensitive areas through mobilisation of people in coordination with the concerned agencies. Poor people will reacquire their lands through the management of the floods of sensitive rivers and it will help directly in poverty alleviation.

- Relief will be provided to water induced disaster prone areas and the damaged structures will be reconstructed and rehabilitated.

Infrastructures damaged by water induced disasters will be rehabilitated and assistance will be given to emergency relief works. The practice of reconstructing the infrastructures damaged by water induced disasters by concerned agencies and communities will be gradually developed under this program. Necessary relief materials will be stockpiled in all five development regions. Besides, emergency relief and rehabilitation projects will be run as required and technical assistance will be provided to district level concerned agencies for similar purpose.

- Seminars/workshops and interactions will be held to avoid duplication of works and to coordinate programs related to the Department of Water Induced Disaster Management and concerned government agencies, various donor agencies, national and international non-governmental organisations.
- Nepal-India Committee/Sub-committee on Inundation will be made effective, work plan for river course will be formulated and executed and disaster mitigation/control work plans will be expedited.

Additional Implementation Process

- District level river control programs will be implemented through the local agencies of the respective districts. Likewise, rescue activities on emergency

water induced disasters will also be implemented through the concerned agencies of the respective districts with technical support from division and sub-division offices. Some projects on floods, landslides and soil erosion will be carried out through model construction sites for technical development. Water induced disaster mitigation technologies will be gradually transferred to public level through community disaster mitigation process by adopting structural and non-structural measures. Consumers will be trained in adopting safety measures to be protected from disasters.

- Pre-information system will be developed in order to inform the people on the damages caused by sensitive rivers and landslides.
- Work plan on flood and course of rivers will be prepared and determining the natural course of rivers, settlement and other construction of permanent structures in such areas will be discouraged.
- For the protection of upper watershed areas of rivers, gorge control, bio-engineering and afforestation programs will be conducted establishing coordination with the Department of Soil and Watershed Conservation.
- All the said programs will be implemented with greater participation of the people in coordination with all the concerned agencies of the central, district and local levels. Similarly, training and consultations to the technicians of various agencies of His Majesty's Government at the central level will be provided by the Department and at the district level by the divisions and sub-divisions under the Department.

F. Policy, Legal and Institutional Reforms and Provisions for their Implementation

Although the water induced disasters cause huge damage to lives and property every year, due to lack of coordination among the concerned agencies to mitigate/prevent such disasters they have not been effective and the affected people have not been benefited. It has been imperative to establish coordination among the concerned agencies and strengthening them for effective forecasting of floods and landslides to mitigate and prevent disasters. The following reforms should be made in the Tenth Plan:

- To expand the scope and rights of the Department of Water Induced Disaster Management and to make coordination more effective and make arrangement for necessary manpower and budget.
- To provide means and resources to the Department of Hydrology and Meteorology required for forecasting floods.
- To provide necessary means and resources to the Home Ministry in order to provide relief to disaster victims in time and to rehabilitate them.

G. Prioritisation of Government-funded Programs and Projects

The policies and activities of prioritisation of government-funded programs are determined on the basis of Metrics Prioritisation Method.

The projects and names of programs in terms of priority order, required investment, physical targets, implementing agency and timetable are given in chapter 17.4.

The implementing agencies are His majesty's Government, Department of Water Induced Disaster Prevention, Department of Hydrology and Meteorology, Department of Soil and Watershed Management, District Administration Office, local government bodies, non-governmental organisations and the local bodies.

Programs will be conducted with greater participation of people through the beneficiary consumers groups with joint efforts of the non-governmental organisations. First, second and third priority projects/programs are given in chapter 17.3.

H. Expected Benefits

- The additional contribution expected to Gross Domestic Product: The mitigation of disasters will help more in protecting the productivity from damages than contributing to the Gross Domestic Product. For the additional contribution made from the reacquisition of land has to be analysed case-wise. River and watershed improvement programs will give direct and indirect economic benefits besides contributing to improving the environment.
- As the water-induced disasters damage mostly the lives, settlement and arable land of the poor people, disaster management will protect cultivable land and will directly contribute to poverty alleviation. About 1.5 million persons per day will be employed (within five years) during its construction period.
- As the use of local means, resources and people's participation in flood control is greater and the local people can be used for collecting construction materials and filling stones in gabion wires, it creates direct employment opportunity.
- Since women are also involved in labour-intensive works, it also helps in practicing gender equality.

17.2.5 Possible Constraints and Risks of Implementation and Target Achievement

If there is constraint of means and resources or if floods and landslides of greater magnitude like that of 2050 BS (1993) occur, the available means and resources have to be allocated to disaster-hit areas. Other risks perceived are as follows:

- Adequate availability of foreign assistance.
- Availability of people's participation.

- Continuity of cooperation and coordination among other concerned agencies.

17.2.6 Log Frame

The objectives, policies, sources of information indicators, major programs, their log frame and detailed sub-programs of those programs and the vision table of indicators are given in annex three.



Policy and Programs Log Frame - Water Induced Disaster Control*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objectives: Effective management of water-induced disasters.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Sectoral objective: Effective management of water-induced disasters.	<p>Enhancing present institutional capacity of the concerned bodies by formulating policies and action plans.</p> <p>Promoting public participation and raising public awareness for precautionary steps to minimise damages and promoting system of re-establishment at local and community level.</p> <p>Stressing to conduct watershed management and river control programs in an integrated way by using locally available skill and resource through public participation.</p>	<p>Policy and law for water-induced disaster management.</p> <p>Number of targeted programs for raising public awareness.</p> <p>Damages and relief programs created by Water-induced disasters.</p> <p>Projects/ programs related with watershed management must be initiated.</p> <p>Mapping of risks areas of 20 districts must be completed.</p>	<p>Department of Water-induced Disaster control and department of Land and watershed Conservation.</p>	<ol style="list-style-type: none"> 1. Formulating policy related with Water-induced Disaster management. 2. Mapping and marking risk areas from the point of view of water-induced disaster. 3. Development of expansion of proper technology through sample construction. 4. Preparation and implementation of programs for Flood land management of sensitive rivers and preventive measures of sensitive cliffs. 5. Pre-informing people about the possible damages from flood and landslide through pre-information system. 6. Timely extension of relief to the people affected by the water-induced disasters and reestablishment of demanded infrastructures. 7. Coordination among the institutions related with water-induced disaster management. 8. Enhancing effectiveness of the bilateral committee related with Nepal-India border area immersion problems. 	<p>Continuity in co-operation and co-ordination among related institutions.</p> <p>Availability of necessary financial resources.</p>

** The quantitative targets are based on the economic growth rate of 6.2 percent (details in Appendix 3)*

Chapter - 18

Road Transportation

18.1 Introduction

The road sector has played an important role in the socio-economic development and regional integration of Nepal. Till date, the road network has connected sixty district headquarters. However, the road sector has yielded low economic returns because it requires huge investment, but suffers from low traffic volume and lack of integrated approach in the development efforts. According to the Nepal Road Statistics 2000, a total of 15,905 km. road have been constructed, of which 29 percent is blacktopped, 24.9 percent graveled and 46.1 per cent earthen roads. In terms of the population, a kilometer of the road serves about 1200 people. The Department of Roads is responsible for the construction and maintenance of major roads along with urban roads and district roads. The construction and maintenance of local district roads is the responsibility of Department of Rural Infrastructure and Agricultural Road under the Ministry of Local Development.

The status of road as of now, length of the roads according to development region, and category of roads on the basis of length are shown in table 18.1, 18.2 and 18.3, respectively.

Table 18.1: The Status of road as of now

S. no	Type	The total of FY 2058/059 (Till Falgun end)	
		Km	Portion in percentage
1	Black topped	4,617	29.0
2	Graveled	3,958	24.9
3	Earthen	7,330	46.1
	Total	15,905	100

Source: Nepal Road Statistics, 2000

Table 18.2: Road length according to development region (in Km)

Region	Road length
Eastern	3,410
Central	6,343
Western	2,709
Mid Western	2,106
Far Western	1,337
Total	15,905

Source: Nepal Road Statistics, 2000

Table 18.3: Classification of road and length by type (in Km)

Classification of road	Road surface			Total
	Black topped	Gravel	Rough	
Highway	2,357	248	369	2,974
Feeder Road	870	406	544	1,820
District Level Road	460	2,704	5,896	9,060
Urban Road	930	600	521	2,051
Total	4,617	3,958	7,330	15,905

Source: Nepal Road Statistics 2000

The efforts to connect district headquarters by the construction of new roads have been slow as emphasis is given in the reconstruction, upgrading and maintenance of the existing roads by the limited resources. It is expected that the recent approval of National Transport Policy 2058 by the government will be crucial in preparing the concept of long-term road development planning. Similarly, the provisions made by Road Board Act, 2059 is expected to bring about a major change in repair and maintenance of roads. It is expected that long-term projects will come forth after the preparation of 20-year road plan.

18.2 Review of the Ninth Plan

A. Status and progress made as per the targets

The main objective of the road sector during the Ninth Plan was to contribute to the economy and help in alleviating poverty by developing less expensive transportation infrastructures.

The status of the first four years of the Ninth Plan shows that the physical achievements were more than the target. The plan targeted 87 bridges, whereas more than 150 bridge construction projects are under implementation. These are not only small and middle bridges, but also large-scale ones like Trijuga (Saptari), Rapti (Dang), Rapti (Nepalgunj) and Sunkoshi (Kavre). Though it was estimated that the average annual budget of Rs 300 million would be enough for the construction of bridges, the last year of the plan alone would require Rs. 1.1 billion.

The Ninth Plan had targeted to extend road network to 12 district headquarters out of the total 19 district headquarters that were deprived of road network, but only four district headquarters were connected by road by the end of the plan period. Public Infrastructure Construction and Transfer Policy, 2055 has been implemented to encourage private investment in transport sector. An Act, in this regards, is also being formulated. Public Construction Directive has been prepared to construct roads and bridges of pre-determined standards in a given time and cost, and to manage resources needed for repair and maintenance by operating/implementing Road Board Act and Public Constructions Work in a well organised manner.

Table 2.1 shows the road construction/upgrading progress during the Ninth Plan (FY 2054/55-2058/59)

Table 18.4: Target and progress description

S.N	Description of road construction, maintenance and upgrading	Target of the Ninth Plan (km.)	Total progress of the Ninth Plan (km)	Progress (in %)
1	Road construction and upgrading			
a.	Blacktop	740	517	70
b.	Gravel	1,225	843	69
c.	Earthen	952	749	79
	Total	2,917	2,109	72
2.	Road improvement and reconstruction	758	1,087	143
3	Periodic maintenance –blacktop and gravel	2,954	733	25
4	Bridge construction (number)	87	99	114
5	*Links roads, district headquarters but of remaining 19 districts in (number)	12	4	33
6	New road construction (highways and sub feeder roads only)			
a.	Blacktop	149	407	273
b.	Gravel	819	1,152	141
c.	Earthen	952	1,432	150
	Total	1,920	2,991	156

B. Problems and challenges faced during implementation

- Lack of budget appropriation as per the priority for the roads and bridges.
- Weak relation between the national and regional objective and targets affected the predetermined achievement.
- Failure to allocate the required budget in each fiscal year as per the ratio of total cost of the project.
- Constructions of roads without appropriate study and research.
- Various conflicts from the primary stage of road construction work delayed road construction work.
- High cost of construction and maintenance of roads due to frail geological and complex geographical structures.
- Lack of specifications to standardize liabilities of consultants.
- Weak monitoring and evaluation activities.
- Lack of inter -regional coordination and co-operation.
- Lack of systematic statistics and proper information system in the projects
- Lack of maintenance of roads and bridges, based on its actual physical status.
- Lack of awareness results in low participation of local people in the process of construction and use of roads and bridges.
- Apathetic private sector investment in the road construction work.

- Lack of adequate matching funds with the government as compared to the foreign aid.
- The policy to tie up the construction and maintenance of the roads linking major hydro power, projects could not be implemented effectively.
- The lax in security situation severely hampered the supply, storage and uses of necessary inputs, and explosives.
- The poor utilization of locally available resources, and a trend to tendency support from the centre even for the smaller projects.
- Weak decentralization, transparency, and accountability in the selection and implementation of the projects.

18.3 Long Term Vision

In the process of expansion of road network, road sector will concentrate on the development of necessary infrastructures to assist poverty alleviation and achieve high and sustainable economic growth by contributing to minimize regional imbalance and social inequality through proper mobilization, allocation, and utilization of available resources. In order to expedite the development of the sector the role of the private sector and the users group will be defined right from the level of project formulation to implementation. In this context, the long-term vision of the sector will be as follows:

- The road sector projects will be selected, formulated and developed to help alleviate poverty, and achieve high and economic sustainable growth through effective mobilisation of resources and its justifiable distribution, both on geographic and social basis.
- The government will play the role as a facilitator and regulator to promote private sector investments through the identification of projects with comparative advantages to achieve sustainable economic development.
- The capacities of the government bodies from the centre to local would be enhanced and made transparent to achieve higher growth.

In order to translate the above long-term vision into actual practice:

- All district headquarters will be linked by road network. For the areas those are important and sensitive for the regional unification, easy and short alternative routes will be identified and implemented.
- The major road network of the country will have three fully developed parallel East West Highways (Existing Mahendra Highway, one highway in Mid Hill region that would be ready by integrating various roads under construction, and one in Southern Terai by rehabilitating and upgrading existing postal route) and North-South Highways and feeder roads. There roads will be connected with small centres, settlements and production areas by the roads to be constructed in rural and local level.

18.4. The Tenth Plan

a) Objective

The major objective of the road sector is to construct low cost road networks (national and regional highways, and major roads in local level) and their repair and maintenance by promoting private investment. The road sector to be constructed by using local skills, technology and resources through the participation of the private investment is expected to provide basic support in economic and social development of the country and strengthening security mechanism, regional co-ordination and national unification and to extend meaningful contributions in poverty alleviation, , reducing social injustice and regional imbalances.

b) Quantitative targets

The target during the Tenth Plan is to construct new roads and bridges of different standards, maintain existing roads and upgrade the quality, and extend road link to some district headquarters. Major physical targets and expected achievements are shown in table 18.5.

Table 18.5 Major physical targets of the Tenth Plan

Particulars	Expected growth	Normal growth
New road construction (All category) (in km)	1,025	870
Road upgrading (All category) (in km)	1,764	1,500
Road improvement, rehabilitation and reconstruction (in Km)	596	500
Construction of road infrastructure (in km)	229	195
Periodic maintenance (in km)	1,216	1,033
Bridge construction (in number)(Including 132 that is under construction)	220	187
Link road to additional district headquarters (in number)	10	8
Formation of Road Maintenance Fund	To form within first fiscal year	
Institutional strengthening	To be continued	
Handing over local and urban roads under local development ministry to municipalities and DDCs	Within coming two years	
Reducing road transport expenses	To be gradually reduced	

c) Strategy:

The road network can be taken as an important basic infrastructure that is essential for the socio-economic development of the country. Studies conducted to measure the incidences of poverty have pointed out that the lack of road access is the main cause of rural poverty. The road helps to enhance the rural people's access to the social services like education and health, find market for their local products, and promote rural employment through the promotion of income generating activities. Similarly, a good road network helps in reducing the transportation cost in both rural and urban areas, providing goods and services, reducing development gap between the urban-rural making qualitative improvement in rural livelihood and increasing cost

effectiveness. Overall, well-formulated and managed road programs can make remarkable contributions in alleviating poverty by achieving high economic growth and extending social services. Similarly, the extension of road network to remote districts contributes to bring the deprived communities in the mainstream of development through the process of socio-economic reunification. In this regard, the following are the main strategies of the sector.

1. Development, construction and extension of strategically important road networks.
2. Construction of roads that can contribute economic activities and develop other infrastructures.
3. Promote the participation of private sector in the construction of road networks and their maintenance.
4. Incorporate proper studies, technologies, environmental management and road security measures in the road construction process.
5. Implement planned system in repair, maintenance, expansion and upgrading of roads and bridges.
6. Promote institutional development and enhance capacity as per of liberal economic policy and decentralization.

d. Polices and working policies

- ***Development, construction and expansion of strategically important road networks (related to strategy number 1)***
 - The policy will be adopted to expand road link in the district will have headquarters not having a road link with a of linking all 75-district headquarters special priority by the road network.
 - The road network will be constructed and expanded so as to connect major commercial centres to enhance macro economic activities of the country.
 - The East-West and North-South highways will be given due priority. Gradual construction and upgrading of East-West feeder roads, district and East-West postal highways will be made, so as to ensure gradual construction and expansion of East-West highway through mid hill region,
 - Roads from northern mountain regions to link Tibetan markets and trade centres across the border will be constructed.
 - The economic activities of the Southern belt will be expanded through expansion, upgrading and maintenance of postal routes.
 - The North-South roads will be linked with local road systems.
 - As per the South Asian development concept and the policy of expanding the road network, the East-West highway will be developed as an Asian highway and regional commercial route.

- The low cost and labour intensive technology would be adopted and the local resources will be utilised in the construction and repair and maintenance of some sections of low-traffic North-South highway, and link roads to district headquarters.
- Priority will be given to the bridges in highways that are already constructed or are under construction.
- ***Road construction to contribute in other infrastructures, and support economic activities (related with strategy number 2)***
 - Except the road projects linking to the district headquarters, priority will be given for the projects with high rate of return.
 - The districts remote with low traffic density will get minimum transportation infrastructures that will benefit the social development.
 - District level road construction will be decentralised, will have minimum adverse impact to the environment, and cover tourism sites.
 - Special initiation will be taken for regional and sub-regional cooperation for the integrated development of transport sector -.
 - The construction and maintenance of the roads that link important projects like, hydropower, irrigation and tourism will be associated with the respective projects.
 - The bypass system will be introduced to lower the traffic pressure in urban areas with dense and mixed traffic pressure.
 - Under the various stages of Urban Road Development Master Plan the land and house acquisition process will be expedited by timely acquisition of the land and construction of track roads.
- ***Promotion of private sector's participation in the construction and maintenance of road network (related with strategy number 3)***
 - The private sector participation will be enhanced by creating conducive environment with the necessary legal and policy reforms
 - The government will perform more a role of the facilitator and regulator, for which appropriate situation will be created
 - Private sector will be encouraged in the construction of toll road, pay parking, alternative and high-speed roads, for which project study will be conducted.
 - Alternative highways linking Katmandu valley and Terai will be developed.
 - Measures will be taken to attract and encourage domestic and foreign private sector investments in Built, Operate, Transfer (BOT) and Built, Own, Operate, Transfer (BOOT) projects. While calling private sector for such investments, various concessions will be provided to the projects so as to strengthen local economic activities and promoting employment.

The government procedural, in this regard, will be made simple, attractive, short and transparent.

- Necessary studies will be carried out to formulate program and policies to ensure effective participation of private sector in construction, and maintenance of roads. For this, institutional arrangement will also be made.
- ***Proper research, technology, environment management and road safety in road construction and expansion. (related with strategy number 4)***
 - Road projects will be selected and implemented based on the cost and benefit, sustainability, minimum adverse impacts on environment, regional balance etc.
 - Maximum mobilisation of locally available labour and resources will be ensured to contribute in poverty alleviation. The environment awareness programme will be integrated with road development projects.
 - Special attention will be paid in adopting low cost technology that minimise environmental degradation in the process of design, construction, maintenance, rehabilitation of roads, by using the locally available resources, and manpower. The concept of green roads will be effectively implemented.
 - Transportation infrastructures will be constructed and improved and means of transportation will be managed to enhance traffic safety and protect environment .
 - In the areas of heavy traffic, the roads will be widened along with the provision of bicycle lanes. .
 - The construction of new roads in urban areas will be managed and directed by formulating necessary directives, rules and regulations.
 - While constructing new roads in urban areas, delivery system of basic services like sewage, drinking water, telephone, and electricity lines will be placed outside the road and the pavement.
 - Repair, maintenance and upgrading of the central-level transport infrastructures will be prioritised based on traffic density and economic returns .
- ***Adoption of planned system to repair and maintenance, expand and upgrading of roads and bridges (related with strategy number 5)***
 - The highways and feeder roads that have heavy traffic pressure and have the direct role in production and distribution of agricultural products will be upgraded through proper repair, maintenance and rehabilitation, so as to reduce road the user cost.
 - Road Maintenance Fund will be established through Road Fund Board for repair and maintenance of roads. All the available resource will be put together and spent on priority basis.

- The existing Planned Maintenance System being practised for the regular repair and maintenance of roads and bridges will institutionalised and implemented in all roads.
- Necessary research and mechanical tools will be managed for the effective repair and maintenance of the roads.
- Old bridges will be reconstructed and maintained.
- ***Institutional development and capacity building as per the policy of open and liberal economy and decentralisation (related with strategy number 6)***
 - The strengthening, capacity development, and research and development of the institutions related with road constructions and management will be managed as a integral part of the construction and development works.
 - Necessary reforms will be made in the bidding system of construction and maintenance works. Instead of awarding annual contracts, policy will be to award contract important by allocating prioritised projects under the five-year plan them annual budget, will be appropriated the budget for a period of 2-3 years.
 - The responsibility urban road maintenance will gradually be transferred to concerned municipalities.
 - As per the concept of decentralisation, necessary measures for institutional development and strengthening will be carried out in Department of Roads and its offices so that they could render their services quickly, efficiently and transparently.
 - Necessary acts, rules and quality standard will be formulated and revised for the development of transparent, quick and planned working system.
 - The capacity of the concerned government agencies, local contractors and consultants will be enhanced, so that they could implement projects maintaing given quality standard in low cost and scheduled time.
 - Concerned development agenices of the government and beneficiary communities will be informed and involved in the construction and expansion of the roads.

E. Main program, prioritisation and implementation arrangement

Main Programs

During the Tenth Plan, the major road programs will be implemented with the government resources, and in co-operation with multilateral and bilateral donors like the World Bank, Asian Development Bank, Japan, Switzerland, South Korea, China, India, and OPEC fund. Road Maintenance and Development Program (RMDP), which is under implementation since the Ninth Plan with the World Bank support will be continued in the Tenth Plan. RMDP has been engaged in road construction, rehabilitation and maintenance along with institutional strengthening, technical supervision/audit and formation and operation of the Road Fund Board.

The Tenth Plan will implement Road Network Development Project, which will be focused on constructions of new road, upgrading, periodic maintenance and a Performance Based Management Contract system. This project will be implemented with the support from Asian Development Bank and DFID (Department of International Development, UK). The Rural Access Program like Hile to Bhojpur road will be implemented with the assistance from DFID and others, by adopting labour-oriented construction technology.

During the plan period, 1,025 km of road and 220 bridges will be constructed while a total of 2,589 km road will be upgraded, improved, rehabilitated, re-constructed and constructed road infrastructure of various standards. Similarly, periodic maintenance of 1,216 km road and regular maintenance of another 5000 km road will be completed. Road networks will be extended to 10 additional district headquarters, whence altogether seventy districts will be connected by the road networks by the end of plan period.

The following programs will be implemented with high priority:

- Construction of roads to link the district headquarters, which are not yet accessible by road.
- Development of strategic road networks (East-West, Mid hill and North-South roads)
- Construction of roads that contribute for the development of industries, hydropower and other large development projects.
- Prioritization of construction of bridges in the high priority roads .
- Construction of roads that support the development of other economic activities, tourism and promotion of commercial centres.
- Construction of new feeder roads and district roads in remote and economically backward areas to maintain regional balance.
- In order to preserve the investments on roads and bridges, start and expand a planned maintenance programme .
- Operation of a separate fund under the Road Fund Board to manage funds for road maintenance.
- Keeping the strategic roads in working condition by awarding the contracts on the basis of performance.
- Setting up a road inventories of different roads, so as to get updated road traffic data, condition of pavements and other aspects of the road.
- Attract private sector investments and participation by amending rules and regulations and institutional development and create conducive environment to this end.
- Strengthening concerned government and private sectors and enhance their capacities.
- Inform and involve the people who get direct benefits from the road, in construction and expansion of road networks.

- Development of standards, directives, manuals and norms, and regular updating of Integrated Transport Plan.
- Maximum utilisation of locally available resources and means to reduce the cost of road construction and maintenance.
- Using eco-friendly and labour-intensive technologies in road construction.

Project prioritisation

The prioritisation of the projects has been made on the basis of its contribution on poverty alleviation and sustainable development, and the main strategies are based on the contribution of the project on economic growth, social and infrastructure development, targeted programmes and good governance. The programs are selected, and projects prioritised and included in the Tenth Plan on the basis of recommendations made by the Public Expenditure Review Commission, and various related seminars.

The projects are prioritised on four ranks, 0 to 3, and this priority is given the weightage of 100. The ranks; Bad, Satisfactory, Good and Very Good are based on the national and sectoral objectives, regional balance, HMG's involvement, public participation, local participation/decentralisation, private sector participation, viability and sustainability of projects and their current status.

Implementation Arrangement

A clear implementation plan based on the reports of Public Construction Directives and Public Expenditure Review Commission will be formulated to implement the road projects. Starting and ending dates and timetable of all the major activities of the projects will be fixed while preparing implementation plan and timetable. The monitoring and evaluation units of NPC, Ministry of Physical Planning and Works, and Department of Roads will be strengthened, and made effective and responsible. For this, necessary authority and support will be provided.

As per the provision made on project implementation procedures of Public Construction Directive, arrangements related with description and implementation of projects, project management plan, use of consultants, construction contracts, financial accounts, progress report, and monitoring and evaluation will be followed as directive principle while implementing projects. This will be developed, as the concept paper and will be followed by implementation agency, project chief and donors in formulation, implementation, monitoring and evaluation of the projects.

The concerned agencies and other assisting agencies of the projects will be identified. For this, concerned ministries/departments, central bodies of Financial Comptroller General Office and the office of the Auditor General's, DDC, District Administration Office and other concerned sectoral district-level offices, Village Development Committee/municipalities, and NGO's and local units will be involved. A system for the co-ordination will be developed to ensure co-operation from the concerned authorities in designing, implementation, operation and maintenance of the projects.

At present, 25 division offices and 5 regional offices are existed under the department of roads. Besides, there is a provision to establish separate project offices for the major road projects. Department of roads has more than 3,000 staff including

300 with high technical and management expertise. Though the technical capacity and experts of department of roads is sufficient to implement the programs of the Tenth Plan, training and orientation program is necessary for their effective roles as facilitators, controllers and manager according to liberal economic policy.

Implementation Plan

A working plan along with a timetable incorporating starting and possible ending dates of all major and other related activities of the project will be prepared while implementing projects. A detail timetable regarding land acquisition, resettlement action plan, procurement, appointment of consultants, contract award and implementation will be prepared. Possible negative effects of the projects will be mitigated by preparing special action plans like resettlement action plans, and environment management working plans.

Implementation procedure

The following process will be followed to implement road program:

- The statistical base related to the program, projects and budgets will be regularly updated.
- Trainings will be provided to the manpower as per necessity.
- Monitoring and supervision will be carried out on the regular basis so as to ensure smooth operation of the program in accordance with the objectives of the plan.
- The trimester (four-months) and annual performance evaluation will be conducted to find out exact problems and challenges during project implementation.

f) Requirement of policy-level, legal and organisational reforms

Policy and legal reforms

- No roads and bridges will be constructed without feasibility study.
- The projects selected and included in the Tenth Plan will be included in the program on priority basis.
- Projects with quick return and completion period of around five years will be implemented.
- An integrated Transport Master Plan will be formulated by incorporating long-term development vision of the government and recently implemented National Transport Policy 2058.
- Speed limits will be determined as per the designs of the roads.
- While designing and studying roads and bridges, cost effective methods will be followed by considering available alternatives, and the use of local means and resources and technologies and implementation procedures.
- On the basis of environmental impact assessment, negative impact on the environment will be minimised during the designing, construction and

maintenance of roads. In this regard, the green road concept will be duly considered.

- Encroachment affecting assigned road speed will be restrained, and removed. The temporary and permanent settlements around major highways will not be allowed and those already constructed will be removed.
- The road construction and maintenance will be conducted as per the recently implemented Public Construction Directives.
- In every 2 to 3 years the roads under central road network will be evaluated. The Roads not falling under central networks will be evaluated and monitored through local road networks.
- As all the urban roads except those identified as national roads, fall under urban road network, municipalities will be responsible for construction, maintenance and repair of urban roads and determination of green belts and its preservation. The municipalities will carry out such responsibilities through public participation, and in co-ordination with concerned government agencies.
- The reward and punishment system will be made effective making accountable to the agencies and official involved in project implementation.
- Arrangement will be made to charge compensation by the consulting firms and persons if any damages occur due to their faulty consultation.
- The regular maintenance would follow the cost-effective mechanism.
- The cost, standard and quality of roads in hilly regions will be determined on the basis of the factors that can put the investments at risks, like minimum traffic pressure, migration trend, and environmental hazards.
- The road upgrading and rehabilitation work will be prioritised on the basis of daily traffic pressure, and economic feasibility.
- Road maintenance activities (regular and occasional) will be categorised as periodic maintenance, emergency maintenance and preventive maintenance, and the periodic maintenance activities will conducted in a certain cycle.
- Local resources or grants will be mobilised for the preparation of projects, and dependency on loans for the purpose will be discouraged, as far as possible.
- The major roads will be considered for the concrete pavements.
- General public will be informed about the local project, regularly.

Institutional reforms

- All the roads that fall under the local transport system will be handed-over to the local bodies within two years. The manpower, machines, equipment, offices, and residential buildings will be handed-over to the concerned bodies temporarily or permanently on the basis of road density.

- Considering the nature of projects and programs, existing departmental, ministerial, and high-level monitoring and evaluation system will be made more effective.
- Technical Testing System will be institutionalised and will be implemented more effectively.
- A National Transport Board will be constituted by co-ordinating all concerned with the transportation sector, including Civil Aviation Authority.
- To encourage healthy construction, the local construction entrepreneurs will be encouraged to compete in the international market by enhancing their professional capability and quality, managerial skill, effective utilisation of equipment and training.
- Necessary arrangement will be made for the institutional development of private sector, and the system will be followed that the government will not lease out its heavy equipments.
- An autonomous and independent body will be formed to carry out construction, maintenance and repair of the major roads.
- As per the policy of minimising the total transport repair expenditures of road within specified lifetime, the users will have to pay a fee will on the basis of minimum direct benefit. Institutional development of road maintenance work will be done to repair roads from the money paid by the road users.
- Projects will be completed within the specified cost and timeframe by improving inter sectoral co-ordination.
- Number of Division Road Offices will be limited (approximately 25) and maintenance and construction activities of new roads will be implemented through the division offices.
- Necessary documentation - concession agreement, guideline, technical specification and standard, project identification and feasibility study - will be arranged by establishing a privatisation cell at Ministry of Physical Planning to attract private sector in BOT scheme.
- Planning-budget programming sections will be strengthened.
- Transfers of project chief and office chief without accomplishing the given task will be discouraged.

h) Expected achievements

Gross Domestic Product

The annual contribution of transport and communication sector to GDP, during the Tenth Plan period, is projected to increase by 7.4 per cent. The contribution of the sector to GDP is targeted to reach 9.1 per cent by the end of final year 2006/07 up from 8.5 per cent in 2001/02.

Contributions to poverty alleviation and human development

The Tenth Plan has set a target to contribute in poverty alleviation in the rural sector through the expansion of road network and enhancement of professionalism in the economic activities of the rural sector. In addition, the plan has also the objective of developing social infrastructures like education and health by expanding road transport.

Employment generation and other contributions

During the Tenth Plan, investments made in the road sector, will generate both the permanent and temporary employment opportunities. Employment opportunities generated during construction period will be of temporary in nature, while surge in economic opportunities and generation of employment as a result of enhanced professionalism of rural productions in post construction period will generate permanent employments. As a result of the policy of utilising maximum level of locally available resources and skills means while constructing and expanding road network in the rural and underdeveloped areas, rural production will be encouraged and employment at the local level will be generated by making use of local labour.

Regional development and balance

The lack of road access has slowed down of economic and social infrastructure development in the hilly and mountain regions. During the Tenth Plan as a result of the strategy of developing road transportation, considering the development of least developed areas and regional balance, social infrastructure, like education and health will be developed by developing road transportation in the remote and least developed areas. It will provide support in the effort of economic and social unification at national level enhancing regional balance.

Decentralisation

Since the Tenth Plan has a policy of transferring the responsibility of construction, maintenance and repair of all local-level roads to local bodies; the construction and development of roads will be carried out on the priority basis, and with proper utilisation of local resources. The capacities of local bodies will be strengthened to construct and expand local-level roads. The activities of all the concerned institutions in the construction and expansion of roads will be made transparent and all the activities will be conducted as per the policy of decentralisation.

Gender Equality

With the development of road, the rural sector will see the growth in infrastructure, and also the level of public awareness. As a result the women's access to the resources and employment opportunities will increase, which will promote the gender equality.

Environment

While taking up any road construction project, environment sensitivity will be assessed and measures will be taken to protect the environment. As a result of the policy of minimising vehicular emissions, the road projects will have minimum impact on the environment.

i) The roles of HMG, local bodies, private sector, communities and NGOs in the implementation of programs/ projects.

The role of major stakeholders/institutions during implementation of road projects will be as follows:

HMG

Department of Roads and its division offices will have the major role in making the road transport operational by implementing activities like expansion, maintenance, and upgrading. Besides, National Planning Commission and Ministry of Finance and other concerned ministries and departments will extend their co-operative role to run the road projects smoothly. As per the liberal economic policy, decentralisation and good governance, it will be the role of the government to create an appropriate environment to attract the private sector investments for the expansion and development activities, for which it might formulate and revise the necessary rules and regulations, as required.

Local bodies

DDCs, Municipalities and VDCs will identify road projects according to local needs, and construct and maintain the local roads as per the vision of green roads by utilising the local resources, labour and skill, and enhancing their institutional capacities. All these bodies will play co-operative role in the construction, expansion, maintenance and repair of the roads of national priority.

Private sectors

Private sector will contribute for the infrastructure development of roads with the commercial feasibility, through the concept of BOT/BOOT. Similarly, it will also play a role in utilising the investments made on roads by promoting the economic activities in the road influenced areas and in achieving the national goal of alleviating poverty by generating employment opportunities.

Community/NGOs

National and local NGOs and Community-based Organisations will be engaged in various activities in the road-influenced areas to raise public awareness and to conduct income generation activities in rural areas, which will ultimately contribute economic growth.

18.5. Probable obstacles and risks in achieving targets and project implementation

Following obstacles and risks are expected to hinder implementation of the program/projects, thereby also affecting expected achievements:

- Improvements in policies and plans, and effective implementation of the reforms.
- Commitments made for foreign loans/grants and other aids should be maintained.
- Political commitment and understanding should be continued.

- Public awareness and participation should be raised.
- Institutional capacity building should be increased.
- The road fund should be brought into operation.
- The required recurrent budget as per the total cost estimate of the project should be released.
- The security situation should be conducive for the smooth implementation of the projects.

18.6 Monitoring & Evaluation

A) Process of monitoring and evaluation

The impact, progress, economic indicators and sources of information will be defined for monitoring and evaluation process. Progress monitoring, site supervision, work inspection and timely progress, seminars will regularly be conducted on trimester basis at various levels for progress monitoring and evaluation.

Following procedure will be implemented for this purpose.

- The big projects of national importance will be monitored by designing the log frame, and their monitoring and evaluation will be carried out by the NPC specially focussing on the goal, purpose, outputs and outcome.
- Project Implementation Plan based on annual programs will be prepared for every project, and monitoring and evaluation of the project will be done on a regular and periodic basis at ministerial and departmental levels.
- Specially the engineering projects can be effectively monitored by the on-site monitoring and evaluation followed by a workshop, arrangement will be made for monitoring and evaluation in such a way.
- For the major projects, Implementation Process Monitoring will be implemented gradually, in addition to Physical Progress Monitoring.
- With an aim to make the existing trimester and annual monitoring and evaluation mechanism more effective, the trimester monitoring and evaluations processes would also have the indicator to show the work accomplished, hence enabling effective monitoring and evaluation.
- The trimester budget would be released on the basis of the progress made in the previous trimester.
- Arrangement will be made for monitoring and evaluation of local-level projects from the local level itself, but some percentage of the projects will ultimately be monitored from the regional and central level.
- Arrangement will be made for independent and public auditing of the projects on the regular basis.

- Post evaluation and impact assessment study will be conducted after the completion of the projects, and future projects will be formulated on the basis of the findings of the study.

B. Main annual indicators to monitor and evaluate the programs/projects to see achievement against annual cost and target

Following indicators have been specified to monitor and evaluate the major achievements of the road sector during the Tenth Plan.

- Construction of roads (new) 1,025 Km.
- Upgrading 1,764 Km.
- Road improvement, rehabilitation and reconstruction 596 Km.
- Bridge construction 220
- Periodic maintenance 1,216 Km.
- Recurrent maintenance 5,000 Km
- Additional road linking district headquarters-10

After the achievements of above stated targets

- Roads will be expanded
- The road conditions will be better
- Institutional capacity will be strengthened
- Transportation cost will be lowered.

18.7 Programs and estimated budgets according to priority

The following is the synopsis of the prioritised programs/ projects of the road sector for the Tenth Plan period. The detail program and estimated budget is presented in annex 18.1.

Rs in million

Priority ranking	No. of programs	Expected Growth rate		Normal Growth Rate	
		Amount	Percent	Amount	Percent
A(P1)	60	20047.6	74.4	16929.1	80.8
B(P2)	50	5037.9	18.7	3899.3	18.6
C(P3)	13	1851.5	6.9	133.9	0.6
Total	123	26937	100.0	20962.3	100.0

18.8 Log frame

The following is the aggregate vision table of the road sector:



Policy and programs Log Frame- Road transport*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Remarkable contribution of the road sector in national development.

Objective	Strategy	Indicators	Source of Information	Main Programs	Risks and obstacles
<p>Sectoral objectives: Given the need to promote sectoral unification and balance, and contribute for socio-economic development of least developed areas, the Tenth Plan aims contribute to support in achieving the national goal of poverty by constructing, repairing and maintaining road network.</p>	<ul style="list-style-type: none"> • Construction, development and expansion of strategic roads. • Construction of roads so as to contribute for the development of infrastructures and other economic activities. • Promotion of private sector in construction and maintenance of road network. • Arrangement of proper study, technology, environmental management along with security arrangement while constructing and expanding roads. • Implementation of planned system in construction, expansion and maintenance of roads and bridges. • Promote institutional development and capacity building as per the policy of liberal economic policy and decentralisation. 	<ul style="list-style-type: none"> • Road Construction (new) 1025 km. • Quality upgradeing 1764 km. • Improvement, rehabilitation and reconstruction of roads 596 km. • Bridges construction 200. • Periodic maintenance 1216 km. • Recurrent maintenance 5000 km. • Additional road link to 10 district headquarters • Expansion of roads. • Good condition of roads. • *Institutional enhancement. • Decline in transportation cost. 	<ul style="list-style-type: none"> • Four-monthly and annual programs reports. • Report of concerned seminars. • Special survey report. • Annual economic survey of ministry of finance. • Reports of various local and international organisations. • Observation and supervision 	<ul style="list-style-type: none"> • Development, construction and expansion of strategic roads (including connecting district headquarters and Asian highway). • Construction and expansion of roads to contribute for economic activities, tourism, hydropower and other sectors • Encouragement to private sector in the development of road sector. • Adaptation of proper technology, arrangement for environmental management and road security. • Implementation of planned system for maintenance, expansion, and quality upgrading of roads. • Adoption of capacity decentralised system. 	<ul style="list-style-type: none"> • Budget should be released on time as per the program. • Reform and effective implementation of policy and programs. • Commitments made on foreign loans/grants and other aid should be maintained. • Political commitment and understanding should be continued. • Inter-sectoral co-operation and co-ordination should be developed and continued. • Monitoring of programs should be effective in various levels. • Public awareness and participation should be raised. • Capacity of local institutions should be enhanced. • Maximum utilisation of local resource and means. • Road fund should be operated. • Proper amount of budget according to total estimated budget should be annually allocated and released. • Conducive environment for the point of view of security should be created for smooth operation of projects and programs.

** Quantitative targets are based on the economic growth rate of 6.2 percent.*

Table 18.1: Programs and estimated budget*(Rs. In million)*

S. No	Name of program/projects	Normal growth rate	Alternative growth rate
Projects and programs under P1			
1.	Machi highway (including Kchana - Charkhali sector)	79.7	67.3
2.	Rapti highway	247.9	209.3
3.	Karnali highway (Surkhet - Jumla sector)	147.4	124.5
4.	Mahakali highway (Baitadi - Darchula sector)	57.6	48.6
5.	Katari - Okhaldhunga (including bridge)	254.9	215.3
6.	Tribhuvan highway	42.3	35.7
7.	Chadragadi - Kachana	76.9	64.9
8.	Arniko highway (Barabise- Kodari sector)	104.3	88.1
9.	Mircharya - Katari road	69.3	58.6
10.	Arniko highway maintenance and repair project	5.4	4.6
11.	Road Maintenance and development project	352.4	2577.6
12.	Fourth Road Improvement Project	4773.6	4031.0
13.	Various roads maintenance and construction improvement	2270.4	1917.2
14.	Bashantapur-Chianpur - Khadbari	29.0	24.5
15.	Naranmuni Thulung Marg (Hele - Lughuwaghat - Bhojpur)	595.1	502.5
16.	Puspalal Marg (Nayapul - Khimti - Manthali road)	161.6	136.4
17.	Banglum – Bani - Jomsome	186.9	326.7
18.	Chinchu – Jajarkot	161.6	136.5
19.	Jaya Prithivi Bahadur Singh Marg (Khodpe - Bajang)	296.4	250.3
20.	Shaphebagar - Marthadi	151.7	128.1
21.	Shaphebagar - Mangalsen	93.4	78.8
22.	Devastal Kainakada Chourajahari - Dunai (Dolpa)	1473.0	147.2
23.	Trishuli – Shapurbashi - Rashuwaghad	188.5	159.1
24.	Tanakpur link road	264.0	222.9
25.	Karnali highway - Manma, Kalikot	120.6	101.8
26.	Bashisahar - Chame	285.7	241.2
27.	Okhaldhunga - Sallere	31.2	26.3
28.	Karnali highway, Jumla -Gamghadi (Mugu)	31.2	26.3
29.	Surkhet Ranimatta - Dhailek	142.6	120.4
30.	Gorusinga - Sandhikharka road	12.2	10.3
31.	Chachaki Liwang (including bridge and other roads)	76.6	64.7
32.	Pachkhal -Melanchi	8.1	6.8
33.	Emergency maintenance (only strategic and district headquarter linking road)	54.0	45.6

S. No	Name of program/projects	Normal growth rate	Alternative growth rate
34.	Projects under Integrated programs	14.4	12.2
35.	Multi-model project link road , Birgunj	106.2	89.7
36.	Kathmandu valley urban roads	485.3	409.8
37.	Kathmandu valley junction improvement	1046.4	883.7
38.	Bridge constriction programs	2578.1	2177.0
39.	Culvert conservation and maintenance	344.5	290.9
40.	Reconstruction of destroyed roads, bridge etc	72.0	60.8
41.	Detail feasibility study, survey and design of roads and bridge	55.6	47.0
42.	Road Pavement, inventory survey/traffic study, Nepal Strategic Road Statistics collection, preparing map and booklet publication	20.3	17.1
43.	Traffic accident and prevention plan	10.2	8.6
44.	Promotion of private sector investment	6.8	5.7
45.	Preparation of document and road plan with private sector participation	45.0	38.0
46.	Preparation and implementation of plan for donors' investment	59.8	50.5
47.	Preparation of integrated road plan and master plan for road sub-sector	33.8	28.5
48.	Alternative transportation development study	7.6	6.4
49.	Computer network	10.2	8.6
50.	Laboratory strengthening and standard project	25.2	21.3
51.	Planing, program, evaluation, monitoring and geo-environmental study	36.8	31.1
52.	Technical Testing Strengthening project	9.0	7.6
53.	Institutional development and improvement of Department of Roads (as per the vision of MTEF) and establishment and operation of BOT unit)	36.5	30.8
54.	Project directives	7.6	6.4
55.	Maintenance and repair of equipment	170.3	143.8
56.	Procurement of technical equipment	207.9	1576.0
57.	Road Transportation security, control of encroachment and border protection	25.5	21.5
58.	Kalu Pandey Marge (black top of Malekhu -Daghing)	14.0	11.8
59.	Compensation	101.1	85.3
60.	Kohalpur Mahakali Claim including ADB's claim	71.2	60.1
	Total	20047.6	16929.1
	In per cent	74.42	80.76
	Projects and programs under P2	54.9	42.5

S. No	Name of program/projects	Normal growth rate	Alternative growth rate
1.	Sagharmatha highway (Ghaigat –Diktel sector)	2027.1	1569.0
2.	Beseswhor Prasad Loirala marga (Banepa - Sindhuli - Badribas)	98.2	76.0
3.	Kanti highway	78.1	60.4
4.	Improvement of Amelia - Tulshipur - Salyan Khalanga sector	712.2	551.3
5.	Black topping, quality upgrading, surface expansion and reestablishment of Strategic road network (national and sub-highways)	84.1	65.1
6.	Bachantapur - Terathum -Atharai (including bridge)	41.7	32.3
7.	Dasharatchand marga (Satbaz Baitadi - Julaghat)	22.6	17.5
8.	Back topping of Toulhava sub-highway	40.3	31.2
9.	Guleria	25.2	19.5
10.	Ghirahi – Puthan	79.3	61.3
11.	Rudrabani - Burdhibang - Dhorpatan (Baglum)	53.0	41.0
12.	Terathum - Maglum - Mulpani	52.8	40.9
13.	Sishuwa – Daurali - Polangtar	52.8	40.9
14.	Karnali – Binayak Magalsen (including reconstruction)	33.2	25.7
15.	Gorkha – Arughat - Arkhet	86.3	66.8
16.	Mushikpt –Burtibang	33.3	25.7
17.	Takachilaghat - Jayaramghat	33.3	25.7
18.	Nimal –Palungtar	18.8	14.6
19.	Tulsipur – Puranshara - Surkhet Dang	273.5	221.7
20.	Postal roads	19.0	14.7
21.	Kalakati –Gadauwa Sikta	14.2	11.0
22.	Nepalganj - Badauda road (including bridge)	87.7	65.6
23.	Elam Maipokhari -Sandakapur	17.4	13.5
24.	Phikkal – Shree Antudada	52.8	40.9
25.	Bhedetar – Dadabazar -Rabirake	56.4	43.7
26.	Chakrapath - Tokha -Jhor -Chare -Gujrebanjang- Chahere -Talakhu and Chahare bridge	54.5	42.2
27.	Dhamak Chichapani	26.8	20.7
28.	Construction of Biratnagar bypass	44.2	34.2
29.	Chatara –Ghaigat - Katari	26.4	20.4
30.	Dholakha –Singhati - Lamabazar	47.7	37.0
31.	Shakhu –Phakeshower -Baunapati	26.5	20.5
32.	Ramdhi –Pipaldada - Gahidakot	31.7	24.5
33.	Patan – Pancheshower (Baitadi)	99.8	77.2
34.	Ghorkah –Manakamana	66.5	51.5

S. No	Name of program/projects	Normal growth rate	Alternative growth rate
35.	Drabaya Shah marg (Abuwa Satdobato)	27.7	21.5
36.	Mulpani - Chagunarayen -Nagarkot	27.7	21.5
37.	Limbini surrounding road	2.77	21.5
38.	Khoshi Barrage - alternative roads (Ghaigat - Phatepur -Chatara Dharan)	59.7	46.2
39.	Ghalchi –Devigat (including bridge)	23.9	15.5
40.	Lumbini garden	30.1	23.3
41.	Mahendranagar Daiji - Jhobuda - Buthar	6.2	4.8
42.	Saurahachock - Suarahabazar , Bharatpur	85.2	66.0
43.	Ringroad and other maintenance	17.7	13.7
44.	Bandipur –Pritivi highway	12.5	9.7
45.	Ghuliyaphit -Bedabari -Malarani (Surkhet)	14.4	11.1
46.	Dhodara Chadani road	51.5	39.8
47.	Namobuddha (Phedi) - Panauti -Lamatar -Luvu	28.8	22.3
48.	Buddha roads, Kapilbastu	27.7	21.5
49.	Chabahil –Bank of Bagmati (Dhobikhola corridor)	27.7	21.5
50.	Ramechap -Shalu - Shagutar (Ramechap, Okhaldhunga)	5037.9	3899.3
	Total	18.70	18.60
	In Per cent	1854.5	133.9
	Projects and programs under P3	6.87	0.641
	Percent		
1.	Holere –Chunbang		
2.	Kicchak Bdha		
3.	Gangate –Labdhu -Samundratar -Galfu road including Dorkhu bridge		
4.	Tallo Dhungeshower -Satkhamba Dhullu -Pipalkot, Dhailek		
5.	Gumi – Patihalna chour (Surkhet)		
6.	Satdobato -Nibel -Baluwa		
7.	Ettabatta –Gadagalli -Girmile - Harkate		
8.	Satdobato -Daphakhel		
9.	Sunkoshi bridge (Kavre)		
10.	Sunkoshi bridge (Khurkat, Ramechap)		
11.	Rapti bridge Dang		
12.	Maintenance and repair co-ordination unit		
13.	Other Urban roads		
14.	Various sub-roads		
	Total	2693.70	2096.23

The List of feeder roads

- 1) Jirmale-Sandakpur
- 2) Barbote- Mabu Nayabazar, Jogmai
- 3) Ghinaghat-Biratchowk
- 4) Rabi-Madhumalla
- 5) Biratnagar-Harinagara
- 6) Inaruwa-Captaingunj
- 7) Mure-Doramba, Ramechhap
- 8) Deurali-Melung, Dolakha
- 9) Benighat Sele - Ramechhap-Rampur to Nawalpur
- 10) Kurtha -Mahadaia -roza-Ramgopalpur-Samsi
- 11) Lele-Chandpur
- 12) Chapagaun-Tikabhairab
- 13) Dolalghat-Chaurimaden -Guranse
- 14) Palanchowk Bhagwati sthan-Koshi Dekha
- 15) Galyang-Chapakot
- 16) Rudrabeni-Birgha -Keladighat
- 17) Tansen-Ranighat, Palpa
- 18) ChutrabesiAsurkot-Jogitar-Khalanga
- 19) Kathanwa-Triveni
- 20) Kushma-Neta
- 21) Patichaur-Maidan -Langdi-Bajung Maidan-Bhuktangle-Jhilbarang
- 22) Badichaur-Gutu
- 23) Gulariya-Kothiyaghat
- 24) Gulariya-Jayapur-Magaragadhi
- 25) Bitthal-Bungal
- 26) Satnali-Melleg
- 27) Budar-Joroyal
- 28) Shreekot-Puchadi hat
- 29) Manikakhm-Bohari gaun
- 30) Madan Ashrit marga
- 31) Sahajpur-Dipayal
- 32) Ugratara-Melauli
- 33) Mulghat-Triveni-Bhojpur
- 34) Tamghat-Purkot-Dahamachhi
- 35) Waling -Huwas
- 36) Tamghat-Arghakhnachi
- 37) Sainik Mode ward 9 - Sainik Bazaar
- 38) Dolalghat-Kattike deurali-Gunsi bhadaure Secondary S chool-Manthali (including Chaurikhola bridge)
- 39) Lubhu- Bethat Dau Secondary School, Galba, Manthali
- 40) Others

Chapter - 19

Information and Communication

19.1 Background

The information and communication sector, which is a crucial infrastructure for development, plays a vital role in overall development of the country. The task of bringing positive changes on day-to-day lives of citizen by providing continuity to development programs in a sustainable manner depends on the effectiveness of communication. It is indisputable that the development, expansion and effective mobilisation of information and communication can play an important role in bringing together every citizen in the process of nation building by raising their awareness.

Consistent with the free, liberal and competitive economic policy adopted by the country, it has become important to promote commercialisation in the development and mobilisation of communication sector to secure economic achievements. In doing so, the sector can become self-reliant and can contribute to minimise the economic burden of the nation. At the same time, the development of communication sector can help in reducing poverty, as its development can lead to the development of social sector, which ultimately contributes to the overall development of the country. In the present context of private sector being attracted to invest in the communication sector, it is equally important to welcome such efforts and move ahead to create a new age communication system in a healthy and competitive manner.

19.2 Review of the Ninth Plan

a. Targets and progress

S.N.	Targets	Progress
1	Formulate a long-term plan for Information and communication sector.	Long-term policy on information and communication has already been prepared and implemented.
2	Establish a National Broadcasting Authority to launch transmissions of radio and television in effective way.	Draft of legal infrastructure has been prepared to establish a National Broadcasting Authority in order to maintain a healthy and competitive environment for development, expansion and operation of broadcasting media. Transmissions of Frequency Moudeling radio and cable television from the private sector have been started.
3	Improve and expand transmission services.	Transmission of Radio Nepal has been improved by installing VSAT system; frequency Moudeling radio has been started. Transmission of Nepal television has been linked with satellite system; transmission has been

S.N.	Targets	Progress
4	Involve private sectors in development and extension of communication media in a competitive manner.	extended by establishing a regional transmission centre in Nepalgunj, and relay stations in some other parts and infrastructure development has been initiated for the transmission of second channel.
5	Provide three telephone lines to every hundred people (2.5 through telecommunication corporation and 0.5 through private sectors), initiate mobile telephone service (ten thousand lines), initiate other value-added services (e-mail, internet, payphone etc)	Nepal Telecommunication Authority has been established to work as a regulatory body for the coordinated and competitive development of telecommunication sector. Activities have been initiated to encourage domestic and foreign investors to invest in the telecommunication so as to extend services in a competitive manner. Nepal Telecommunication Corporation has distributed 327,673 telephone lines, including 201,900 new and 35,000 substitutes lines during the period of Ninth Plan and the telephone density has been increased to 1.4 per hundred people. As the process of awarding license is in the final stage, private sector has not started providing basic telephone services. NTC has distributed more than 22,000 mobile lines and granting license to private mobile service providers is in final stage. There has been an encouraging involvement of private sector in providing additional telecommunication services like email and internet and limited pay-card phone services is in operation.
6	In line with one target of providing telecommunication services to all development regions through the participation of NTC and private sector, extend rural communication services in 2,700 new VDCs (1,800 through NTC and rest from private sector)	The telephone services have been extended to 1,761 VDCs by the end of Ninth Plan, whereas the service was available only in 1200 VDCs in the beginning of the plan. NTC has extended telephone services to additional 600 VDCs during the plan period. As the process of awarding operation licenses for mobile services and basic telephone services to the private sector is in final stage, they have yet to start their services.
7	Establish and operate rural exchanges with 150-300 lines in 61 places of 41 districts.	As per the program of establishing rural exchange with the 150 to 300 lines capacity in the developing rural areas, 57 such exchanges have been established and have begun operation.
8	Establish 100 area (<i>Ilaka</i>) post offices and 800 additional post offices in VDCs to expand postal service in each <i>Ilaka</i> and VDC.	Additional postal services in 800 VDCs and 95 <i>Ilaka</i> postal services have been established and have begun services.
9	Improve physical capacity, quality of services enhance and improve financial services of post offices.	Legal draft has been prepared to develop postal service as all institution that can provide commercial, competitive and qualitative service. Quality of services has been improved and money order services have been made effective by conducting programs to enhance physical capacities.
10	Develop Department of Printing as an institution to print security printing materials	Building construction has been started, as part of required infrastructure development to acquire capacity to print security printing materials in the country.

S.N.	Targets	Progress
11	Develop information sector in an integrated way so as to provide information and data related with Nepal from a single agency .	As per the concept of developing communication village, Department of Communication, Press Council and Federation of Nepalese Journalists have been established at Tilganga in Kathmandu.
12	Exchange news through computer network between eight main urban areas in order to make the service of National News Agency more effective.	In order to bring effectiveness in news collection, processing and distribution of National News Agency, computer networks have been established between the centre and Pokhara, Biratnagar, Bhadrapur, Nepalgunj, Birgunj and Butwal.
13	Develop Gorkhapatra Corporation as a publishing house.	Corporation's capacity has increased by using colour technology in its publications.
14	Create necessary environment for the development of motion picture sector.	Effort has been made to create an environment for the development of film industry by establishing Film Development Board.
15	Arrange monitoring station and mobile monitoring vehicles and review frequency plan for effective frequency management.	Limited equipment was added in the monitoring stations that were established during the Eighth Plan period.

B. Problems and Challenges

Complex and diverse geographical condition, lack of fully developed transportation infrastructures and slow pace in adopting technological development due to lack of enough modernisation are some of the major challenges in the field of information communication sector. Similarly, lack of enough resources to meet huge investment required for the development of information technology sector , lack of desired co-ordination in implementation phase, time-consuming decision-making process, and worsening security situation due to destructive activities are some of other problems of the sector. Lack of nation-wide extension of effective mediums of public communication services, like radio and television, lack of integrated availability of mass communication mediums, development of information technology still being in the initial stage and lack of enough manpower development are other problems.

19.3 Long term vision

The long-term vision of the sector is to make a meaningful contribution in poverty alleviation through the enhancement of working capacity of various institutions engaged in information and technology sector and making them self-sufficient by using proper modern technology and communication media available in the world and developing information and communication sector to the rural areas in co-ordinated and competitive manner .

19.4 The Tenth Plan

a) Objectives

Following is the major objective of information and communication sector during the Tenth plan:

Expansion, development and operation of information and communication sector to the rural areas, as a basis of socio-economic development with the massive participation of private sector with due stress in the expansion of information technology.

b) Major quantitative targets

- Extending 40 line telephone service to every thousand people
- Extending telephone services in all VDCs of the country.

c) Strategy

The activities of information and communication play an important role in enhancing socio-economic capacity of the nation by making individual, community and country informed and activating their daily activities. Timely and enough information can contribute to achieve high economic growth by lowering the cost of production and diversifying market. As a result of growing possibilities of use of new technologies available in the information and communication sector, there is possibility that the sector can achieve a notable development jump. There is high possibility that gross domestic product of service sector can be increased remarkably due to the development in the sectors like, telephone services, radio, television, paper and magazines, postal services and international information transferring services. Similarly, since the development of communication and information also contribute for the expansion of distant education and social unification. It plays an important role in social development of the country. The development of information and communication also contributes to implement the concept of transparency and good governance, as such development forms quick and effective contacts between the centre and rural levels. In this context, following are the major strategies of the sector

- Developing, expanding and operating telecommunication services in massive participation of private sector so as to contribute in poverty alleviation.
- Clearing liabilities and responsibilities of private and government broadcasting services to develop, expand and operate their broadcasting services in a competitive and co-ordinated manner.
- Improving the capabilities and effectiveness of postal service by arranging its operation as autonomous body.
- Developing a security printing press by creating a favourable environment within the country for all kinds of printing activities related with security printing, except printing paper notes.
- With an aim to develop healthy competition in the journalism sector and to

bring effectiveness in flow of information, Department of Information would be developed as a centre for releasing information for general public in the country and abroad.

- Encourage private sector in production of Nepalese films and develop Nepal as a centre for international film related activities.

d) Policy and program

■ Massive participation of private sector (related with strategy number 1)

- Information and communication services would be extended to the rural areas in co-ordinated and competitive manner by adopting proper modern technology.
- Legal and procedural reforms would be initiated with an aim to promote private sector investments.
- As per the long-term target of expanding 150 telephone lines to every thousand people by the end of Twelfth Plan, telecommunication sector would be reformed and promoted by creating competitive environment to extend 40 telephone lines for every thousand people by the end of the Tenth Plan.
- Keeping with the view of rapid development of wireless technology in broadcasting sector, Frequency Management Institution would be made capable and effective to reform frequency management system.
- Mediums of telecommunications would be developed and expanded in a competitive manner to create regional balance. Private sector would be massively encouraged to be involved in development and promotion of telecommunication in rural areas.
- The capacity of Nepal Telecommunication Authority, which is regulatory body in the telecommunication sector, would be enhanced.

■ Effective development of broadcasting services (related with strategy number 2)

- National Information Network Structure would be expanded in the active participation of private sector to accelerate socio-economic development of the country by massively utilising information technology. Internet centres would be established in the district headquarters in the participation of private sector.
- With an aim to make the electronic media more competitive and reliable and to promote healthy entertainment, knowledge and information along with co-ordinated and competitive development of the broadcasting sector, a Broadcasting Authority would be established. Environment would be created for the maximum possible expansion of services of

private sector.

- Radio Nepal would be developed as national broadcasting body and satellite and computer technologies will be adopted to expand its broadcasting service within as well as outside the nation. The service of Radio Nepal would be expanded to cover maximum people by improving and renewing existing broadcasting system and by enhancing infrastructure capacity.
 - With an aim to expand services of Nepal Television to every family throughout the country at the free of cost, more relay transmission stations would be established and Nepal Television would be developed as a National Transmission Institution. As per the concept of second channel, programs would be produced to promote Nepalese culture, arts and lifestyle and to compete with the foreign satellite channels by producing programs as per the interest of people and demand of time.
 - Programs will be produced to reflect the feeling of multiparty system, multi-ethnicity multiculturalism and multi-lingual society of the country.
 - Communication mediums like FM transmission, participatory videos, local television, cable television, wall magazines, community audio tower, audio cassette magazines will be encouraged to increase the flow of information among the general public. Stress would be given in establishing Integrated Information Centres in the district headquarters to provide multimedia services such as television, radio, telephone and Internet for the benefit of general public.
 - The contribution of advertising industry in the national economy would be encouraged and managed by strengthening the industry as a national industry.
- ***Capacity enhancement of postal services (related with strategy number 3)***
- Postal service would be developed as an autonomous body to make its services reliable and effective, and to make it economically sustainable. Postal related services being conducted by private sector would be monitored and managed, and would be promoted. New services like, E-post would be initiated in the postal services.
 - The management of local postal services would be handed over to local bodies.
- ***Development of security press (related with strategy number 4)***
- Arrangement would be made to develop Department of Printing as an autonomous and professional institution capable of providing quality services and to print security-printing materials inside the country.
- ***Effectiveness in flow of information (related with strategy number 5)***

- Department of Information will be developed as an institution to release information related with the activities of the government to general public and other institutions inside and outside the country.
- Effective steps would be taken to develop journalism sector as per the basic democratic values and national needs. Press council would be made more effective to develop and promote a reliable, respected, organised and independent journalism.
- Press media would be conducted in a self-disciplined, respectable and in competitive manner in accordance with the democratic values. Involvement of private sectors in management of Gorkhapatra Corporation will be encouraged.
- With an aim to enhance the services of Rastriya Samachar Samitte in news collection, editing and distribution by adopting modern technology, involvement of private sectors in its management will be encouraged .
- ***Development of Nepali film (related with strategy number 6)***
 - Priority would be given in producing movies in National language and other languages for which private sector would be encouraged to develop Nepal as a spot for international film activities .

e) Monitoring indicators

- Extending telephone services to 40 lines in every thousand people.
- Extending mobile telephones services to 170,000 lines.
- Extension of telephone services to all VDCs.
- Nation-wide extension of television services.
- Nation-wide extension of radio broadcasting services.
- Security printing activities would be done inside the country
- Long-term security of newsmagazines with the help of CD ROM technology.
- Money order services would be extended to ten more countries .
- Expansion of Internal Express Mail Services to at least 10 areas and Express Mail to additional 20 countries. Similarly, internet/e-mail services would be expanded to additional 31 district headquarters.
- Promote production of movies .

f) Prioritisation of projects/ programs

Prioritisation of projects and programs are based on "Policy Action Matrix

Activities ". As per the prioritisation, following are the rating of projects and programs and expected budget.

Rs in million

Prioritisation	No. of programs	Expected growth rate		Normal growth rate	
		Amount	Per cent	Amount	Per cent
A (P1)	8	3237.0	44.3	3066.7	53.9
B (P2)	5	2275.2	31.1	2022.4	35.6
C(P3)	1	1793.2	24.6	596.4	10.5
Total	14	7305.4	100	5685.5	100

19.5 Log Frame

The following are the aggregate Log Frame of the information and communication sector.

Policy and Programme Log Frame- Information and Communication Sector

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Remarkable contribution of Information and Communication in socio-economic development of the country.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
To ensure easy availability of news and information based on facts and truth to the general people on time.	<ul style="list-style-type: none"> • Enhancing Participation of private sector. • Clearing liabilities and responsibilities of private and government broadcasting services to develop, expand and operate their broadcasting services in a competitive and co-ordinated manner. • Increase capability and effectiveness of postal service as an autonomous body. • Developing a security printing press by creating a favourable environment within the country for all kinds of printing activities related with security printing, except printing paper notes. • With an aim to develop healthy competition in the journalism sector and to bring effectiveness in flow of information, Department of Information would be developed as a centre of releasing information for general public in the country and abroad. • Encourage private sector in production of Nepalese films and develop Nepal as a centre for international film related activities. 	<ul style="list-style-type: none"> • Availability of television services in all parts of country. • Increase in availability of radio services. • Increase in availability and quality papers. • Increase in availability of postal service. • Increase in availability of E-mail and internet. • * Availability of security press. 	<ul style="list-style-type: none"> • Four-monthly and annual progress report of Ministry of Information and communication. • Special survey report. • Field inspection report. 	<ol style="list-style-type: none"> 1. Expand television services to all people in an effective way. 2. Expand radio services to all people in an effective way. 3. Extension of security press services. 4. Extension of telephone, e-mail and internet services in an effective way. 5. Extension of quick and effective postal services. 6. *Various activities of the development of film sector. 	<ul style="list-style-type: none"> • Continuous threat to peace and security. • Continuity of the importance of information and communication in the development process of the country.

**Quantitative targets are based on the economic growth rate of 6.2 per cent.*

Programs and expected budget:

Rs in million

S. N.	Name of the project	Expected growth rate	Normal growth rate
Projects and programs under P1			
1	Reform in telecommunication sector (Ministry)	737.3	698.5
2	Improving postal service	190.0	180.0
3	Security Printing press plan	190.0	180.0
4	Improving press information	38.0	36.0
5	Improving and developing radio broadcasting system	237.5	225.0
6	Expansion of broadcasting areas (Nepal Television)	237.5	225.0
7	Telecommunication development (Nepal Telecommunication Corporation)	399.0	378.0
8	Reform in telecommunication sector (Nepal Telecommunication Authority)	1207.7	1142.2
	Total	3237.0	3066.7
	Pre cent	44.31	53.94
Projects and programs under P2			
1	Communication improvement	76.5	68.0
2	Press Council improvement	16.2	14.4
3	RSS improvement	9.0	8.0
4	Establishment of Metro channel	283.5	252.2
5	Development of telecommunication (Nepal Telecommunication Corporation)	1890.0	1680.0
	Total	2275.2	2022.4
	Per cent	31.14	35.57
Projects and programs under P3			
1	Development of telecommunication (Nepal Telecommunication Corporation)	1793.2	596.4
	Total	1793.2	596.4
	Per cent	24.55	10.49
	Grand total	7305.5	5685.4

Chapter - 20

Science and Technology, and Alternative Energy

20.1 Science and Technology

Background

It has become indispensable for Nepal to accelerate the development through the maximum possible adaptation of advanced technologies available at both national and international sectors. As a developing country, it is essential for Nepal to incorporate and utilise new innovations and available technologies for expediting the development pace. Use of science and technology should focus on fulfilling basic needs, alleviating poverty, promoting income generating activities, generating employment opportunities and conserving natural resources and environment and maximising their utilisation.

The Tenth Plan would pay a special attention in poverty alleviation by enhancing production and productivity through the maximum utilisation of science and technology including the established infrastructures in the country.

The Tenth Plan will focus on mobilising available physical and human resources, strengthening institutional and administrative sector to activate research agencies, attracting private sector in research activities; encouraging proper and qualitative researches; stressing in the development; and extension and use of information technology and bio-technology.

Similarly, creating conducive environment for transfer of technology and foreign investments, disseminating information related with outcome of scientific researches and their uses, producing highly skilled manpower and enhancing local technology are other focus areas of the plan.

With the objectives of helping people to uplift their socio-economic condition, the Ministry of Science and Technology will play a role of promoter and facilitator, and will provide necessary guidelines to ensure qualitative development of research institutions. It will also extend an effective co-operation to various institutions involved in research and development activities, like universities, councils and academies. It will help coordination between national and international research institutions, enhancing institutional capacity and effective mobilisation of resources.

20.1.1 Review of the Ninth Plan

Target and progress

Promotion of science and technological education, and traditional technology, import of appropriate and advanced technology, formulation of a 20 year-plan; and setting up of a national science and technology management mechanism and a science

information centre were the major activities incorporated in the Ninth Plan. Similarly, necessary measures to curb national brain-drain by making the professions of scientists and technologists attractive and an incorporation of a separate programme for the development of alternative energy were other major activities initiated in the Ninth Plan.

With an aim to raise the educational quality of science and technology from primary level and to improve the quality of vocational and technical education up to the international level, various national universities launched information technology (IT) and the participation of private sector in the IT sector also increased. In this regard, grant assistance has been extended to different universities to accelerate the development and expansion of IT education and Tribhuvan and Kathmandu universities introduced some additional IT courses in the higher level. Similarly, with an objective to expand IT education in the high school level, computers along with Internet services were provided to them.

The 20-year national plan on science and technology formulated by the RONAST is yet to be finalised and implemented. Despite the initiation of some activities in conserving and promoting traditional technologies, no remarkable progresses were made in importing of utility-friendly necessary technologies.

Similarly, a plan of formulating a separate terms and condition for scientists and technologists to make their role more effective could not be materialised. Despite the plan to curb the brain-drain by providing adequate working opportunities to young scientists in their areas of expertise inside the country, only few scientists have been given such opportunities.

Efforts to set up separate research and development units at industrial, and science and technology related institutions, and initiation of programmes to protect intellectual property rights were some of the activities of the Ninth Plan. Similarly, enactment of Information Technology Policy -2057, formulation of Cyber Law, and exchanges of science and technology related programs with bilateral and multilateral organisations were other activities.

Problems and Challenges

Lack of proper co-ordination among the agencies responsible for execution of national policy and programs, and failure to mobilise available physical infrastructures and manpower in a creative way by providing due opportunities were some of the major problems and challenges seen in the Ninth Plan. Similarly, lack of environment to ensure balanced development of various IT related sectors was the another major problem and challenge witnessed by the sector.

20.1.3 Long Term Vision

- To uplift the economic status of people through the development, improvement and utilisation of science and technology in a sustainable manner.
- To contribute in achieving the national goal of alleviating poverty through creative use of science and technology (physical, human and academic) via

institutional development by making the science and technology sector timely and using it as an effective medium to increase national production and productivity.

20.1.4 The Tenth Plan

a. Objective

1. Developing of science and technology and its use in achieving a sustainable and overall development of the country through maintenance and improvement of traditional technologies that can contribute in the rural development including the research and development of practical technology and to extend necessary contribution to make children, women and deprived section economically independent through science and technology.

b. Strategy

As most of productive sectors of the country are using traditional technology, resulting a high cost of production, it is essential for Nepal to adopt new innovations and developments of science and technology to enhance both production and productivity and achieve high economic growth rate. Science and technology can contribute for social development and mobilisation, if it is focused in fulfilling basic needs of people, alleviating poverty; generating employment opportunities; and conserving, utilising and mobilising natural resources and environment.

Similarly, co-ordinated efforts to fulfil local demands and develop science and technology will generate additional income activities in the rural areas and it would be beneficial for the targeted groups. In this regard, following are the major strategies of the sector.

1. Ensuring maximum utilisation of available resources and means in the science and technology sector and to arrange additional infrastructures and institutions as per the need.
2. Developing and adopting appropriate technology through the mobilisation of private sector in the development of science and technology and import of appropriate foreign technology.
3. Developing of a mechanism to conduct research and development activities in a competitive manner among individuals, communities and institutions engaged in science and technology.
4. Contributing in the socio-economic development of people through the development of knowledge and skills in the science and technology sector and sustainable use of natural resources and means.
5. Encouraging universities, concerned institutions and individuals in scientific researches and generating high-skill scientists by giving special priority to science and technology in the higher-level education.
6. Expanding and developing water and meteorological services.

C. Policy and program

■ ***Arrangement of additional infrastructures and institutions in the science and technology sector (related with strategy number 1)***

- The long-term plan formulated to conduct various programs related with science and technology in an integrated manner would be finalised and implemented. Special emphasis would be given to promote agricultural business while formulating the plan. Similarly, sustainable development would be main basis for selecting technology while its contribution for poverty alleviation, employment generation, and environment protection, social values and norms would also be considered.
- With an aim to accelerate the development pace along with achieving a sustainable socio-economic growth by utilising science and technology, the existing National Science and Technology Policy would be updated.

■ ***Mobilisation of private sector for the development of science and technology (related with strategy number 2)***

- All level of manpower required for the development of science and technology would be identified and priority would be given in development of necessary infrastructure to ensure a sustainable supply of such manpower. Necessary policies would be adopted for the institutional development of science and technology and to encourage scientists. Similarly, steps would be taken to control the brain drain by providing proper working opportunities in concerned sectors.
- Considering the global scenario of science and technology, special steps would be taken to promote regional and international co-operation and understanding. Special emphasis would be given in signing bilateral and multilateral agreements, which would be helpful in enhancing national scientific and technological capabilities of the country.
- Special efforts would be given in expanding the utilisation of IT to general people and, in this regard, tele-centre would be developed and expanded to ensure VDC's access to IT .
- As per the concept of sustainable development, attention would be paid in uplifting the socio-economic status of the people living in rural areas by promoting alternative energy technologies based on locally available resources and by minimising the cost of construction and installation of such technologies. The promotion of alternative energy would minimise the consumption of traditional energy and would improve the health condition of general public and environment.
- As per the policy of decentralisation, technological promotion programs, in participation of local bodies, would be initiated in three regions namely Terai, Hill and Himal.

■ ***Establishment of a mechanism to conduct research and development activities (related with strategy number 3)***

- The replicable and result-oriented researches would be promoted, and

universities would be encouraged to engage in basic research.

- Researches related with science and technology would be focused in the maximising of agricultural and industrial production and productivity and enhancing the mobilisation and utilisation of natural resources. Researches would also be focused on exploration, expansion and conservation of beneficial species.
 - Forensic services, which is essential in criminal investigation and for *judicial* purpose would be made competent, qualitative, easily accessible. , The National Forensic Laboratory would be made resourceful. Arrangements will be made for the forensic lab to provide modern tests, like Deoxyribonucleic acid (DNA) test within the country.
 - Special study, research and efforts would be initiated for the conservation and development of valuable herbs like Yarcha Gomba, Lodhsalla (*Taxus Wallachina*), Panch Aunle, Shilajit and many other traditional and bio-diversity crops like paddy, buckwheat in co-ordination of concerned authorities.
 - Necessary records would be prepared for enhancing intellectual property right.
 - Identification, research, development, expansion and conversation of the available technology in the rural areas would be carried out and steps would be taken to make them popular in both national and international levels. Necessary institutional mechanism would also be arranged to stimulate the process of mobilisation, transfer, development, expansion of traditional technologies.
- ***Sustainable utilisation of natural resources in science and technology sector (related with strategy number 4)***
- Necessary policy for conserving, promoting and sustainable use of botanical resource, enhancing agricultural production and productivity, improving public health with focus on development, and expansion and utilisation of bio-diversity would be formulated and implemented. Necessary and appropriate legal basis would be formulated for secure development and expansion of biotechnology and genetic engineering and a Biotechnology Research Centre would be established for the development of the sector.
 - Special emphasis would be given in developing and expanding the technologies that would minimise the labour and time of women in household chores, and enhance employment opportunities to create economic benefits.
- ***Incorporation of science and technology subject in higher-level curriculum (related with strategy number 5)***
- With the efforts from Ministry of Science and Technology, necessary mechanism would be developed to arrange a close co-ordination among

the research institutions, and measures would be taken to strengthen the existing laboratories and, as per the necessity, more research centres would be established. With an aim to incorporate scattered science and technology libraries and records across the country into electronic network, a national level Science and Technology Information Centre would be established.

- As per the policy of promoting science education, necessary arrangements would be made to supply educational infrastructures and teachers. Appropriate environment would be created to attract Nepali scientist and technologists in scientific field and due opportunities would be provided to them. With objectives of creating awareness among the general public and provide them general knowledge on science and technology, planetarium, observatory and science museums would be established.
- ***Development and expansion of meteorology services (related with strategy number 6)***
 - Arrangement would be made to collect, process and disseminate necessary data from the major sectors like agriculture, water resources, forest, mines, glacier and climate in a co-ordinated manner and a National Space Centre would be established for the promotion of study and research activities.
 - Water and meteorological services would be expanded with qualitative reform. With the adaptation of modern technology, an automatic Meteorological Centre would be gradually established and a reliable meteorological information service for the agricultural sector would be initiated. Emphasis would also be given to develop capacity to forecast weather and natural calamities.

D. Programs

- ***Development and expansion of an effective management of science and technology:***
 - A high-level National Science and Technology Council and a co-ordination committee would be constituted that would adopt a national vision and policy, and measures to enhance science and technology in a co-ordinated manner with the participation of all concerned, thereby contributing directly in the development of the country.
 - Ministry of Science and Technology's competence would be enhanced to play an active role in development and proper use of science and technology by taking necessary policy decision and establishing necessary institutional infrastructures.
- ***Development of human resources:***
 - Extension of co-operation in producing necessary manpower in intricate technology, practical technology, and industrial and service sectors.

- Enhancing the competence of universities in producing quality human resource.
- Checking brain drain by introducing attractive programs to enhance capabilities of young scientist as per their expertise.
- ***Promotion of research and development:***
 - Conducting programs related with local resources, means and traditional technology.
 - Conducting programs to develop necessary technology to uplift rural life standard.
 - Conducting programs with focus on special areas and targeted groups.
 - Conducting necessary research and development to accelerate the development with the help of science and technology.
 - Conducting research and development programs that would enhance national capacity.
 - Establishing a research fund.
- ***Contributing in the socio-economic development of urban and rural sectors by enhancing the use of proper and traditional, imported modern, and high technologies:***
 - Developing, utilising and expanding rural technology.
 - Developing and expanding the use of modern technology like biotechnology, IT and space technology.
 - Managing and simplifying the transfer of technology and massive publicising of the proper technology.
- ***Expansion of scientific and technological services:***
 - Conducting and expanding water and meteorological services.
 - Expanding forensic services
 - Expanding equipment maintenance and services
- ***Enhancing awareness about the importance and role of science and technology:***
 - Establishing planetarium, Science and technology Museum, among others.
 - Publishing materials and conducting programs to create awareness.
 - Mobilising professional Organisations.
 - Raising the standard of science education in school level courses.

20.1.5 Priority rating of the programs

During the Tenth Plan period, 13 programs would be carried out in the Science and Technology sector. The prioritisation of programmes has been done on the basis of

Policy Action Matrix. The priority rating is as follows:

Priority	No. of programmes	Expected case		Normal case	
		Allocated budget (in Rs million)	%	Allocated budget (in Rs million)	%
A (P1)	4	766.4	45.8	742.9	58.3
B (P2)	4	544.1	32.6	509.7	40.0
C(P3)	5	361.7	21.6	21.3	1.7
Total	13	1672.2	100	1273.9	100.0

20.2 Information technology

Information technology (IT) can play a vital role for the socio-economic development of the country. Nepal, which has failed to take benefit from industrial and green revolutions, can benefit a lot from latest IT revolution. In order to tap benefits of information revolution, it is important for Nepal to establish IT based industries and expand their services to become an active partner of global IT market and get maximum benefits from the exports of IT related goods and services.

Similarly, it is equally important to create a society based on knowledge by providing computer education to all through the introduction of computer education in school curriculum and providing Internet services at the VDC level.

The development of IT sector in Nepal is in preliminary stage as compared to developed countries. Though more than 100,000 computers are in use nation-wide, the use of computers in the government sector is still nominal. Though some government and non-government agencies have been using computers to establish data bank and their process, smoothly run their daily activities, and enhance performance, it is important to arrange a mechanism for the collection of information in an integrated manner nation-wide and use them as common assets.

20.2.2 Review of the Ninth Plan

Target and achievement

Massive expansion of computer education in school level, arrangement for high level training and formal education in higher studies and, establishing good schools and information technology park were the policies adopted by the Ninth Plan. Similarly, policies of encouraging computer business and emphasising the use of computers in government sectors while formulating plan and managing offices were also incorporated in the plan.

Grant assistance was extended to four universities for the development and promotion of IT education. With an aim to extend IT education in school level, computers and Internet services were provided. Information Technology Policy-2057 has already been introduced and a draft of Cyber Law has been formulated. The construction of IT Park in Banepa of Kavrepalanchok district has begun. Likewise, as per the policy of

manpower development program, computer training at different levels have begun. Despite the stress of the Ninth Plan on using computers in government offices while formulating plans and managing offices, there has not been noted progress in the area.

Problems and challenges

Lack of proper co-ordination between the related agencies to implement programs incorporated by Information Technology Act 2057, budget constraint, lack of proper opportunity for available manpower and co-ordination between related agencies to construct physical infrastructures were some of the problems and challenges seen in the Ninth Plan.

20.2.3 Long Term Vision

The long-term vision of the sector is to utilise science and technology to create knowledge-based socio-economic development and contribute in poverty alleviation through the construction of national information highway, establishment of information network with other parts of the world, management of uses and misuses of IT and expansion of accessability of IT to rural areas.

20.2.4 The Tenth plan

A. Objectives

Promoting good governance and social services by enhancing accessibility of IT to general people, generating employment opportunities, contributing to form knowledge-based societies and promoting knowledge-based businesses and industries are the major objectives of the sector.

B. Strategy

Flow of information is an important part for the socio-economic development of a country. It is extremely important for Nepal to get benefits from global information revolution by becoming an active member of global IT market and establishing IT based industries and expanding their services to get maximum benefits from the exports of IT related goods and services. The expansion of computer education from school level can also contribute in creating knowledge-based society, thereby contributing in poverty alleviation through employment generation.

The expansion of IT can contribute in achieving a high economic growth rate through the quick dissemination and availability of necessary agriculture and non-agriculture related information. Similarly, the expansion of IT can play an important role in social development by establishing community information centres in the rural areas to inform people about the important information on education and health, among others.

The policy of gradual expansion of Internet services to all VDCs to develop IT sector in the rural areas and to ensure access of information to general people would also be benefited to targeted group. The use of IT can also contribute to make the government activities transparent and to make the government's service extending mechanism more effective and competence, including improving financial management and

administrative capacity. In this regard, the following would be the major strategies of the sector.

1. Creating conducive environment to attract private sector investments in the IT sector.
2. Expanding access of general people to IT through the establishment of Community Information Centre.
3. Identifying and expanding the services that are extendable through IT.
4. Extending education and training required for use of IT

C. Policy and workplans

- ***Creating conducive environment to attract private investment in the IT sector (relates with strategy number 1)***
 - Policy, legal and procedural reforms would be initiated to increase the participation of private sector in the IT sector.
 - Private sector would be encouraged to produce middle-level manpower needed for the IT sector. Co-operation to the private sector would be extended to open institutions related with IT teachings and, researches and developments.
 - The concept of venture capital fund would be encouraged in the IT sector.
- ***Ensuring accessibility of general people to IT through Community Information Centre (related with strategy number 2)***
 - Keeping in view of accelerating flow of information, changing mediums of information dissemination and expanding multimedia services, a National Information Highway and North-South Information Network would be constructed. In this regard, Nepal would be connected with other part of the world through broad band information network.
 - IT parks would be established in different part of the country as required, to boost software development and exports.
 - Emphasis would be given to expand disseminate important information related with agriculture, education, health, and other business information to the rural areas through the expansion of IT and establishment of community information centres. As per the policy of expanding Internet access to all VDCs gradually, general people of 1,500 VDCs will be brought into the access of the facility within the plan period.
 - Private sector would be encouraged to produce and publicise materials related with natural beauty, religion, culture, and heritages of Nepal through Internet.
- ***Identification and expansion of the services through IT (related with strategy number 3)***
 - The National Information Centre established under Ministry of Science and Technology would be activated to implement IT related plans and

polices by supervision and monitoring. It would also regulate the IT related private sector activities, and legalise the e-commerce.

- Conducive environment would be created to attract domestic as well as foreign investments in the IT related industries like software development, production and service industries like data entry, digitisation, medical transcription, call centre, web designs, etc.
 - IT would be utilised to make the government activities transparent and to make the government's services extending mechanism more effective and competent including improving financial management and administrative capacity. In this regard, E-governance would be brought into practice.
 - Necessary legal framework would be formulated to legalise the use of IT and associated services and to create conducive environment for the promotion of export of IT products.
 - IT would be used in promotion of e-commerce, e-education distant health and to transfer necessary technologies to rural areas. Teaching institutions and hospital located in the areas with the access to power and telecommunication services would be encouraged to use the IT services. Such institutions located in the areas without power would be encouraged to use the IT services by using solar or other power sources.
- ***Availability of education and training necessary to utilise IT (related with strategy number 4)***
- Emphasis would be given in research, identification and expansion of the services that are extendable through IT. Similarly, expanding education and training to enhance access to IT would be stressed.
 - Development and expansions of institutions that produce high and middle-level IT manpower inside the country would be encouraged. Similarly, international training to produce highly skilled manpower with the skill to compete in the international market would also be encouraged.
 - Necessary efforts would be put to include computer education in school curriculum. Internet facilities will be provided in universities and public schools to provide quality computer education

D. Programs

Expansion of education and training to enhance the access to information services at community level, and access of general people to the IT services and its extension are the core factors that would be developed identically. The role of the government will be a promoter and facilitator. Research and development in the IT sector will be conducted in active participation of private sector. The following are the major IT related programs.

- With the expansion of IT, Community Information Centres would be established and it would help to deliver information related with agriculture, education, health and other business in rural areas. As per the policy of gradual expansion of Internet services to VDCs, 1,500 VDCs across the

country would get the Internet access for the use of general public in community level within the plan period. Internet nodes would be installed in district headquarters with the help of private sectors and Internet services would also be extended to rural areas. Charge on telephone calls, which is used for Internet service, will be gradually lowered. Internet web that promotes the preservation of Nepali culture, art, and materials to promote rural development would be designed and launched both in Nepali and English languages.

- Web sites incorporating information and statistics of education, health, water resources, industry and agriculture would be developed and launched.
- Educational training would be promoted for the development of IT while IT would be used to improve the quality of education. A long-term program with a slogan “Computer Education for All by 2010” will be designed and computer education will be gradually made compulsory in schools. Skilled manpower will be produced in joint public-private efforts. Assistance would be provided to educational institutes, which produce skilled manpower and necessary foreign training for the development of IT would also be encouraged.
- With an aim to expand the use of computer services in government offices, maintain transparency in government activities and make the government services competence along with the reforms in financial and administrative management, a three-year plan will be formulated and implemented. All ministries, departments and offices will be provided with Internet services and other authorities would also be encouraged to use Internet.
- Domestic and foreign investments will be encouraged to develop IT related infrastructures. With the participation of private sectors, IT Park will be established in different and necessary parts of the country. Telecommunication and electricity facilities would be provided to the people engaged IT as per their demand.
- Distance education system would be introduced through radio, television, Internet and intranet. Networking such as School Net, Research Net and Commerce Net including the multi-lingual computing will be developed.
- Necessary arrangements would be made to encourage e-commerce. Necessary legal infrastructures would be established to introduce services like, distance-treatment, distance-education, distance-procession and e-commerce. Similarly, necessary law enforcement and strengthening measures to protect intellectual rights would be carried out to promote the development of IT.
- An Information Technology Development Fund would be established to create IT awareness among people, assist the rural networking, produce skilled manpower and provide social services that are extendable through IT.
- Necessary arrangements will be made in foreign-based Royal Nepali Embassies for development, promotion and expansion of IT trade.

20.2.5 Priority order

Five programmes will be launched during the period of the Tenth Plan. The prioritisation of programmes has been done on the basis of Policy Action Matrix.

The priority rating is as follows:

(Rs. in million)

Priority	Programme no.	Expected case		Normal case	
		Allocated budget (Rs in Million)	%	Allocated budget (Rs in Million)	%
A (P1)	1	299.7	47.7	284.7	59.3
B (P2)	1	164.9	26.3	153	31.9
C (P3)	3	163.6	26	420	8.8
Total	5	628.2	100	479.7	100

20.3 Alternative Energy

20.3.1 Background

Though the rural sector occupies a significant position in Nepal's economic development, the outcomes of development plans of last four-and-half decades regarding the rural development is less than expected. Shortage in the power supply, among others, can be taken as one of the major causes. Only seven percent of the total people living in the rural areas are currently using electricity services generated from sources of alternative energy.

The annual power consumption in Nepal is equivalent to 6,864,000 to 7,825,000 tons oil. While looking into the total national power consumption trend of last five years, traditional sources of energy contributes 86 to 90 per cent while the share of commercial sources of energy is only from 10 percent to 14 percent. In totality, 77 percent of the total power consumption is generated from firewood, while 9 percent from agricultural by-products and dung and remaining 14 percent from imported petroleum products, coal and electricity.

The per capita power consumption of Nepal is equivalent to 336 kg oil energy while per capita consumption of power from commercial sources is 46 kg oil energy. Though the rural sector absorbs 86 per cent of the total power consumption of the country, consumption of organic energy is on the top. Renewable energy (organic) and imported kerosene are among the major sources of energy in the rural areas.

Since huge investment is required to arrange power supply to rural sector from national grid system, development of alternative energy is the best available option to enhance rural development and benefit the rural economy.

While looking into the power production capacity of micro hydel of the country, adequate electricity can be produced from small streams in 55 districts, 45 KW-hr per square metre per day (8 GW hr/day) electrical energy can be produced from the solar power. Similarly, it is estimated that there is capacity of establishing 1.3 million bio-gas plants and it is also estimated that 11 MW electricity can be produced from the by-products of eight sugar factories of the country. Likewise, it is estimated that 3.1 million tonnes of oil can be produced annually from seeds of 160 types of plants found in the country. Since 10-13 percent of energy can be saved from the use of improved oven in the villages, more energy can be acquired from the existing supply of firewood.

20.3.2 Review of the Ninth Plan

Targets and achievements

As per the set objectives and policies, various programmes were incorporated in the Ninth Plan for the development of alternative energy sectors. During this period, Renewal Energy Grants Policy-2057 and the Renewal Energy Grants Work Plan-2057, which was issued for effective and well-managed execution of the policies, were implemented. The formulation of a 20-year long-term plan for renewed energy was also carried out.

During the Ninth Plan period, an additional 4,459 KW installation capacity was increased – 3347 KW from small hydropower installation and 1,112 KW from the Rural Energy Development Programmes. This achievement is about 63 percent of the set target of the Ninth Plan. Though the plan had set to conduct the Micro Hydro Inventory Study in 15 districts, such study was completed in 16 districts. A total of 59,678 bio-gas plants have been installed, which is 66 percent of 90,000 installation target set by the Ninth Plan.

Similarly, during the plan period, 51,100 out of the targeted 250,000 modern ovens have been installed. Likewise, the plan to conduct training and research on improved modern oven in 45 districts has been accomplished in 39 districts.

With regard to the Solar Power Development Programme, 23,570 out of 38,000 domestic Solar PV Systems (of 36/50 peak-watt capacity) have been installed. Of the targets of distributing 300 solar dryers of maximum three-square metre capacity, completing solar statistics collection and solar mapping in 20 districts, and conducting training/exhibition/supervision/ technology research and development on solar energy, 413 solar dryers and cookers were distributed in five districts. Similarly, solar energy statistics collection and mapping were also completed in five districts while training/ exhibition/supervision/ research completed in 31 districts.

Among other programmes, wind energy statistics collection was completed in seven districts against the earlier plan for five districts; geothermal inventory study was also completed in one out of three targeted districts; and four out of the targeted eight Quality Setting Workshops have been conducted. As per the target of setting up a Rural Energy Development Fund with investment of Rs 10 million, Interim Rural Energy Fund has been set up to mobilise the grants for Solar Energy and Small Hydroelectricity. The task of statistics collection and mapping of wind energy was

done by setting up a wind turbine at Nagarkot. Similarly, feasibility studies were also conducted in Myagdi and Tatopani of Sindhupalchowk for the development of land warming energy.

Institutional development of the Alternative Energy Promotion Centre has been enhanced through the Danish Government-funded Energy Areas Co-operation Programmes. It has also helped in the development of power in Nepal, especially small electricity, solar power and improved oven, and progress in all areas was satisfactory. There was a significant progress in the bio-gas programmes, which were supported by the Dutch and German Governments. Rural Energy Development Programmes funded by the United Nations Development Programme (UNDP) were implemented in 15 districts.

Problems and Challenges

Rise in deforestation and its negative impact on environment due to less-than-expected use of alternative energy, failure to create awareness about alternative energy to remote areas were some of the underlining problems seen in the Ninth Plan period. Similarly, lack of technical manpower for the organisations working in the sector, unaffordable technology to the people living in low-income bracket and lack of effective and regular monitoring and evaluation mechanisms were some of the other major problems of the sector.

20.3.3 Long-term vision

The followings are the major long-term vision of the sector

- Accelerating economic development, improving living standard of the rural people, increasing the employment opportunities, and maintaining environmental sustainability through the development of rural energy systems.
- Commercialising the alternative energy technologies and reducing the dependence on imported energy through planned technology development and its expansion.
- Keeping in mind the long-term consequences of the use of natural resources, use of traditional energy resources would be slowly replaced by the modern energy sources that are within the reach of purchasing power of rural people.

20.3.4 The Tenth Plan

a) Objectives

Developing and expanding alternative energy, as a powerful tool for alleviating poverty, raising purchasing power of the rural people by developing alternative energy technologies based on the local resources, and increasing consumption of alternative energy and reducing dependency imported energy by lowering the cost of installation through the proper utilisation of local resources and means.

b) Major quantitative targets

- Providing electricity services to 12 percent of the rural people from the source of alternative energy. Under this plan, electricity will be supplied to 1,000 VDCs.
- Producing 44 MW energy by installing 200,000 bio-gas plants in 65 districts.
- Producing 3.5 MW electricity energy by distributing 52,000 domestic and institutionalised solar electricity systems in 52 districts.
- Installing 2,700 solar dries/cookers in 20 districts.
- Conducting 100 solar drinking water and irrigation projects in 15 districts.
- Producing 10 MW electricity through small hydroelectricity in 47 districts.
- Installing 4,000 improved water mills.
- Producing 20 MW wind energy electricity and conducting mapping in 20 districts.
- Constructing 250,000 improved ovens in the rural areas.

c) Strategies

As most of the rural people are deprived of the electricity it needs quite a huge investment to connect the rural sector and supply power from the national grid system, the development of alternative energy, which requires less investment, can make remarkable contribution for the economic development of the rural sector. Taking into consideration of pressure on natural resources, measures to replace traditional source of energy by modern source of energy will put positive impact on various sectors of environmental and social development including the targeted groups. In this regard, the following are the major strategies of the sector.

1. Emphasis will be given for the promotion and expansion of small hydroelectricity, solar energy, wind energy and improved ovens in view of available resources and means in the rural areas.
2. As per the concept of improving living standard of the rural people, priority will be given to the programmes that are carried out in an integrated manner ensuring the economic, social and environmental sustainability while developing and expanding the alternative energy.
3. Measures would be taken to create conducive environment to attract community and private sector in the expansion and development of alternative energy and expand it to the rural areas.
4. IT development programs would be conducted in the rural areas with due priority by supplying electricity through alternative energy programs.
5. A separate Rural Energy Fund will be set up for the sustainable development of rural energy. This fund will be expanded to the district and village levels
6. Emphasis will be given for necessary research and technological hand-over to reduce the cost of technology and to increase its capacity so as to create an atmosphere where maximum number of rural people can use it.

d) Policies and Programs

■ ***Promotion and expansion of micro hydropower, solar power, wind power, and improved ovens in the rural areas (related with strategy number 1)***

- Establishment of service centre would be expanded to ensure effective development of micro hydropower and to extend co-operation to small hydroelectricity projects for maintenance and operation including rehabilitation of those projects, which are in technical and financial crisis. Special emphasis will be given to the end-use diversification for making establishment of small hydroelectricity projects more feasible from both economic and financial aspects.
- The utilisation capacity of various organic energy sources in the rural areas like firewood and agricultural by-products that otherwise would be wasted, will be increased. It will help reduce negative environmental impact while using organic energy sources.
- Priority would be given to increase the use of solar power, as it helps meet the rising demand of energy. In some of the remote rural areas, where power connection from the national electricity system and establishment of small hydroelectricity centres are not possible in near future, solar system is the most effective means and hence it will be expanded in such areas. Likewise, based on feasibility study, the use of solar pumps would be expanded in the hilly and mountainous regions while in Terai, emphasis will be given to the use of wind energy. The policy will also assist Agricultural Prospective Plan.

■ ***Expansion and development of alternative energy to uplift life standard of rural people (related with strategy number 2)***

- Dependency on imported energy would be gradually reduced through the proper utilisation of locally available sources of alternative energy.
- Production of energy would be increased by applying various technologies used in organic energy like, Gasifier, Co-generation etc, and necessary steps would be taken to raise awareness in this regard.

■ ***Attracting community and private sector in the development and promotion of alternative energy (related with strategy number 3)***

- Consumers and locals would be encouraged to form and conduct activities related with energy management and they would be encouraged to participate in the plan formulation so as to give sustainability to rural energy production, distribution and its consumption through effective social mobilisation.
- Improving the purchasing arrangements of electricity energy produced small electricity projects with private investment while distributing through the central electricity transmission system.
- **Development of IT in rural areas through supply of electricity from alternative energy source (related with strategy number 4)**
 - Development of information and communication in areas untouched by

national electricity supply would be carried out by supplying electricity through alternative energy technologies. Likewise, educational institutions will be mobilised for the production of necessary manpower required for alternative energy development.

■ ***Establishment of a separate Rural Energy Fund (REF) for the sustainable development of rural energy (related with strategy number 5)***

- Necessary reforms would be carried out on subsidy policy and its management to ensure maximum possible benefits to rural families and people, and to secure their accessibility in alternative energy and associated technologies.
- After completing the formation of REF, necessary financial co-operation would be extended to the fund to make the alternative energy development activities sustainable. This will ensure increase in the access of poor, deprived and minority communities to alternative energy through group collateral scheme, set-up of rolling fund and easy release of loans in low interest rates.
- With an aim to make the energy sources and related technology development program more effective, the Alternative Energy Promotion Centre, which contributed for the development of the sector in rural areas, would be made more competent with due reform processes. In order to make the plan formulation and implementation of programs related with alternative energy successful, necessary manpower would be developed and institutional reforms would be carried out for effective supervision, monitoring and regular review.
- Participation of educational institutions, local bodies, private sector and national and international NGOs will be ensured by making them more active to carry out studies and researches and development works to develop, expand and reduce costs of alternative energy technologies.

■ ***Stress on necessary research and technological transfer for alternative energy technology (related with strategy number 6)***

- Development and expansion of alternative energy would be carried out with high priority so as to ensure the minimum supply of energy, which is also the basic need of the rural population. Similarly, the development and expansion of alternative energy will also help develop the rural economy.

e. Policy reforms, legal reforms, institutional reforms and their implementation arrangements

Necessary reforms and changes will be made in the existing policies and legal provisions to make the development of alternative energy more effective. Policy rules to set the quality standard of equipment and tools used for development, production and related technology would be formulated, which would enhance protection and welfare of consumers. The Alternative Energy Promotion Centre and the ministry will carry out supervision to know if the works have been executed as provisioned in the

rules.

As the responsibilities and role of the Centre formed as per Development Committee Act 2013, are increasing and becoming important, a separate act would be enacted to make the centre an autonomous body and to make it able to carry out co-ordination among the government and donor agencies, consumers' groups, and private sector.

Rural Energy Fund would be established to mobilise loans and grants for the development of alternative energy and various service centres would be constituted at different part of the country in order to make micro hydropower projects financially feasible, to bring sustainability in operation and to extend necessary technical supports.

f. Programs and projects

Bio-gas program

As the popularity of bio-gas is growing among rural families due to its diverse benefits, it would be expanded since it saves firewood, reduces dependency on imported energy and there is no negative impact in the people's health. In addition, the use of bio-gas plant brings no environmental pollution and the slurry, which come out from the plant as by-product is used as the best fertiliser. So, the Tenth Plan has set a target of installing a total of 200,000 bio-gas plants, including 199,500 private bio-gas plants and 500 community bio-gas plants. Priority will be given to suitable and relatively smaller-size plants and necessary researches would be carried out for its expansion in the Himalayan region and to reduce costs.

Solar energy programme

The contribution of past plans in expanding domestic solar electricity system for electricity supply in rural areas was significant and since such system has greater importance in the rural areas where national electricity system has not reached, its demand has also significantly increased in recent years.

Solar pump, which is used to pull groundwater, has played an important role in solving drinking water problem in the rural areas. The system can also be used for irrigation of additional agricultural land. The rising demand of energy in the rural areas can be fulfilled through the solar energy, as the use of solar cooker, drier, water heater etc. are in the rise.

With an aim to provide electricity service to the rural people through solar energy, the Tenth Plan has targeted that 52,000 solar electricity system will be installed, around 100 solar electricity water pumps will be set up and around 2,700 solar cooker/drier will be installed. In addition to this, competent manpower will be produced by giving training regarding the installation of the solar energy system, to carry out feasibility mapping of solar energy at several places and researches to reduce the cost of installation.

Micro hydroelectricity program

During the plan implementation period, to fulfil the need of domestic electricity and for other productive uses electricity from rivers and rivulets of the rural areas. Under the micro-hydro programme new projects will be producing 9,400 KW, the

renovations of the old projects would provide 500 KW and improved water mills would generate 100 KW. Hence, the plan has a target of generating 10,000 KW of electricity from micro hydro, and it also aims at installing 4,000 improved water mills.

Wind energy programme

The Tenth Plan has targeted to prepare wind mapping and wind-related statistics for 20 districts for the development of wind energy and to produce electricity by installing small wind generator in the districts.

Organic energy programme

It has been planned that a total of 250,000 improved ovens will be constructed during the plan period in order to prevent the wastage of energy from firewood thereby lowering pressure on forests. During the period, studies and researches will be conducted to produce organic oil and feasibility studies will be conducted to start such projects. In addition, feasibility studies of the projects, other energy production technologies such as Briquetting, Cogeneration and Gasification will be initiated.

Setting up Rural Energy Fund

In the context of requirement of huge initial investment and its tough competition with established traditional sources of energy, the Rural Energy Fund will be set up in order to regulate grants and loans and to mobilise them in simplified way for the development of alternative energy. After the establishment of Interim Rural Energy Fund, which is under Alternative Energy Promotion Centre, remarkable success has been achieved in mobilising grants to the small hydroelectricity and solar energy in a swift and simplified way. So, it will be expanded and will be converted into Rural Energy Fund as a full autonomous body.

Institutional reforms and support programme:

Realising the important roles of Alternative Energy Promotion Centre and other co-operative organisations, especially the non-governmental organisations and local bodies to effectively implement the policies and programmes on alternative energy, necessary Acts, regulations will be formulated for institutional reforms of the centre. Emphasis will also be given for the construction of its own office building and manpower development. Arrangements will be made to extend co-operations to other organisation engaged in promotion and expansion of alternative energy for their capacity building.

Miscellaneous programmes:

During the plan period, programmes like survey, feasibility study, research and development, promotion, exhibition and awareness programme, setting up of the National Information Resource Unit, and setting up of national quality standard of equipment and monitoring would be conducted. Similarly, decentralised energy management, formulation of the model project, formulation of policies and plans and workshops related with alternative energy are some of the programs incorporated in the Tenth Plan. Arrangements will also be made to ensure quality supplies of equipment related with alternative energy technologies by setting up a national

standard of equipment. Short term, medium term and long term policies and plans will be formulated for the expansion and development of alternative energy.

20.3.5 Resource Management and Allocation:

During the plan period, a total of Rs. 4160.6 million and Rs 3115.2 million have been estimated for implementation of programs related with alternative energy under normal case and alternative case respectively. Of the total expenditure, His Majesty's Government will provide 12 percent while remaining 88 percent will be covered from foreign assistance.

Policy and programs Log Frame- science and technology*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Enhancing the use of Science, technology and Information Technology in increasing production and productivity and accelerating -economic development of the country.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Vision (sec tor-wise objective): There would be massive use of science and technology in socio-economic development activities.	<ul style="list-style-type: none"> Establishment of a mechanism to conduct research and development activities Contribute in raising scio-economic condition of people through the sustainable use of natural resource and means. Producing high-quality scientists manpower Development and expansion of meteorological services. Creating conducive environment for attracting private sector investment in IT sectors. 	<ul style="list-style-type: none"> Effectiveness of technologies used in agriculture and industries. Effectiveness of technologies used in education and health services. Access of consumers of different group to the technologies used agriculture Industries, education and health services and their proportionate growth 	<ul style="list-style-type: none"> Four-monthly and annual reports of ministries of Agriculture, industry, and science and technology. Special survey reports 	<ol style="list-style-type: none"> Development and promotion of traditional and proper technology. Ensuring the easy availability of renewable energy. Massive use and development of IT. Publicise and ensuring availability of information related with weather and floods. Expanding science education and researches. 	<ul style="list-style-type: none"> Availability of timely technologies for the use in agriculture, industry, education and health services. Availability of market management for the agricultural and industrial products produced by using timely technologies. Availability of programs to increase the excess of people towards timely technologies.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> • Establishing access of general people to IT through Community Information Centres. • Expansion of training required using IT. • Expansion and promotion of micro-hydel, solar power, wind power, improved ovens in rural areas. • Creating environment to attract community and private sector in development and promotion of alternative energy and its expansion to rural areas. • Establishment of a separate Rural Energy Fund to ensure a sustainable development of rural energy. 				

**Quantitative targets are based on the economic growth rate of 6.2 per cent.*

Programs and Estimated Budget

Science and Technology

(Rs in million)

S. No	Programs	In normal growth	In alternative growth
<i>Programs/projects under P1</i>			
1	Development of qualitative manpower	49.0	47.5
2	Strengthening Ministry of Science and Technology	31.4	30.4
3	Department of Water and Meteorology	588.0	570.0
4	Bio-technology	766.4	742.9
	Total	766.4	742.9
	Per cent	45.83	58.31
<i>Programs/projects under P2</i>			
5	Development of Libraries/record museums	28.5	26.7
6	National Forensic Laboratory	95.0	89.0
7	Research and development	47.5	44.5
8	Technology research and development for rural development	373.1	349.5
	Total	544.1	509.7
	Per cent	54.41	50.97
9	Promotion of science and technology		
10	Royal Nepal Academy for Science and Technology		
11	National Research Fund		
12	B. P. Planetary, Observatory and Science Museum		
13	Space Science and Technology		
	<i>Grand total</i>	<i>1672.2</i>	<i>1273.9</i>

Information Technology

(Rs in million)

S. No	Programs	In normal growth	In alternative growth
<i>Programs and projects under P1</i>			
1	Comity Information Centres	299.7	284.7
	Total	299.7	284.7
	Per cent	47.7	59.4
<i>Programs and projects under P2</i>			
2	Information Technology Park Project	164.9	153.0
	Total	164.9	153.0
	Per cent	26.3	31.9
<i>Programs and projects under P3</i>			
3	National Information Technology Centre		
4	Market promotion of software in international market		
5	Human resource development for IT sector		
	<i>Grand total</i>	<i>628.2</i>	<i>479.7</i>

Chapter - 21

Housing, Building and Urban Development

21.1 Background

According to the census of 2001, about 14 percent of the population in Nepal is residing in urban areas, and this figure is estimated to reach to 24 percent in the next 10 years. In addition to 58 municipalities, there are more than 132 small towns and market centres in the kingdom which have been playing the role of *service centres* for the rural areas and that of the backbone of the economic development and the catalyst of change. As a result, the rural areas emulate the development-oriented changes that occurred or going to occur in the urban areas.

In an effort to promote private sector to manage safe and comfortable housing in the rural and urban regions of the kingdom, the role of His Majesty's Government should be as a facilitator and a catalyst. Although there is no shortage of construction materials and technology in housing development, lack of concessional loan is making this task problematical. Besides, rehabilitation of the families of the freed bonded farm labourers (*kamaiyas*), landless people and those who become homeless annually as a result of natural disaster has been a problem.

The country spends a huge sum of resource on building houses as a result of which employment opportunities in large scale are created every year. This sector that involves local consultants and construction entrepreneurs should be made more employment- and technology-oriented and productive.

The trend of migrating to the urban areas from rural regions to seek out employment has resulted in population pressure in the urban areas. The number of towns and market centres has been increasing with the construction and extension of highways. The migration pressure and increasing population has made it difficult to provide sufficient physical and social infrastructure in the urban areas. The task of enabling the local bodies to develop and manage urban areas has been a big challenge. As a result, the urban areas have gradually become unmanageable.

The urban development efforts should be considered as a precondition for the development of rural areas. For this, the policy of regional balance should be followed in the development of urban areas. A strengthened linkages of urban areas with the rural areas is essential. It has become essential that the natural and cultural environments of Kathmandu Valley be conserved by reducing its population pressure by disseminating the services, facilities and economic opportunities clustered in the Valley to other large municipalities of the countries.

21.2 Review of the Ninth Plan

21.2.1 Targets and Progress

The following progress has been made during the Ninth Plan period in urban development and building construction sectors:

- a) Towards urban development, integrated action-oriented programmes of 15 municipalities have been carried out and base maps of some municipalities have been prepared.
- b) Apart from carrying out studies for the development of small towns and market centres, the task of formulating the physical development plans of all municipality development committees has been completed.
- c) In addition to completing the formulation of the 20-year perspective development plan of Kathmandu Valley, study has been made to develop the Harisiddhi area as a sub-municipality (satellite town).
- d) The national building construction code has been prepared in order to systematically develop the building construction activities.
- e) Regarding the organizational restructure and human resource development, the existing Department of Building and Department of Housing and Urban Development are merged to set up Department of Urban Development and Building Construction.

While determining the programme of this sector during the Ninth Plan period attempt has been made to identify all activities to be done in this sector. However, no significant progress have been made in the following sectors:

- a) Absence of action-oriented roles and quantitative goals for future direction of major municipalities of the kingdom to solve the settlement problems.
- b) Lack of quantitative goals towards the building of infrastructures in the appropriate areas.
- c) Monitoring programmes have not been carried out for the implementation of the town planning with base map.
- d) Municipality development committees have not been made capable although the committees were constituted throughout the kingdom .
- e) The development efforts of urban areas, settlements and building construction could not get the synergy due to lack of coordinated projects with the other ministries .
- f) Even though the list of programmes is prepared subsequent to identification of the problems of this sub-sector in detail, lack of appropriation of budget accordingly has inhibited the launching of the programmes .

The Ninth Plan's progress as compared to the sectoral objectives is as follows:

Sectoral goals	Progress
1. Policy formulation and research	Limited progress has been made in the areas of policy formulation and research.

Sectoral goals	Progress
2. Formulation of acts, regulations and standards	National Building Construction Codes have been prepared. Kathmandu Valley Urban Development Bill is prepared.
3. Organizational reforms and human resource development	Towards organizational reforms, former Ministry of Works and Transports and Ministry of Housing and Physical Planning were merged to form the Ministry of Physical Planning and Works. Besides, the then Department of Housing and Urban Development and Department of Building were merged to set up the Department of Urban Development and Building Construction. In addition to this, the structure of this Department has been changed and the existing District Offices have been merged into the Divisions according to the principles of Division Office. A separate Training Centre has been created for human resource development.
4. Kathmandu Valley Development Programme	Formulation of Perspective Development Plan 2001 of Kathmandu Valley has been completed. Land Integration Programme has been initiated in the three cities of the Valley. The study on Harisiddhi to set up it as a sub-municipality has been completed. The report regarding 'healthy city' has been prepared. Protection of <i>Changunarayan</i> has been accomplished.
5. District wise integrated physical development programme	The task of preparing physical plans has been done; some districts have carried out the construction of buildings and have prepared the documentation of the government buildings. Renovation of the damaged buildings is yet to be made.
6. Urban Area Development Programme	Base maps of some municipalities have been prepared, integrated action-oriented plans have been initiated in 15 municipalities. The progress of Housing Finance Company remained satisfactory. A limited progress is made in the distribution of homesteads by developing land.
7. Development programme of small towns, urbanising villages and market centres	Physical plans of all municipality development committees have been prepared; a provision of limited number of technical work force and little amount of subsidy were made.
8. Rural housing and densely populated settlement programme	The approach paper regarding the densely populated settlement is in its final stage and infrastructure development of 14000 homesteads (housing plots) has been accomplished through Rural Housing Company.
9. Town Development Fund	Loans and grants have been extended from the Fund.
10. Other programmes	Under this programme, retaining walls/dikes have been constructed on both banks of the Bagmati River.
11. Rural-urban partnership programme	By means of community mobilization in 12 municipalities and 31 rural market centres, 629 small social infrastructures have been established and 2492 micro businesses have been set up as a part of poverty alleviation efforts. Private sector has been mobilized to establish and operate the urban service infrastructure.

Problems and Challenges

The objectives and programmes set for the Ninth Plan period tried to incorporate various aspects of building, housing and urban development; but because of such problems as lack of resource mobilization as required, weak managerial aspect, absence of coordination, lack of appropriate human resource, etc., its implementation has been weak. As many urban development plans did not have substantial involvement of multi-sectoral expert human resource, the plans could not be qualitative. Since the municipality development committees set up in different areas of the kingdom have not been provided with the indispensable physical and human resources, etc., their contribution in urban development naturally remained insignificant. Expected progress could not be attained as different obstacles were emerged while providing support for the physical infrastructure to different districts of the country.

On the whole, as the programmes adopted and quantitative targets set were wide-ranging and ambitious against the backdrop of the proposed programmes, available means, resources, managerial aspect, human resource, etc. proposed by the Ninth Plan for this sector, the implementation part proved weak.

This sub-sector has the following challenges:

1. Lack of urban development policies and lack of timely reform of the existing act/policies.
2. No harmony between physical plan and investment.
3. The municipalities are attracted to the income-generating projects rather than setting up the basic facilities.
4. The programme for enhancing the capability of the local bodies have not been implemented.
5. Absence of an all powerful, high-level body to systematically manage and coordinate the developmental activities of Kathmandu Valley.
6. Town Development Fund has not been effectively mobilized for the development of urban infrastructure.
7. Lack of appropriate acts to attract the private sector in land development and building construction.

21.3 Long-term Approach

To strengthen the linkages of urban area with rural areas by managing the uncontrolled urbanization through physical planning, to activate the private sector in order to provide affordable housing that reduces the effect of earthquake, and to adopt the necessary construction technology to make the public and private buildings more safe and cost-effective will be the long-term approaches of this sector.

21.4 The Tenth Plan

a) Objectives

- **Urban Development**

1. Develop the cities and strengthen the rural-urban linkages by providing with the modern physical facilities and by protecting and promoting the cultural, touristic and historical areas in their present form .

- **Housing and rural settlement**

2. Provide with safe and cost-effective houses by promoting systematic settlements.

- **Building**

3. Construct and develop safe, cost-effective, environment-friendly buildings that can display indigenous architecture.

b) Main quantitative targets

In the context of reducing poverty by regulating the uncontrolled urbanization and providing with the physical and social infrastructures to develop systematic urban settlements, physical target prioritisation and investment for this sector are shown in the table.

Urban development

Strategies

Intense housing pressure in urban areas has entailed the construction of safe, comfortable and cost-effective housing, and it has become necessary to develop necessary infrastructure to put the already settled unmanaged dwellings in order. Equally necessary is to protect and promote various historical, cultural and touristic heritages found in the urban areas. It is necessary that resources, means and capabilities of local elected bodies along with that of private sector be optimally utilized for the construction, operation and management of urban infrastructures. By implementation of these programmes, it is expected that well-managed settlements will be developed. In this context, major strategies of this sector are as follows:

- **Strategies related to the first objective**

1. Protect historical and cultural inheritances and lead urban development to create urban infrastructure in a sustainable manner by means of physical development plan.
2. Kathmandu Valley will be developed as the capital of the kingdom and a touristic and cultural centre; and the Valley's neighbouring areas will be developed as satellite towns .
3. For the construction, operation and management of urban infrastructure, the means and resources of the private sector and the local bodies will be mobilized.
4. Necessary regulatory activities will be carried out to manage the urban development.
5. Promote the programmes of rural-urban partnership

Policies and Working Policies

- ***Protection of historical and cultural heritages and urban development (related to the first strategy)***
 - A policy of increasing participation of the public and private sectors will be adopted to develop and expand the urban basic services, facilities and infrastructure, to improve the urban environment and to protect the cultural and natural treasures.
 - In order to systematize the unrestrained urban development and expansion, physical planning system will be strengthened by formulating the development plans of different geographical regions. By integrating physical and economic development plans, employment generation programmes will be carried out.
 - For the balanced regional development, the concept of urbanizing development roads will be adopted and the likely cities and rural markets will be connected with such growth corridor concepts as east-west and north-south highways.
- ***Develop Kathmandu Valley as a touristic and cultural centre (related to the second strategy)***
 - The concept of integrated and coordinated development of the Kathmandu Valley will be carried on. Apropos of this concept, based on the twenty-year development approach of the Kathmandu Valley and other studies, a policy of systematic urban development will be undertaken. Besides, policies of discouraging the industries and other activities that adversely affect the environment of the Valley and replace them by information technology industries that have positive environmental impact will be adopted.
 - Integrated urban policy will be formulated to guide the urban development of specific geographical places.
 - The medium-sized and satellite towns situated within the influence of the Kathmandu Valley will be developed in an integrated manner. New satellite towns or settlement centres will be developed as required.
- ***Resource mobilisation of local elected bodies and private sector to construct the urban infrastructure (related to the third strategy)***
 - Minimum services and facilities such as drinking water, electricity, telephone, roads and sewerage will be gradually developed in municipalities with the initiation of the local elected bodies.
 - Capabilities of the local elected bodies in urban management and resource mobilization will be enhanced.
 - The 'polluters pay principle' will be applied to manage the waste of the urban areas.
 - Private sector will be involved in the waste management of the urban areas.
- ***Management of urban development (related to the fourth strategy)***

- Considering the trend of population growth and internal migrations, rural market development and the process of urbanization will be put in order with priority.
- ***Village-town partnership programme (related to the fifth strategy)***
 - By strengthening the interdependence of villages and towns, the urban areas will be activated to nurture the rural development.

Housing and Rural Settlement

Strategies

As the pressure of housing in urban areas is increasing and construction of buildings becoming more expensive, it is imperative to construct economical and comfortable houses with the involvement of the private sector. Similarly, as the unplanned urbanised settlements have been developing in the rural areas as well, it has been necessary that the facilities to be provided should be managed from development's viewpoint by giving it necessary guidance. In order to relieve the victims of natural disaster, management of cost-effective housing facility has been inevitable. By implementing these programmes, it is expected that well-managed settlements will be developed and new opportunities of employment and income generation will be created to contribute to the national strategy of social development. The housing programme will contribute to the national strategy of supporting the targeted groups by relieving the disaster-afflicted communities. In this background, the following will be the major strategies of this sector:

- ***Strategies related to the second objective***
 1. Develop urban housing with the participation and involvement of the private sector.
 2. Develop market centres in the urbanizing settlements and provide loans to the poor with low income for housing while regulating the developments of densely populated residences and rural settlements considering the protection of available historical and cultural heritages.
 3. Provide the housing facilities to the victims of natural disaster and the marginalised groups with priority and construct 'emergency buildings' to relieve them.
 4. Strengthen the village-town linkages.

Policies and working policies

Housing

- ***Participation of private sector (related to the first strategy)***
 - Based on the basic concepts ascertained by the National Housing Policy 1996, provision of housing will be carried on effectively in urban and rural areas.

- Real estate development programme will be carried out with the joint effort of the private and government sectors.
- A mechanism will be developed to establish coordination among the related bodies/institutions by initiating reforms in the legal structure of market system of land and housing.

Rural Settlement

- *Development of densely populated settlements and rural dwellings (related to the second strategy)*
 - Small municipalities and urbanizing villages will be developed as rural market centres in order to provide the rural areas with basic services and facilities.
 - Conditions of rural settlements of the kingdom of Nepal will be improved. Basic services and facilities such as drinking water, electricity, telephone, roads, biogas and sewerage will be gradually developed in urbanizing rural areas.
- *Relief to the poor and the backward communities (related to the third strategy)*
 - Special housing programme will be carried out for the low-income poor groups.
 - Credit will be arranged through financial institutions for low-cost housing to the families unable to construct houses.
- *Village-urban partnership programme (related to the fourth strategy)*
 - The village-urban partnership programmes will be identified and executed.

Building

Strategy

Unmanaged and earthquake-prone buildings are constructed in the densely populated urban and rural areas. Among them are many government buildings. By strictly enforcing the updated building construction codes, and enhancement of the capabilities of the construction professionals, the probable harms to the public assets will be reduced. As such the base of strengthening economic growth. In the context of the excessive use of foreign labour in constructing the buildings of urban areas, enhancement of the skills of the local labourers and artisans would contribute in employment generation. Similarly, by putting the building codes into operation, national strategy of good governance will be supported as the trend of occupying the public land will be discouraged. In this background, the following are the main strategies of this sector:

- *Strategies related to the third objective*
 - Implement the building construction codes and standards applicable to both the government and private sectors.

- Carry on the promotion and capability development of the local consultants and construction entrepreneurs.

Policy and Working Policies

- ***Building construction codes and standards (related to the first strategy)***
 - Such measures as economical, earthquake resisting and safe from other natural disasters will be adopted for all kinds of buildings constructed in the government and private sectors.
 - Research will be carried out for the development of local materials, skills and appropriate technologies in order to adopt the local architecture and maintain environmental cleanliness.
 - Wide publicity will be given to the use of the available technologies.
 - After revising the National Building Codes apropos to time, initiation will be made to implement the codes under the Building Act.
- ***Promotion of national consultants and construction entrepreneurs (related to the second strategy)***
 - Programmes of promotion, capability development and awareness creation of national consultants and construction professionals will be identified and carried out.

(e) Policy, legal and institutional reforms and implementation mechanism

■ ***Policy reforms***

The following policy reforms should be carried out in order to materialize the above-mentioned objectives of the Tenth Plan:

- Investment programmes will be formulated as per the priority in the areas designated by physical plan.
- Effective coordinating mechanism will be developed among the institutions that formulate plans, implement projects, and make investment.
- The trend of the municipalities to spend on income-generating activities (such as shopping complex) instead of investing on basic services and facilities (such as sewerage, drinking water, roads) will be discouraged.
- Rural housing and settlement programmes will be carried out under the partnership of the concerned institution of His Majesty's Government and local bodies.
- Necessary steps will be taken to give the National Building Codes a legal status.
- His Majesty's Government will strengthen the capacities of the local elected bodies by carrying out the programmes of joint investment (partnership) with the participation and involvement of urbanizing

Village Development Committees and municipalities.

- The urban development policy will be formulated by clearly specifying the scopes, responsibilities and jurisdiction of such institutions as Department of Urban Development and Building Construction, municipalities and Ministry of Local Development which are directly involved in urban development sector.

■ ***Legal reforms***

- The district development committee will be granted more authority/say in the task of municipality's development by making necessary amendments in Municipality Development Act.
- Kathmandu Valley Urban Development Act and regulations will be formulated and implemented.
- Necessary amendments and moderations will be made in Building Act, 1998.
- Municipality Development Regulations and national level standards will be prepared.
- By adjusting the conflicting issues between Municipality Development Act and Local Self-Governance Act, both acts will be made equally effective in urban development and land development.
- Regulations regarding private sector land development act and joint housing will be prepared to implement in order to encourage, direct and regulate the land development activities of the private sector.

■ ***Institutional reforms***

- Kathmandu Valley Urban Development Council will be set up.
- The Municipality Development Programme will be put into practice in the feasible places through the Municipality Development Committees established all over the kingdom. For this, recommendation of the concerned District Development Committees will be made mandatory.
- The role of Municipality Development Fund will be made widespread and flexible in the areas of urban infrastructure development.
- Urban Development and Building Construction Offices of His Majesty's Government will be made more responsible and capable in the task of enhancing plan-wise technical capability of the local elected bodies.
- Settlement improvement programme will be carried out through Rural Housing Company for rural settlement, family afflicted by natural disaster and the families displaced by large projects.
- The scope of the Housing Finance Development Company will be expanded and concessional financial investment will be flowed to construct new houses and repair the existing houses.
- A system of providing with the concessional loans will be commenced to

the helpless families headed by the women to construct new houses or repair the old houses.

(f) Implementation system

Roles, responsibilities and accountability of the relevant institutions of His Majesty's Government, local elected bodies, semi-government and non-governmental organizations should be made clear to implement the reform programmes. The Department of Urban Development and Building Construction will have a leading role in urban development and building construction. In housing sector, Nepal Housing Development Finance Company, Rural Housing Company, Commission to Solve Squatters' Problems, Personnel Provident Fund and non-governmental organizations along with the Department should assume responsibility from their respective sectors. The monitoring and evaluation of the activities done by these institutions will be arranged as follows:

1. Monitoring and evaluation of the government and semi government institutions will be carried out by the Ministry of Physical Planning and Works and help the National Planning Commission to formulate macro level policy by providing the progress report.
2. The National Planning Commission will carry out monitoring and evaluation of the programmes of the government, private and non-governmental institutions and local elected bodies.

In order to accomplish the objectives and goals of the Tenth Plan, different institutions of His Majesty's Government as well as the local elected bodies should be granted with additional authority and resources. With the aim of widening the role of private sector, legal and administrative reforms will be steadily made.

21.5 Priority order of the programmes/projects

Prioritization of programmes/projects is made based on the priority assessment procedure of policy action matrix. Programmes and budgets are listed below. Detailed programmes and estimated budgets are presented in Appendix 21.1.

Summary of Priority Assessment

Rs. in million

Priority order	Number of programmes	Expected growth		General growth	
		amount	percent	amount	percent
P1	19	707.4	62.8	628.8	73.1
P2	15	386.2	34.3	198.7	23.1
P3	17	32.4	2.9	32.5	3.8
Total	51	1126	100	860	100

21.6 Monitorable Indicators

- ***Urban development***
 - Availability of digital maps of all municipalities.
 - Healthy city programme will be executed in 10 municipalities.
 - Urban environment improvement project will be executed in nine municipalities.
 - Environment improvement in 100 areas.
- ***Kathmandu Valley***
 - Establish Harisiddhi sub-municipality (satellite town).
 - Availability of twenty thousand plots of land.
 - Environment improvement of five squatter areas.
- ***Rural settlement***
 - Establish twenty systematic market centres.
 - Physical plans of twenty-five VDCs will be completed.
 - Prepare five growth corridors.
 - Skill-oriented training will be imparted to 2000 persons.
- ***Housing***
 - Two areas will be developed as sample of densely populated zones settling 10-15 families in each.
 - Group housing and joint housing development will be carried out in four cities by involving the private sector.
 - Housing loans will be provided to two thousand persons.
- ***Building***
 - Publish the up-to-date records of the government buildings.
 - One hundred emergency buildings will be constructed as an experiment by selecting suitable materials and technologies.
- ***Development of special importance areas***
 - Master plans of 10 areas will be prepared.

21.7 Log Frame

The complete policy action matrix of housing, building and urban development is presented below. Its detailed outline is given in Appendix 3.

*Policy Action Log-frame – Housing, Building and Urban Development **

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective : Productivity of the human resource will be increased sustainably.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Purpose (sectoral objective): Condition of human settlement will be improved sustainably.	<ul style="list-style-type: none"> • Guide urban development through the protection of historical and cultural heritages and the support of urban infrastructure in a sustainable manner. • Develop Kathmandu Valley as the capital city and touristic and cultural centre of the kingdom of Nepal, and develop the satellite towns around Kathmandu Valley. • Mobilize the means and resources of private sector and local elected bodies for the construction, operation and management of urban infrastructure. • Carry out the necessary regulating functions to systematize urban development. • Promote village-town partnership programme. • Develop urban housing with the participation and involvement of private sector. • Update and implement the building construction codes and standards. 	<ul style="list-style-type: none"> • Availability of the digital maps of the municipalities. • Increase the compliance of the norms of municipalities. • Availability of market centres that are systematic as per the national standards. • Execute sample programmes of densely populated settlements. • Increase in the completion of construction of government buildings. 	<ul style="list-style-type: none"> • Ministry of Physical Planning and Works • Department of Urban Development and Building Construction • Sectoral supervision reports 	<ol style="list-style-type: none"> 1. Enhance well-managed urbanization. 2. Develop interdependence of rural and urban regions. 3. Develop rural and urban housing. 4. Manage building construction and maintenance. 5. Develop the areas of special importance. 	<ul style="list-style-type: none"> • Continuation of the priority of His Majesty's Government on housing, urban development and building construction.

**The quantitative goals are based on the economic growth of 6.2 percent (details in Appendix 3)*

Appendix 21.1: Programmes and estimated budgets

(Rs. in million)

S. No.	Projects	For expected growth	For general growth
First priority programmes/projects			
1.	Prepare digital maps of suitable scale in all municipality areas as specified in the Local Self government Act, 1998 and provide the maps to the concerned municipalities. (Urban Development)	90.0	80.0
2.	Prepare urban development and building construction standards and moderate the existing norms. (Urban Development)	4.5	4.0
3.	Assist municipalities to prepare sectoral master plans of periodic plan. (Urban Development)	45.0	40.0
4.	Assist municipalities to prepare participative annual budgets as per the Local Selfgovernance Act, 1998. (Urban Development)	45.0	40.0
5.	Urban environment improvement programmes in the towns around the valley. (Urban Development)	90.0	80.0
6.	Develop well-managed markets in small towns and market centres. (Urban Development)	90.0	80.0
7.	Conduct skill training and transfer of technology through community mobilization in rural and urban areas for economic development by the village-municipality linkages. (Urban Development)	18.0	16.0
8.	Carry out the urban infrastructure improvement programme. (Kathmandu Valley)	67.5	60.0
9.	Complete the construction of Bishnumati link road. (Kathmandu Valley)	81.0	72.0
10.	Implement the long term concept of Kathmandu Valley. (Kathmandu Valley)	18.0	16.0
11.	Prepare and implement the urban development, joint housing and realstate business act and regulations. (Housing)	0.9	0.8
12.	Hand over the economical and reliable local construction materials and technologies based on research and experiment through publicity. (Housing)	20.3	18.0
13.	Prepare plans to execute the dense settlement programmes in different parts of the kingdom. (Rural Settlement)	18.0	16.0
14.	Carry on updating of the documentation of the government buildings. (Building Construction)	9.0	8.0
15.	Carry out the task of physical infrastructure management in the Singha Durbar complex. (Building Construction)	18.0	16.0
16.	Train the concerned officials, inspectors, construction entrepreneurs, consultants along with the local artisans about the building codes. (Building Construction)	13.5	12.0
17.	Make provision of the emergency shelters for immediate relief. (Building Construction)	18.0	16.0
18.	Prepare and implement the master-plans for sustainable development of special areas. (Area Development of Special Importance)	45.0	40.0

S No.	Projects	For expected growth	For general growth
19.	Renovate the temples, religious places of refuge, stone spouts, etc. that have special importance in the national life and improve the environments of these areas. (Area Development of Special Importance)	15.8	14.0
	Total	707.4	628.8
	Percent	62.8	73.12
	Second Priority Programmes/Projects	0.0	0.0
20.	Carry out the healthy city programme. (Urban Development)	68.6	35.3
21.	Provide suitable training to the employees of municipalities in planning, financial management, institutional reform, etc. (Urban Development)	1.7	0.9
22.	Carry out land development programme (integration of land, directed land development programme) out of the Valley with the participation of the local elected bodies. For this, His Majesty's Government will play the role of auxiliary and facilitator. (Urban Development)	6.9	3.5
23.	Improve the environment of the unplanned settlements of urban and urbanizing areas in order to ensure systematic physical infrastructure and housing with local people's participation. (Urban Development)	24.0	12.4
24.	Prepare physical development plans of rural market centres and small towns and markets. (Urban Development)	3.4	1.8
25.	Prepare provincial plans according to the priority by identifying the economic growth centres. (Urban Development)	0.7	0.4
26.	The programmes constructing physical infrastructure and reform agenda in small towns and market centres will be carried out in order to strengthen the village-town linkage. (Urban Development)	61.7	31.8
27.	Municipalities will set up urban development fund in order to provide loans and skills for the promotion of sustainable self employment. (Urban Development)	13.7	7.1
28.	Establish infrastructure for the development of e-commerce in urban and rural market centres. (Urban Development)	20.6	10.6
29.	Initiate the land development programmes through the joint investment of His Majesty's Government and private sector to cater the increasing need of homesteads. (Housing)	34.3	17.7
30.	Arrange necessary assistance to encourage the studies and research by the private sector for technology development. (Housing)	6.9	3.5
31.	Run programmes with private sector's participation to fulfil the increasing demand of housing and develop collective joint housing, etc. as intended by the national housing policy. (Housing)	30.9	15.9
32.	Complete the construction of the two buildings of Ministries of Finance and Land Reform, wall of the Singha Durbar complex and security press building. (Building Construction)	102.9	53.0

S No.	Projects	For expected growth	For general growth
33.	Take initiatives in transferring high-level technologies by increasing the involvement of national consultants and construction entrepreneurs in large building construction projects. (Building Construction)	0.7	0.4
34.	Strengthen (institutional) the Department of Urban Development and Building Construction. (Building Construction)	9.3	4.8
	Total	386.3	198.7
	Percent	34.3	23.1
	Third Priority Programmes/Projects	32.4	32.4
	Percent	2.9	3.8
35.	Identify the likely areas for the partnership between the government and the private sector. (Urban Development)		
36.	Involve private sector to provide the basic urban services. (Urban Development)		
37.	Study the linkage of urban and rural sectors. (Urban Development)		
38.	Establish modern satellite town in the Harisiddhi area. (Kathmandu Valley)		
39.	Distribute 20,000 housing plots in the Valley by developing 500 hectares of land. (Kathmandu Valley)		
40.	Expand and develop the traditionally densely populated settlements in a systematic way by improving their infrastructures. (Kathmandu Valley)		
41.	Prepare plans to systematize the unplanned and squatter's settlements of the Valley with the coordination of all concerned stakeholders. (Kathmandu Valley)		
42.	Run the residential building improvement programmes. (Housing)		
43.	Develop the cooperative housing. (Housing)		
44.	Conduct study and research about the housing construction technology for different geographical areas. (Housing)		
45.	Complete the construction of the buildings of three ministries – Communication, General Administration, and Local Development – and that of bank, postal office, library and canteen. (Building Construction)		
46.	Initiate the construction of the parliament building after completing its design. (Building Construction)		
47.	Develop the expertise to standardize the designing of government buildings. (Building Construction)		
48.	Formulate policies to harmonize the process of repair, building construction and introduce uniformity in the required spaces for the government office buildings. (Building Construction)		
49.	Go on constructing government office buildings and employee quarters in remote and backward districts. (Building Construction)		

S No.	Projects	For expected growth	For general growth
50.	Construct some office buildings or employee residences as samples in order to implement the Building Codes, 1998 in all office buildings of His Majesty's Government. (Building Construction)		
51.	Implement the Building Codes Act, 1998 after making necessary amendments subsequent to the incorporation of international norms in the areas of natural disaster including fire, flood, and landslide to put the building construction technologies in order. (Building Construction)		
	Grand total	1226.0	859.9

Chapter - 22

Population, environment and natural disaster management

22.1 Population management

22.1.1 Background

According to the national census 2001, the total population of Nepal has reached to 23,151,423. It means that the average annual rate of increase of population is 2.25 percent. Although the fertility rate has begun to decrease in Nepal due to the gradual improvement in the social and the health sectors services, the rate of increase of population has not been decreased by the desired rate because of the tendency of high number of population of child bearing age of people along with the high rate of increase of population, high rate of infant and maternal mortality rate, early age of marriage, sexual discrimination, and low rate of use of family planning devices. According to the analysis of population from the composition of age, the numbers of children, adolescents, and adults less than 25 years of age in Nepal are 58.73 per cent, as a result, it seems that the trend of increase in population will be continuous for the few decades to come. Therefore, to fulfill the long term objectives of the Ninth Plan of obtaining the total fertility rate of Nepal to the replacement level by the end of the Twelfth Plan, it seems appropriate to formulate long term plan related to population including population aspects in the sectoral development programs effectively.

22.1.2 Review of the Ninth Plan

a) Progresses in the Ninth Plan period

The Ninth Plan's long-term schemes were to materialize the concept of two children only in the Ninth Plan period and to get the total rate of fertility to the replacement level in 20 years. Similarly, In the Ninth Plan, the major objectives were to carry out various population related programs for attracting the common people to a small family size according to the concept of two children, to conduct different population related programs to get the total fertility rate to the replacement level of fertility, and to make easily available or accessible the family planning related devices as well as the standard maternal child health services to the people. In that period, the main goals were to bring the total fertility rate from 4.58 to 4.2, to increase the users of the family planning devices from 30.1 to 37.0, to decrease the percent of married women of 15-19 ages from 42.1 to 36.1, to decrease the infant mortality from 74.7 to 61.5 (per 1000, live at birth) and to decrease child mortality (per 1000, live at birth and under 5 years of age) from 118 to 102.3 persons.

By the analysis of achievements of the Ninth plan, it was found that there was significant improvement in the above-mentioned indicators. According to the Demographic and Health Survey, the total fertility rate of Nepal was reduced to 4.1

percent and the users of family planning devices were reached to 39.3 percent, infant mortality per thousand was decreased to 64 infants, and child mortality of under 5 years of age was decreased to 91 children. Based on these positive indicators, it was seen that there was an achievement according to the goals set in the Ninth plan. In spite of various obstacles, the success made in the plan should be taken very positively. It seems that the strategies and programs that are adopted so far should be extended. By the analysis of the Ninth plan it is seen that how to keep the fertility rate in the urban areas that is already at the replacement level and how to reduce the high rate of birth prevailing at the rural areas need to be considered.

b) Problems and challenges:

The problems and challenges that are prevailing are how to integrate the demographic matters effectively in the development activities, how to extend the behavior change communication programs to the remote areas of the country, how to establish effective coordination among the programs of population management, and how to ensure the quantitative objectives (e.g. to decrease the total fertility rate to the replacement level) as well as qualitative objectives (e.g. eradication of illiteracy, and development of educated and skilled human resources) of population management efforts.

22.1.3 Long-term vision

The long-term objectives of the plan is to attain the fertility rate of Nepal to the replacement level by the end of Twelfth Plan by relating the population with the development and to help alleviate the poverty to create an affluent society by developing educated, healthy, and skillful human resource.

22.1.4 The Tenth Plan

a) Objectives

1. To attach the population with developmental activities by means of developing small and qualitative families.
2. To manage the migration processes.

(b) Quantitative targets

S.N.	Description	Position in the Ninth plan*	Objectives of 10 th plan (at the final year)	
			expected growth rate	normal rate
1	Total fertility rate	4.1	3.5	3.6
2	The users of family planning devices (%)	39.3	47.0	46.0
3	Infant Mortality Rate (per 1000 live birth)	64.2	45.0	47.0
4	Child Death Rate under 5 (per 1000 live birth)	91	72	74

* As these indicators are taken as average for 1998, 1999, and 2000 A.D. based on the Demographic and Health Survey 2001, the situation can be better than this by the end of the Ninth Plan.

(c) Strategies

As the population growth is at the higher rate of 2.25 percent; there is a pressure on education, health and other basic services, as a result, it has been difficult to increase the quality of social service sector to speed up the pace of development of the country. The strategies that emphasize to decrease the high infant and maternal mortality, decrease marriage at an early age, eliminate sexual discrimination, increase the use of family planning devices, increase the awareness in population management by raising the literacy of women, and attract the people to the smaller size of family, would reduce the rate of increase of population, help achieve higher economic growth, and also contribute to human resource development and management and ultimately, support the poverty alleviation programs. In this context, the main strategies of this sector are as follows:

■ ***Strategies related to the first objective***

1. Reproductive health services will be made easily available and the late marriage and breast-feeding will be encouraged.
2. Emphasis will be given to raise public awareness extensively in the management of population.
3. Policy will be taken to conduct special programs targeting to adolescence and adults (10-24 years).
4. Population management will be made effective by carrying out review and policy reform of the laws related to population.
5. Emphasis will be given to raise the women's family and social status, to enhance women's skill and employment opportunities, women's literacy, and girls' education.
6. The role of educational institutions in the formulation and implementation of population related programs will be increased substantially.
7. The policy of getting higher participation of local bodies according to the concept of decentralization while carrying out population management programs will be adopted.
8. The policy of carrying out population management activities jointly with private and non-governmental sectors will be adopted.

■ ***Strategies related to the second objectives***

9. The internal and external migration will be systematized.

d) Policy/Action plan

■ ***Encourage availability of reproductive health services to all, encourage late marriage, and promote of breast-feeding (related to strategy 1.).***

- The population related behavior change communication programs will be taken at the village level with the help of the local bodies as well and by mobilizing the community-based organization to raise public awareness in such the areas as, education to children and health about the

importance of small family, late marriage, reproductive health, enhancing social status of women, importance of family planning, involvement of men in family planning, and so on.

- ***Emphasis on raising massive scale awareness (related to strategy 2.)***
 - Priority will be given to carry out those population and environment related activities, which will target the backward areas and communities.
 - Appropriate policy will be formulated and implemented by studying the various aspects of population management.
 - The advocacy targeted to the local and central level policy makers, administrator and journalists, and the civil society will be carried out for raising awareness to integrate sectoral policies and programs in various aspects of population management.
 - The vital registration system will be strengthened.
- ***Operation of special programs targeting adolescents and the youths (related to strategy 3)***
 - In addition to formulation of adolescent-friendly programs in the areas of education and health for the development of adolescents, arrangements will be made to counsel the adolescents and the youths on such matters as development of education, skills and creativities, sex and reproductive health, employment and self-employment opportunities.
- ***Review of population related laws and policy reforms (related to strategy 4.)***
 - The action plans approved by the international conventions on population will be implemented.
- ***Raise women's family and social status (related to strategy 5.)***
 - In the areas of population management, the local health workers will be mobilized to provide the basic health services, such as, sex and reproductive health, maternal and child health, etc.
- ***Formulation and implementation of population education programs (related to strategy 6)***
 - Initiation will be taken to incorporate economic population education in all terms of social mobilizations such as the vocational and technical education, skill development related to employment, entrepreneurial development, agricultural extension, community forest development, etc. that reach to the rural level.
 - The population related programs will be attached to education and the educational processes.
- ***Participation of local bodies according to the concept of decentralization in the population management programs (related to strategy 7).***

- Projection of population will be carried out based on the National Census, demographic health survey, and data received from other sources, and a population related data bank will be developed. To conduct the population management effectively, the population policy act and long term population plan will be formulated and implemented based on the above data and their tendencies.
- The programs related to population management, development, environment and health will be integrated and carried out for the target groups that helps to alleviate poverty.
- The responsibility of population management will be given to the local authorities according to the decentralization concept. For this purpose, the programs that need to be carried out by the central and the local levels will be identified and the local and the central bodies will be activated.
- ***Participation of private and non-governmental sectors in activities related to population management (related to strategy 8).***
 - In the management of population, the role of the private sector, NGOs, community based organizations, and the civil society will be made effective and they will be motivated in a coordinated manner. Emphasis will be given to their active participation by clarifying their working areas and roles.
 - For population management, human resource and the flow of information which strengthen the organizational structure will be developed.
- ***Internal and external migrations (related to strategy 9.)***
 - To manage international migration, appropriate policies and programs will be formulated by carrying out necessary study and research.
 - To regulate internal migration, population pressure index will be prepared and appropriate programs will be formulated based on that index. In addition to this, the roles of other related line ministries and the local bodies will be made clear.
 - By increasing skills development and employment opportunities and related economic activities, and by giving priorities to the income generating activities, and the development of rural infrastructures systematic internal migration will be developed.

(e) Policy reform, legal reform, institutional reform and the provision of their implementation

The economic, social and cultural development, population dynamics and the development in the public awareness level call for the availability of standard services and facilities as well as continuous reform in the population policy. In this context, by studying the situation and trends of birth, death, and migration, a relevant population policy reform will be carried out. As some of the matters related to population should be implemented legally and innately, the existing legal system will be reviewed and

improved according to the need. To coordinate and carry out the population management effectively, strengthening of institutional development and population related human resource development will be steadily reformed.

(f) Priority order of programs and projects:

In addition to the government sector, the population management programs will be operated by the investment of the non-governmental sector, private sector and the civic society. The non-governmental sector will be given priority to operate the programs by themselves in the areas where they have developed specialization. The priority setting of programs has been done according to the Policy Action Matrix. The summary of priority setting is given in the following table:

(Rupees in million)

Priority	Number of programs	Expected growth		Normal growth	
		Amount	Percent	Amount	Percent
A (P1)	3	58.8	61.3	49	66.4
B (P2)	5	35.5	36.9	24.8	33.5
C (P3)	5	01.8	1.8	00.1	0.1
Total	13	96.1	100.0	73.9	100.0

22.1.5 Programs that are given special emphasis

- Formulation and implementation of long term population plans,
- Review of population policy and legal provision and implementation,
- Conduction of population management programs with the involvement of local bodies,
- Operation of population management program with the partnership of civic society, non-governmental organization, and private entrepreneurs,
- Operation of adolescent-friendly and youth oriented programs,
- Preparation of population pressure index,
- Record keeping of Nepali at the point of departure from Nepal and record keeping of foreigners at the point of arrival to Nepal,
- Programs on population advocacy, behavior change communication, information, and education programs,
- Availability of reproductive health services,
- Strengthening of vital registration system and its use,
- Increase access of children to the educational opportunities.

22.1.6 Expected achievements

The return of achievement from population management, which is related to social sector, is experienced after a long period of time. Small size of family as a result of attraction of the people towards small family leads to decrease the population growth rate which, in turn, supports to reduce poverty on the one hand and contributes to develop human resource and management on the other. By this achievement, there will be a balance between the population growth rate and the new employment opportunities, as a result, it will be helpful for the qualitative employment management. After the decrease in population growth rate, the balanced development will be achieved because of the optimum utilization of local resources and management of migration will be facilitated. After carrying out population management effectively under the leadership of district development committees, the backward classes and regions will not be denied the returns of development. Operation of programs such as girls' education, enhancement of the family and social status of women, and so on in the population programs, will also help improve the gender-equality. As a result, with the management of the growth rate, composition, and distribution of population, it will be helpful to get the quantitative and qualitative achievement and to materialize the long-term concept of population.

22.1.7 Log frame

The overall policy and program matrix of population management sector is presented below. The long-term sketch is presented in Appendix 3.

Policy and Program Log Frame- Population Management*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Overall Sectoral Objectives: the development programs that are based on the balanced of population will be sustainable.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Intention (sectoral objective) Development of small and qualitative family.	<ul style="list-style-type: none"> • Reproductive health services will be made available and the late marriage and breastfeeding will be encouraged. • Emphasis will be given to raise public awareness for population management. • The policy to operate special programs focused on adolescents and the youths (10-24) will be undertaken. • Population management will be made effective by reviewing population related laws and making policy reforms. • Special emphasis will be given to raise the social and family status of women and skill development & growth of employment opportunities, women's literacy, and girls' education. • The role of educational institutions in the formulation and implementation of population education programs will be increased. • The role of local bodies in the operation of population management programs according to the concept of decentralization will be increased. • The policy of participatory partnership of private and non-governmental sectors for the operation of population management tasks will be adopted. • The internal and international migration will be regulated. 	<ul style="list-style-type: none"> • Reduce the total fertility rate to 3.5 • Increase the users of family planning services to 47.0 percent • Reduce the infant mortality rate to 45 person (per 1000 live birth) • Reduce child mortality to 72 (per 1000 live birth) • Human Resource Development Index • Gender Index • Percentage of Literacy 	<ul style="list-style-type: none"> • National census • Surveys • Gazette • Research • International publications • Progress reports 	<ol style="list-style-type: none"> 1. To tie up population with development activities 2. Management of migration 3. To take population management to the local level by participatory and decentralized manner 	

** The quantitative objectives are based on 6.2 percent economic growth rate (details on Appendix 3)*

22.2 Environment Management

22.2.1 Background

- For the protection of environment of Nepal, there have been policy level efforts since the Sixth Plan. It was realized that for implementing the programs by the sectoral institutions, the environment protection activities will also be advanced side by side. In the process of formulating the environmental protection policy in 1987, the National Environment Protection Action Plan was prepared and implemented. In 1993, the Nepal Environment Policy and Action Plan (NEPAP) came into effect. Various programs are formulated for the implementation of sustainable development in the context of Nepal by ratifying the international convention on Environment and Development held on Rio De Janeiro of Brazil and other treaties approved in various international forums. In the process of institutional development and legal provision strengthening, the Environmental Protection Act, 1996 and Regulations 1997 are in effect. With regard to environmental management, our efforts in particular will be toward integration of environment management concept with development projects and to advance in a balanced way as an indivisible part of development. For the achievement of this objective, it is necessary to take the concept of environmental management from central to the local level development activities through decentralized programs. Similarly, it is also necessary to promote the involvement of governmental, non-governmental, local level authorities and the private sectors. Therefore, the Tenth Plan will be directed towards the proper management and utilization of natural resources and the achievement of sustainability in its use by involving all concerned stakeholders in the management of environment and the natural resources.

22.2.2 Review of the Ninth Plan

a) **The progress in the Ninth Plan with regard to its objectives:**

- In the Ninth Plan period, by integrating the environmental management with the development, the emphasis was given to capacity building for the Environmental Impact Assessment (EIA), institutional arrangement, and legal provision.
- For the improvement of environment at the local level, various activities, such as, cleaning programs, public awareness, ban on the use of the plastic bags, are being carried out by various municipalities. The integration of environmental aspects while formulating periodic plan by the District Development Committees has already begun.

- In the area of population education due to the effort of the Ninth plan, the classes of population education from primary to the higher levels have already begun.
- From the Kathmandu Valley, the three wheelers diesel tempos have been displaced. The registration of two stroke engine vehicles has been banned. For the control of vehicle pollution, the standards have been set and brought into effect and in the process of setting the standard of water, a minimum to maximum levels of limitations are set for the discharge by the industrial sector to the surface water. In addition to this, standards are in effect for the test of smoke emitted by the vehicles that use Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG).
- In the process of implementing international treaties on environment, the preparation of national information according to the Treaties on Climate Change and the preparation of national report on the implementation of Treaties on Prevention of Desertification is carried out and in the context of Treaties on Ozone Layer Protection, the Regulations on Control of Consumption of Materials that Degenerate the Ozone Layer, 2000 has been in effect to ban import of materials that affect the ozone layer.
- The action plans are formulated for the implementation of biodiversity treaties. Preparation of Sustainable Development Agenda for Nepal (SDAN) is completed now. In addition to this, in the World Environment Day and public awareness raising programs on environment, the roles of local authorities, non-governmental organizations, community organizations, and private sectors have increased.

b) Problems and challenges:

- The reasons behind not fulfilling the environment and resource protection policy and programs proposed in the Ninth Plan are the lack of budget and also the lack of putting in place the institutional accountability for the materialization of the policies set in the Plan. The problems that are perceived are the lack of required priority given to the policies proposed by the sectoral authorities while implementing their programs, the lack of apparent coordination of environment policies and programs with the various sectoral policies and programs, lack of capability of the Ministry of Population and Environment, and lack of complete evaluation of the works carried out by non-governmental organizations and donor agencies.

22.2.3 Long-term vision

- The long-term objective of environment management are to create a clean and healthy environment by making environment management effective on the basis of the concept of environmental governance and controlling pollution, and to attain sustainable development through wise/judicious utilization of the natural resources.

22.2.4 The Tenth Plan

a) Objectives

- in view of the fact that the interrelation between the environment protection and the economic development can lead to sustainable development, emphasis will be given to the protection of natural environment protection, restoration, and sensible use of resources.
- In an endeavor to control the pollution in the urban areas and to keep the rural areas clean, healthy and beautiful, voluntary participation of people will be encouraged and the sustainable development will be promoted.

b) Strategy

- Although the policy level efforts have been made for the protection of environment, it is necessary to operate the various sectoral programs coordinately. Since the environmental aspect is closely linked with the human life, it will be effective to carry out programs coordinately by the governmental, non-governmental and local authorities, and the private sector to the field level in a decentralized manner. If the environment is preserved in an appropriate manner, it will significantly contribute to the sustainable economic development and improve environmental health and consequently contribute significantly to the human resource development. The appropriate use and protection of natural resources in various sectors will help to make the regional development balanced and sustainable. In this context, the main strategies in this sector are as follows:

■ Strategies related to the first objective:

- Environmental programs will be operated as an inseparable part of development by internalizing the environment management in the development programs.
- To raise the environmental awareness, the non-governmental and private sector, local authorities and the general people will be effectively mobilized.
- An action plan will be prepared apropos to Nepal and brought into effect by prioritizing the ratified treaties and proposals at the international level.

■ Strategies related to the second objective

- The national standards of air, water, and noise pollution will be established and brought into effect.

- To control the river pollution, the connection of drainage systems to the rivers will be prohibited. The local authorities will be encouraged to establish sewerage treatment plants. To control the industrial pollution, monitoring and inspection for the effective enforcement of national standard will be strengthened.
- By establishing the necessary indicators of waste management, the management activities will be operated accordingly through various concerned authorities.

c) Policy and action plans

■ ***Internalization of environmental management in development programs (related to strategy 1)***

- Priority will be given to the implementation of sustainable development agendas for Nepal (SDAN) by exploring the indicators of development agenda.
- Monitoring and evolution of the projects that have undertaken environment impact assessment will be made effective.
- Act and regulation that are necessary to make the environmental health program effective will be devised and improved.
- To promote new technologies and approaches in the areas of environmental protection, the scientists, technicians and researchers will be encouraged.
- By evaluating the contribution of women's groups toward the protection of environment at the national level, the policy of awarding them will be adopted.
- The municipalities will be made compulsory to prepare a land utilization and waste management plans and these plans will be carried out into effect. While implementing the urban and housing development plans, the provision of sewerage purification devices will be made compulsory. The local authorities that carry out special efforts for the protection of environment (e.g., declaration of areas prohibiting plastic bags, etc.) will be provided subsidy through the Environment Protection Fund.
- By documenting the traditional customs, technology and so on, the environmental protection will be given emphasis. In addition to this, environment information and data bank will be established and strengthened.
- An Environment Protection Center will be established under the Ministry of Population and Environment and emphasis will be given to utilize the human resources related to environment.

■ ***Environmental awareness raising (related to strategy 2.)***

- Policy of restoring the decreasing natural resources, bio-diversity, and cultural resources in the country will be carried on. Specially, bio-diversity, land resource and cultural resource protection will be given priorities.
- The involvement of local bodies in the protection of environment will be increased and the Local Self-governance Act 2055 will be implemented based on the total participation in the management of local natural resources by making the local bodies capable and responsible.
- Emphasis will be given to self-awareness and compliance regarding the improvement of environment by various communities themselves.
- Policy of reforming of environment and preservation and management of natural, cultural and religious places of the kingdom will be carried out with the participation of local level authorities. In this task, the role of non-governmental organization, community organization and the private sector will be encouraged.
- The rehabilitation policy for the management of environmental degradation in the lower areas that are actually affected by the developmental activities (e.g., hydro power, irrigation) in the upper areas will be adopted.
- Environment education will be tied up with the formal and non-formal educational programs. In addition, the curriculum will be reformed as required.
- ***The implementation of the conventions and treaties and implementation of proposals (related to strategy 3)***
 - For the implementation of environment related international treaties (e.g., climate change, desertification control, Wasel Treaty of Harmful Waste, etc.), the policy provision for coordinating various programs will be made by establishing a central level mechanism in the Ministry of Environment and Population.
 - The export will be made environmental-friendly by preparing the environment protection manual and methods that are necessary for the World Trade Organization (WTO).
- ***The setting of national standards of air, water, and noise pollution and their implementation (related to strategy 4)***
 - The municipalities will be designated as authorities to issue the certificates by testing the pollution emitted by the vehicles.
 - The programs of measurement will be implemented by setting the standard of air, water and noise pollutions, For this purpose, emphasis will be given to the effective monitoring system.

- The Environment Protection Fund will be operated effectively. The pollution control fees and other charges will be collected.
- The necessary research and study will be carried out for the control of environmental hazard by the outburst of Glacier Lakes. In this context, the convention on climate change will be taken as a basis.
- ***Prohibit the mixing the drains into the rivers for the control of river pollution (related to strategy 5)***
 - Fiscal policies and the legal provisions will be improved and implemented to control and manage the industrial pollution.
 - Necessary programs for the protection and sustainable utilization of the Bagmati, Bishnumati, and Manahara rivers of the Kathmandu Valley, will be implemented, by coordinating the concerned authorities.
 - The system of evaluation of various development policy and programs from the environmental aspects will be established.
 - Concept of integrated development will be emphasized on the basis of inter-relationship between upper and lower lands.
 - Different strategies will be formulated for the brown sector, green sector, blue sector, etc. of the environment.
 - Different work-plans will be prepared for the management of green waste, amber waste, and red waste and the plans will be implemented.
 - The use of renewable and clean energy will be encouraged.
- d) **The legal and institutional policy reforms and their implementation arrangements**
 - The subject matter of environment protection is a crosscutting issue and it affects all the developmental activities; therefore, while making any policy arrangements, the process of the strategic environment assessment will be made strong.
 - Arrangement for submitting the proposed laws in the parliament through the concerned ministry will be carried out by reviewing the different acts and regulations about the protection of environment and by preparing the points of amendments to be made in these acts and regulations.
 - An Environment Management and Promotion Center will be established under the Ministry of Population and Environment. In the organizational structure of the ministry, provision of necessary human resource will be made. The ministry will be involved in the administrative, managerial, and the policy related affairs. The Environment Management and Promotion Center that will be established under the ministry will be developed as a technical unit related to environment.
 - In each ministry, an environmental focal point will be designated to oversee the environmental aspects with priority.

- The monitoring unit of the ministries will be made more responsible to make the management of environment more effective.

e) Prioritization of programs and projects

- The environmental management programs of the Tenth Plan are listed in priority order. The priority of programs is based on the process set in policy action matrix. The summary of the priority order process is shown in the following table.

Order of Priority	Number of programs	Expected growth		Normal growth	
		amount	percent	amount	percent
A (P1)	5	7.23	64.9	6.38	74.9
B (P2)	4	3.65	32.8	1.88	22.1
C (P3)	4	0.26	2.3	0.26	3.0
Total	13	11.14	100.0	8.52	100.0

22.2.5 Expected achievement

- The data showing direct contribution of environmental protection on GDP cannot be presented. If the environment is protected, the gross domestic production will increase and the sustainable development can be achieved. Similarly, if the environment is protected, it will assist in the poverty alleviation and improved environmental health will also significantly contribute to the human resource development. Although one cannot directly see the creation of employment by this sector, this sector may also help to increase the employment by increasing increase in activities in the environment sector in the country. The rational utilization and protection of natural resources that are prevalent in various sectors can make the regional development sustainable and also assist to balance the developmental efforts. To carry out the environmental protection effort at the local level, the local bodies themselves will be provided with the package programs for the implementation; therefore, such activities will help to implement the programs that are explained in the Local Self-governance Act 1998. Although, the protection of environment is the concern of both men and women, as the women are actually encouraged in this area; as a result, it is considered that such policy will assist to achieve the gender equality.

22.2.6 The areas that are especially emphasized.

- Improvement of urban and rural environment
- Institutional reform and development of environment
- Prevention and control of pollution
- Assessment of environmental impact

- Preservation of natural and cultural heritages
- Implementation of treaties in environment

22.2.7 The possible obstacles and risks for the implementation and accomplishment

- While implementing the programs as the active assistance of all the ministries and other sectors is required, if any one of the authorities do not become active, there will still be problems to operate the programs.

22.2.8 The achievement monitoring indicators

- The annual monitoring indicators will be developed to monitor the achievements vis-à-vis the targets and in the process of implementing the institutional provisions both the Ministerial Level Action Committee (MDAC) and the National Development Action Committee (NDAC) will be regularly called for. In addition to this, the monitoring unit of the ministries will be made active.

22.2.9 The programs and the estimated budget of the Tenth Plan in the area of environmental management are presented in the Appendix 22.1

22.2.10 Action plan matrix

- The complete action plan in the form of matrix of the environmental management sector is presented below. Its detailed framework is given in Appendix 3:

Policy and program Log Frame- Environment*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral broad objectives: The development programs that are based on the balance of population and environment will be sustainable.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Intention (sectoral objectives) <ul style="list-style-type: none"> • To achieve sustainable development through the interrelationship between environment and development 	<ul style="list-style-type: none"> • To internalize the environmental management with development programs, • To mobilize the non-governmental and private sector, local authorities, and people for the environmental awareness raising campaign. • To make a work plan by setting priorities to implement the treaties and proposals sanctioned at the international level, • To set a national standard for air, water and noise pollution, • To ban the mixing of drain directly to the rivers for controlling the river pollution. 	<ul style="list-style-type: none"> • Implementation of international treaties/conventions, • Pollution control and prevention, • The number of programs that are appraised for the environmental impact assessment. 	<ul style="list-style-type: none"> • Population and Environment Ministry • Gazette • Local bodies (municipalities) and various means of communication • Ministry of Health 	<ol style="list-style-type: none"> 1. Protection of Bio-diversity, land resources, and cultural resources, 2. Control of pollution 3. Appraisal of development programs from environmental perspectives 	<ul style="list-style-type: none"> • Provision of law and order • Promptness of vehicles owners • Timely amendment of laws, acts, and regulations which are contradictory to each other.

** The quantitative goals are based on the 6.2 percent economic growth (details on the appendix 3)*

Appendix 22.1: Programs and estimated budget

Population management

<i>(Rs. in Crore)</i>			
S.N	Programs	Expected growth	Normal growth
First priority programs/projects			
1	Formulation and implementation of long term work plan related to population,	1.26	1.05
2	The operation of population programs with the involvement of local bodies and non-governmental organizations,	3.78	3.15
3	National, district, urban, rural, and regional population projection	0.84	0.70
	Total	5.88	4.90
	Percentage	61.20	66.40
Second priority programs/projects			
4	The review of population related policies and legal provisions	0.64	0.45
5	The population related behavior change, communication, and advocacy programs	0.64	0.45
6	Various research and studies related to population	0.64	0.45
7	The implementation of work plan ratified by the international convention of population and development	0.97	0.67
8	Development of human resources related to population	0.64	0.45
	Total	3.55	2.47
	Percentage	36.9	33.5
	Third priority programs for projects (possible projects)	0.17	0.01
	Percentage	1.82	0.09
9	The strengthening and utilization of population related data bank		
10	The coordination, monitoring and evaluation of population related programs run by different ministries and authorities		
11	The record keeping of Nepali at the departure point and that of foreigners at the arrival point of immigration		
12	The preparation of population pressure index		
13	Special programs on adolescents		
	Grand Total	9.60	7.38

Environment

<i>(Rs. in Crore)</i>			
S.N.	Programs	Expected growth	Normal growth
	First priority programs/projects		
1	The implementation through the decentralized and local	1.70	1.50
2	authorities	1.70	1.50
3	Pollution control and prevention	1.28	1.12
4	Environment impact assessment	1.70	1.50
5	Environmental consciousness raising and promotion	0.85	0.75
	Implementation of the treaties	7.23	6.38
	Total	64.91	74.91
	Percent		
6	Second priority programs/projects	0.73	0.38
7	Establishment and development of urban parks	1.10	0.56
8	Land use and resources protection	0.73	0.38
9	Implementation of the recommendations of parliamentary committees	1.10	0.56
	Environmental standard and their monitoring	3.65	1.88
	Total	32.79	22.09
	Percent	0.26	0.26
	Percent	2.29	3.00
10	Third priority programs and projects		
11	Percent		
12	Miscellaneous		
13	Environmental law		
	Environment Fund/Council/Commission		
	Institutional strengthening		
	Grand total	11.13	8.51

22.3 Natural and man made created disaster management

22.3.1 Background

Because of the geographical and geological structure together with the haphazard settlement, increasing population, economic backwardness, illiteracy, and lack of knowledge, the man made disaster is increasing day by day. Due to the natural disaster like flood and soil erosion, there is the possibility that the infrastructures like road, electricity and irrigation may break down and the investment may be wasted. In addition to this, thousands of people are losing their lives, and many animals, agricultural land and the harvest is being damaged that required. Large-scale preparedness to minimize the earthquake and other natural disasters, which in our country lies in the earthquake prone area.

The main challenges of natural disaster management are the lack of coordination among the authorities involved in it, adaptation of the controlling type of attempt by the management instead of preventive measures, the lack of modern technology that provides pre-information and warning about the possible natural disaster, the lack of topographic survey of possible disaster areas, and the lack of awareness in the management of natural disaster. In addition to this, the main problems of natural

disaster management are the lack of appraisal of natural disaster while selecting development projects, the lack of operation of rehabilitation and support programs, and the lack of adherence to the building code while making higher residential buildings.

22.3.2 The Tenth Plan

a) Objectives

- Contribute substantially to make the public life secure by managing the natural and man made disaster systematically and effectively and by making the development and construction related programs in the country sustainable, reliable, and highly gainful.

b) Strategy

- In Nepal, incidents, such as, increasing problem of natural and man made disaster, the loss of animals and arable land and crops, and the damage of earthquake, etc., are creating problems repeatedly. An extensive preparation before hand is required to minimize the losses by earthquake and other natural calamities in the earthquake-prone areas. The damage of lives and wealth can be minimized and economic development can be promoted by strengthening the natural and man made disaster related management, by exchanging information among concerned international organizations related to disaster, and by mapping the high risk areas. The above activities can also assist to reduce the problems that arise repeatedly in social sector. In this context, the main strategies of this sector are as follows.
- While formulating plans and policies on natural and man made disaster management, emphasis will be given to the use and development of technologies that lessen harm on natural disaster and environment
- The relief and rescue activities that are provided to the disaster affected families by the state will be made transparent. Emphasis will be given to enhance awareness regarding natural disaster management.
- The seismological measurement center and the natural disaster management center established in the country will be strengthened.

c) Policy and programs

■ *Use of technologies to minimize natural disaster and environmental impact In the formulation of plans and policies (related to strategy 1.)*

- Formulation and implementation of the sectoral programs based on work plan will be made effective by formulating a long-term work plan on man made and natural disaster management and by coordinating the donor agencies, governmental and non-governmental sectors.

- Environmental impact study and natural disaster appraisal study will be made compulsory before implementing the infrastructure building projects.
- People's participation will be increased for the water induced disaster management and watershed management by strengthening the capacity of authorities that are involved in formulation of policies, work plans and programs.
- The appropriate reform will be carried out in the existing laws and organizational structure for disaster management.
- ***Transparency in rescue and relief activities (related to strategy 2)***
 - Relief and rescue activities will be operated by involving local bodies, non-governmental organizations, community organizations, and the private sector.
 - The awareness raising programs will be operated to increase the people's participation in the management of flood, landslide, earthquake and other natural disasters.
 - The policy of institutional, remedial and rehabilitative arrangement for the disaster management from the central level to the local level will be adopted to eradicate the negative impact on health, wealth and lives of the victims of various disasters and to make arrangement for the preparation at the time of disaster and pre and post disaster.
- ***Strengthening of Seismological Measurement Center and natural disaster management (related strategies 3)***
 - The hazard map of earthquake, floods and landslides will be prepared.
 - The Natural Disaster Management Department will be developed as a central coordinating body by emphasizing the institutional strengthening of Seismological Measurement Center established in the country and the institutions are involved in natural disaster management.
 - Mapping of earthquake risk zones, the regular appraisal of earthquake, preparation management, and awareness rising of the people living in the risk areas will be done for reducing the damage that may happen in the future by evaluating the management of earthquakes happened in the past and by evaluating the impact of the tragedies.
 - Various disaster related areas will be classified by collecting, storing, and exchanging the information on water induced disaster, river flow improvement, possible flood, landslide, and flow of sediments by preparing risk map, in view of glacier lake.

d) Programs

1. An integrated information system will be developed by coordinating the national and international organizations working in the area of natural disaster management.
2. In addition to the inclusion of disaster management in the secondary school level curriculum, various consciousness-raising programs will be operated for raising awareness in the natural disaster management.
3. Based on the basic database system and the map of possible areas of flood, earthquake, landslides, a Central Database System in the center and District Database Systems in the districts will be gradually established.
4. By preparing the existing institutional capacity inventory for the pre preparation against disaster, the disaster relief materials will be stored in the storage centers that will be established in all the five regions.
5. In the process of increasing the capacity of controlling fire, the fire brigade services in the Kathmandu Valley will be extended and the physical material necessary for this purpose will be arranged and the fire control service laws and National Fire Code will be formulated.
6. The tasks, such as, preparation of a geological map of the kingdom through the Department of Mines and Geology, exploration of new mines, and identification of the areas which can be affected by natural disasters, e.g., flood, landslides, erosion, and earthquakes, preparation of the hazard maps of such areas, preparation of landslide inventory, and preparation of epicenter map based on the records of previous earthquakes, will be continued.
7. Collection of information and updating the catalog of earthquake by recording the earthquakes regularly from 21 Seismic Stations established under the National Seismological Center and the dissemination of information of earthquake more than 4 rector scales to the people promptly will be systematized.
8. The awareness raising programs about the possible damage by the water-induced disaster will be carried out.
9. In addition to making hazard maps, geo-engineering and geo-environmental maps of increasing urbanization, unplanned settlement and irrational use of land of the urban areas, the disaster resistance method will be applied in the tasks of physical infrastructure development and the natural disaster management.
10. The programs for disaster affected people, such as, estimating damage of life and property of the affected people, providing psychological counseling to affected people, providing relief to the people by giving food, clothes, medicine, cereals, shelter, etc., will be carried on. In addition to this, rehabilitation program will be conducted to make the affected people able to live a normal life.

22.3.3 Expected achievement

1. Activities of reducing the damages of disasters will be made effective by expanding relations with the international organizations related to natural and man made disaster management and by exchanging the information with them.
2. With the preparation of hazard map, it will be helpful to reduce the damage of life and property.
3. The rehabilitation program will be promoted and the victims will be benefited by storing the instant relief materials regionally and by distributing it according to the needs of the victims of disasters.

22.3.4 Possible risks and obstacles for the implementation and accomplishment

To obtain the targeted goals, the limited budget can be the main obstacle. If the concerned authorities cannot supply the needed manpower in time, there can be problems. In addition to this, one of the problems is the difficulty of collecting the information due to geographical inaccessibility. As the disaster management activities come under the inter- sectoral responsibilities, the effective leadership of the concerned ministry and participation of the sectoral ministries in this regard may also be the challenges.

Chapter - 23

Education and Sports

23.1 Background

Education has been accepted as the primary means of a country's all-round development. The country can develop only when available resources are used at their optimum by linking education to the national reality and accepting the concepts of 'education for all' and 'education for development'. Therefore, in order to produce able, productive, disciplined and socially responsible citizens, it is important to create a workforce capable enough to face the challenges of the 21st century by improving quality education accessible to all. Since educated human resource can play an effective role in reducing poverty, it is essential that the Tenth Plan have the main objective of developing education as a more effective means of poverty reduction in the context of the priority given during the Ninth Plan period to carry out the poverty reduction programmes.

Nepal has local and international commitment 'education for all.' In order to render education that is productive, employment oriented and provides practical skills, it is imperative that the country stresses balanced development of the schools, technical colleges and universities for higher education. As the women have limited access to educational opportunities for different reasons, it is necessary to take special steps to enhance their participation to a greater extent.

The Tenth Plan will be oriented towards assigning the responsibility of school management to the local level as it has been necessary to make education more competitive; make role of private sector effective, relevant, and opportune; ensure public participation in the formulation of appropriate policies and plans, management, implementation and monitoring to maintain quality; and carry on administrative and educational decentralizations hand in hand by following the policy of decentralization.

For the mental and physical development of the youth, it has been realized as extremely necessary that sports programmes that can compete at the international level should be gradually carried out at the local and school levels.

23.2 Review of the Ninth Plan

The progress made as a result of implementing the programmes of education sector planned in the Ninth Plan is given in Appendix 21.1.

23.2.1 Targets and achievements

Analyzing from the subsectoral perspective, very few pre-primary education centres have been established. The progress of primary education has been satisfactory in terms of the net enrolment as compared to the achievements of the past years although its progress is

not as expected. The gross enrolment percentages of lower secondary and secondary levels are near the targets but the student enrolment percentage of the higher secondary level is still low. From the point of view of literacy, progress has not been made as only 55 percent of the population above the age of six years is literate as compared to 70 percent target of the Ninth Plan. The numbers of the people trained in long and short-term technical education and vocational training appear to approach the targets. A satisfactory progress is made in the enrolment of girl students as a result of the impact of scholarship provided under the Women Education Programme. The number of schools conducting special education programmes has increased and Special Education Scholarship Programme and Resource Teacher Training Programme have been satisfactory. With regard to higher education, although the Ninth Plan had the targets of setting up Open University and additional universities at the regional level, the required infrastructures to that end were not developed.

23.2.2 Problems and challenges

Due to the lack of resources and effective management, expansions of the opportunity of pre-primary education throughout the kingdom and effort of making result-oriented public participation have not been materialised. As the mobilisation of resources and means from the local community for non-formal education programme has been difficult, facilities of post-literacy and continuous education programmes have not been provided to all of those who have completed the basic literacy course. The primary school age group children from extremely backward communities have not still been enrolled in schools. Educational management has not been decentralised for quality improvement of primary education because of the lack of local participation, low interest among the guardians for the educational achievement of the children, and absence of dynamic roles expected from the social, local and concerned bodies/institutions.

Although the curricula have been revised from time to time, they have not been made timely as expected in line with the prevailing social, business, economic and political environments. It has been twelve years since Higher Secondary Education Act was made effective, but the challenge of making education of this level accessible to all is still there. This level has not been adopted as the final level of school education system. High cost, lack of effective steps towards sustainable development, and difficulty in preparing human resource as per the need of local levels are the main problems of this sector.

From regional, caste/racial, gender and social perspectives, expansion of the opportunity of higher education has been a major challenge. Producing the workforce to support the country's economy through higher technical and vocational education and making quality education available by granting autonomy to the educational institutions opportunity of the time and context are yet to be realised. The cost-benefit principle has not yet been implemented.

Development and extension of programmes to rescue the youth from crimes and addiction effectively, to mobilise them in development programmes, and to create awareness by involving the youth in sports from the school level have not been taking place.

23.3 Long-term concept

Continuing the Ninth Plan's long-term vision of providing access of education to the people of each class and level, raising the quality of education, involving the local bodies in the process of educational development, ensuring gender equality, making education employment-oriented by producing lower-, medium-, and high-level workforces and developing the educational institutions as 'centres for excellence' by making higher education scientific, the Tenth Plan adopts the following long-term approaches.

- Considering the spirit of the Local Self-governance Act based on the concept of decentralization, empower the local elected bodies and communities to assign them the responsibility of educational plan and management as far as possible and allot the responsibility of school operation to the management committees comprising, among others, the teachers and guardians and provide necessary services and support to this end.
- Accepting grades 1 to 12 as school education, strengthen the curriculum, examination system and financial management accordingly.
- In order to meet the country's need of the human resource, prepare the programmes of formal, non-formal, technical, and vocational education and implement the useful and appropriate education system gradually; and emphasise the use of technology.
- Higher education will be made effective and modern so as to provide excellent specialists and academic human resources to various disciplines.
- With the aim of discouraging different kinds of addictions and other distortions, mobilize the youth from school level and emphasize on their intellectual, social and emotional developments and the civic education.
- In view of the condition of the women, dalits (oppressed, lowest-caste people), people with disability and backward communities, carry out special programmes to increase their access to quality education.

23.4 The Tenth Plan

The main objectives, policies and programmes of the Tenth Plan in view of the long-term concept of educational sector and the progress and challenges faced during the Ninth Plan period will be as follows:-

a) Objectives

1. Help raise the living standards, especially of the backward communities and women by carrying out programmes of literacy, post-literacy, income-generating and valuable non-formal education.
2. Develop and expand quality education according to the need of the country's development and make quality primary education easily accessible.
3. Supply basic and medium-level skilled, technical human resource required by the country.
4. Utilize education as an effective means of economic and social development to eradicate poverty by way of developing human resource that can compete at the international level for all-round development of the country and support the national economy.
5. Give responsibilities to the institutions of all levels of education by way of making them capable to take leadership on the basis of the definitions and norms of quality education developed and refined, and, for this, strengthen the systems of supervision, monitoring and evaluation as well as develop infrastructure in order to make the teaching license compulsory to all levels and specify intermediate level as the minimum qualification plus training for the primary school teachers.
6. In the context of the principle of 'Education for All', make special provisions to increase the access of women and people with disability to the opportunities of education.
7. Mobilize the youth and develop sports to prepare able, strong and disciplined human resource required in the country.

b) Main quantitative goals of different levels and in aggregate

Non-formal education

In an attempt to achieve the goal of literacy determined by the Plan, make 1866 thousand illiterate people, mainly women, lowest caste, backward indigenous/ethnic people, literate and provide post-literacy level education to 933 thousand newly literate persons out of which impart skill-oriented training to 93300 individuals. Towards non-formal education, provide basic primary education to 200 thousand children and establish 205 community study centres under local elected body's responsibility for piloting continuous education.

Pre-primary education

Increase the number of the Early Childhood Development Centres to 13000 so that 40 percent of the students enrolled in class 1 come from the Centres or pre-primary classes; provide orientation training to all head teachers and teachers of the primary schools; provide parental education to 266 thousand parents.

Primary education

Raise net enrolment of primary level to 90 percent; improve the ratio of female teacher to 30 percent; provide nutritious food to 450 thousand children every year; provide scholarships to the girls and children from disadvantaged communities (dalits, backward

indigenous communities, persons with disability and economically backward).

Secondary education

Raise the gross enrolment to 65 percent at the lower-secondary level and 45 percent at the secondary level; provide scholarship to 50,000 students where the girls, backward indigenous and lowest caste students will get the priority.

Higher Secondary education

Develop an integrated curriculum for grades 1-12; establish at least one community higher secondary school in each constituency to add up to 205 in which education of science will get priority, and manage at least one higher secondary school to teach vocational subject in each district.

Technical education and vocational training

Impart regular (full time) training to 7100 persons and short-term training to 23555 persons by establishing two additional technical institutions and two poly-technical colleges; and on the basis of feasibility studies, conduct Annex Programmes with additional classes to provide secondary level skill-oriented education in 75 community schools one in each district.

Higher education

Develop Open University and universities at the regional level to raise the gross enrolment rate to 6 percent and provide scholarships and loans to the poor and intelligent students. Since the expansion of the Tribhuvan University has been too large affecting its efficiency and progress, break it up into regional universities to develop qualitative, participatory and competitive higher education in different disciplines. In this context, develop Pokhara University and Poorbanchal University in the form of regional universities. Develop special mechanism to maintain quality by coordinating these regional universities.

Youth and sports

In addition to train one teacher for sports in each secondary school, mobilise 3000 youth volunteers and establish 75 Youth and Sports Development Centres with the involvement of community higher secondary schools. Besides, conduct various creative extra-curricular activities including scout. Emphasise on the equal participation of girl students in these programmes.

c) Strategies

While conscious, capable and well-informed citizens are the foundation of social and economic development; education is the main factor behind these all. Development and opportunity of education is also the strong means to remove social disparities. Since the educated and skilled citizens can attain significant achievements, these aspects (education and skills) are considered as the main indicators of human development. In the country like ours where low rate of literacy and increasing unemployment exist side by side,

emphasis on promoting literacy and technical education is thought to be effective for economic development. An emphasis on female education helps improve gender equity. Similarly, for the speedy development of the country, development of higher education helps develop human resource capable to lead in various subject-wise disciplines. As the number of people requiring basic education is large and their concentration is in the poor communities, high priority on literacy programme, primary education, non-formal and technical education can support the Plan's objectives of economic and social development and poverty eradication; so these should be carried on as targeted programmes aimed at the backward indigenous communities and specific groups. In this regard, the main strategies of this sector are as follows:-

▪ ***Strategy related to the first objective***

1. Increase literacy by expanding non-formal educational programmes and make non-formal education useful for life.

▪ ***Strategies related to the second objective***

2. Emphasize on public participation from local level for the overall management of school education for which the government plays strong role to facilitate and promote quality, regulate and provide service and support in consonance with the concept of decentralisation.
3. Emphasize on pre-primary education, and also on the expansion and development of quality primary education to fulfil the national commitment of 'Education for All'.

▪ ***Strategies related to the third objective***

- Increase the opportunities by making the programmes of technical education and vocational training effective to prepare skilled human resource.
- Increase the access of the rising number of primary school graduates to the secondary level education and develop secondary education so as to make the higher secondary level as the last destination of the school level education.

▪ ***Strategy related to the fourth objective***

- By adopting the principle of cost recovery in higher education, emphasise on its opportunity, quality and diversification.

▪ ***Strategy related to the fifth objective***

- Enhance the quality of education at all levels and make appropriate arrangement for teachers' training.

▪ ***Strategies related to the sixth objective***

- In view of the condition of women, people from the lowest caste (dalits) and backward communities in education, conduct additional programmes to increase their access to education.
- To carry out the concept of 'Education for All', develop inclusive and integrated education system in line with the concept of special needs education for the groups requiring it (including persons with all kinds of

disabilities).

- ***Strategy related to the seventh objective***
 - Mobilize the youth in community development activities by emphasizing on the sports development programmes from the local level.

d) Policies and action plans

- ***Literacy and non-formal education (related to the first strategy)***
 - Increase the literacy rate by carrying out adult literacy and out of school programs with focus on the target communities especially the women, backward ethnic communities and the lowest caste (dalit) groups; and conduct programmes of literacy, post-literacy and continual education by way of coordinating with other developmental activities with the involvement of the government, non-governmental organizations and local elected bodies in line with the objective of providing useful education.
- ***Education and decentralization***
 - Ensure access of education in all levels of programmes to the regions, races, gender and backward communities based on their socio-economic conditions.
 - Develop an appropriate framework to make scholarships provided by the institutional schools systematic and transparent to the benefit of genuinely poor and intelligent students.
 - By clarifying the roles of local elected bodies to decentralize education system, implement the programmes related to school improvement plans and district education plans with the spirit of devolving the rights and responsibilities of school education to local elected bodies and giving impetus to decentralization as well as to empowering local communities and guardians. Select and appoint the teachers at the local level.
- ***Development of pre-primary and primary education (related to the third strategy)***
 - Corresponding to the declared policy and international commitment of providing education to all by 2015 AD of His Majesty's Government, gradually implement the programme of compulsory primary education and improve institutional, managerial and physical infrastructure accordingly.
 - Establish the Early Childhood Development Centres with the participation of local elected bodies by linking it with the parental awareness programmes and encourage to conduct one-year pre-primary classes in community schools through local resources.
 - Encourage the programmes of teaching in the mother tongues to increase participation of linguistic groups of different ethnic communities in education.
- ***Development of technical and vocational education (related to the fourth***

strategy)

- Expand Annex Programmes to increase the opportunities of technical education and vocational training by mobilizing the participation of local elected bodies and private sector.
- ***Development of secondary education (related to the fifth strategy)***
 - By accepting higher education level as the last phase of school education, make institutional arrangements and improve the structure of school education accordingly.
 - By phasing out the intermediate (certificate) level gradually from the Tribhuvan University, make appropriate arrangements to incorporate it into the higher secondary level.
- ***Higher education (related to the sixth strategy)***
 - His Majesty's Government will adopt the principle of cost recovery in the investment of educational sector, implement the system of reducing the share of the government as the level of education increases and implement the system of block grant instead of existing grant system based on the number of teachers.
 - A policy of accrediting the affiliated educational institutions of the Tribhuvan University to other regional universities will be adopted to develop the institutional structure of higher education at the regional level in a realistic way. For this, institutional development will be made on cost sharing basis with concerned stakeholders and communities.
 - Encourage programmes that mobilize the post-graduate students in community development services.
- ***Development of the quality of education (related to the seventh strategy)***
 - Enforce compulsory training and teaching licence system to maintain quality in education; and utilize distant education as well in all training programmes of education and involve all training institutes to increase access to training.
 - Make the systems of examination, monitoring and supervision effective based on indicators representing the objective standards by defining the quality of education at all levels. Until this happens, strengthen the examination system that has been accepted as the indicator to measure the quality of education and of teachers' performance and develop the trend of utilizing the results of examinations as the powerful means to measure the quality of education and teachers' performance.
 - Assist in expanding education suitable to the modern world by utilising computer literacy at all levels of education; and teach the subjects related to information and communication technology in the schools according to the national policy of science and technology.
 - Along with encouraging the private sector, develop an effective accreditation system by bringing all levels of education within the regulatory framework in order to enhance competition in education.

- Encourage educational institutions of different levels to set up and run libraries.
- ***Women education (related to the eighth strategy)***
 - Make provision of scholarship in order to increase the access of women, the lowest-caste (dalit) and disadvantaged communities to education.
 - Implement 'gender auditing' system by developing specific sensitive indicators in all aspects of holistic education such as study, teaching, training, policy formulation and management.
- ***Education for the persons with disability (related to the ninth strategy)***
 - Extend the courses of primary to higher education by integrating the programmes of special education for persons with all kinds of disabilities.
- ***Sports development (related to the tenth strategy)***
 - Develop players who can compete at local as well as international levels by incorporating the programmes of sports, extra curricular activities and youth development in the educational programmes of school to higher education.
 - Emphasise on extracurricular activities, scouting from school level in order to support the development of sports.

e) Programmes

- Develop the National Non-formal Education Centre as an institution to formulate policies, provide technical service, and conduct monitoring and evaluation; and assign responsibilities to the non-governmental organisations and the local elected bodies by clarifying their roles in the programmes of eradicating illiteracy.
- Allow to set up new school on the basis of school mapping.
- Take steps to gradually make free primary education compulsory, and, while doing so; arrange scholarship for the children of backward communities (lowest castes or dalits, indigenous groups, women, persons with disability and children of economically backward communities) with priority.
- Develop the courses of study in a way to incorporate the concepts of gender awareness and provide useful skills from primary level onwards; teach English from class 1 on the basis of capability of the schools; and implement the Continuous Assessment System up to the fifth class on the basis of pilot and experience.
- Establish at least one community higher secondary school in each election constituency; and encourage conducting the course of science and vocational subjects there.
- Administer the present examination system of grade XI at the school level and retain final examination of grade XII at the national level.
- Extend at least one Annex Programme in each district based on the effectiveness and success of the pilot.

- Strengthen scholarship programs to facilitate the access of women, backward indigenous and lowest caste communities and persons with disability to higher education.
- Encourage the non-governmental and private sectors to establish educational institutions for higher education.
- Establish and operate Open University.
- Prepare and implement total quality educational development programme in order to develop higher education to the level of international standard.
- Enable the University Grants Commission to evaluate educational institutions, set their equivalence and accredit them by setting up an Assessment and Accreditation Council.
- Convert the existing Institute of Agriculture and Veterinary Science into a university under the concept of deemed university; and develop required infrastructure to set up university in Mid Western and Far Western regions for increasing access to higher education.
- Encourage non-governmental organizations to conduct preventive and curative programmes to liberate the youth from crimes and addictions.
- Involve the youth as volunteers in different social service sectors including education, health, and sports.
- In order to provide managerial and trainers' training, develop the existing National Sports Council as an apex body; and make implementation arrangements by classifying the levels (local, national and international) of competition.

23.5 Improvements in policies, laws and institutions and their implementation arrangements policy improvements

The following policy improvements will be made to implement the strategies and action plans in order to achieve the objectives and goals of the Tenth Plan:-

- Teach English from grade1 and give continuity to the continuous assessment system.
- Provide free education up to the secondary level to the lowest caste (dalit), backward indigenous people, women and persons with disability below the poverty line.
- Arrange an appropriate mechanism to effectively implement the system of providing 5 percent scholarship to the targeted communities by the schools run by the private sector.
- Consider higher secondary level as the final stage of school education, make institutional and managerial improvements and formulate a bill/act for a separate board accordingly.
- Manage to conduct higher education on the principle of cost recovery; and approve new universities to set up under the concept of deemed university.

- Formulate and implement the regulatory framework in order to systematize the management of institutional schools.
- Implement the systems of effective monitoring, evaluation and supervision by defining and determining the standards of quality education.
- Implement open and distance education systems in order to make easy access of modern education to all by using educational technologies.

Improvement of laws

In order to integrate higher secondary education into the management of school education, a Unified School Education Act will be formulated by amending related acts and regulations. As different universities are set up and run as per their own acts, various problems have been noticed in their performances, a single umbrella act will be made with a view to guide the establishment of new universities and systematize the accreditation from national and foreign universities.

Institutional improvement

The Ministry of Education and Sports will be developed as an effective institution to formulate policies and carry out monitoring and evaluation based on objective standards. The Department of Education will be entrusted with the responsibility of managing school education (classes 1-12). By making necessary changes in the organizational structure of other central institutions at present (Higher Secondary Education Council, National Centre for Educational Development, Distance Education Centre, Curriculum Development Centre, Office of the Controller of Examination, Secondary Education Development Centre, Non-formal Education Centre, etc.) as required, these institutions will be retained to extend technical services. The regional directorates will be assigned with the responsibilities of plan formulation, monitoring, evaluation and examination. The concept of multi-board system will be adopted to conduct examinations. The District Education Offices will be held fully responsible in implementing education programmes. School Management Committees will be empowered with a view to undertake the responsibility of school management at the local level.

The University Grants Commission will function as an institution to evaluate the managerial and qualitative progress of the universities and to provide grants by making unambiguous bases/formula for the same.

Implementation arrangement

Gaining momentum to the process of formulation of national education policies, their modifications and reappraisals, a national level permanent committee will be set up to coordinate the education of all levels and it will be institutionalized and strengthened.

Priority of the programmes and projects

Summary of programmes and budgets of education and sports sector is given in the following priority order. Detailed programmes and estimated budgets are presented in the

Appendix 23.3.

NRs. In million

Priority order	Number of programmes	Normal case growth rate		Alternative case growth rate	
		Amount	Percent	Amount	Percent
P1	7	14464.0	76.9	12397.7	86.4
P2	8	4296.5	22.8	1918.7	13.4
P3	11	39.6	0.3	39.6	0.2
Total	26	18800.1	100	14356	100

The main prioritized development programmes to be conducted during the Tenth Plan period are as follows: -

a) Education

The present programme of Basic and Primary Education will be terminated and programme of next phase will start in FY 2003/4. From the first year of the Plan, the Secondary Education Support Program will be started by coordinating lower secondary, secondary and higher secondary education. Non-formal education programme will be gradually expanded. The technical and vocational education will be included in the secondary level education, its implementation will be demand-based and the programmes conducted on pilot will be expanded in consideration of their results. In this way, the priority order in education will be as follows:

1. Basic and primary education
2. Non-formal education
3. Secondary education
4. Technical and vocational education
5. Pre-primary / Early childhood development
6. Higher secondary education
7. Higher education

b) Youth and sports

The policy of preparing the youth as capable citizens to competently contribute to the advancement of the country and to fight against poverty, backwardness and distortions will be adopted. Emphasis will be given to increase the number of disciplined players who can enhance the dignity of the country by developing and expanding sports. A coordinated effort will be made by coordinating the government, non-government and private sectors as well as local bodies to carry out activities to encourage institutions involved in the development of sports, support the livelihood of the players who win medals and uphold the respect of the country at the international level, and expand sports as an inalienable part of livelihood down to the local level. In this regard, priority will be given to the development of sports that are suitable to the geo zones of the country and

are economically viable. High Altitude Training Centre, Sports Academy, and highly potential sports and competition like cricket will be promoted.

23.6 Expected achievement

It is expected that the education programs of the Tenth Plan will contribute to growth in gross domestic production, poverty eradication and human development, creation of additional employment, balanced development, implementation of Local Self-governance Act and gender equity.

23.6.1 Growth in gross domestic production

As functional literacy programmes make illiterate adults literate and also impart skills, production will increase according to the needs of rural areas. In view of the high rate of return as compared to the investment in primary education, it is certain that the extension of primary education will result in the substantial growth of the gross domestic production. Quality secondary education helps to increase productivity in agriculture and rural economic activities. Vocational education under Annex Programme provides medium-level workforce for local needs and, hence, helps increase the local economic activities. As a result of extension of higher secondary education and its access to rural level, a knowledge-based society will be created to help raise productivity. The programme to utilize the information and communication technology from secondary level will eventually make the country competitive at the international level and direct it towards economic development.

23.6.2 Contribution to poverty eradication and human development

The programmes such as literacy activities and 'Education for All' will contribute to human development from educational perspective. The provision of providing free education and scholarship to the persons with disability, women, the lowest caste (dalit) and backward indigenous communities below poverty line will help raise the level of education of all backward communities living in every corner of the country. In addition to these arrangements, the employment-oriented vocational education will help eradicate poverty directly within 5 years to come.

23.6.3 Employment generation and other contribution/achievement

General quality education helps obtain employment. The use of vocational and technical education and technology of information and communication directly helps produce skilled workforce; it contributes significantly to supply human resource required in various professions of the country. The policy of involving the youth in various voluntary and other development programmes helps increase employment.

23.6.4 Achievements in regional development and balance

Provisions of establishing new schools on the basis of school mapping, setting up of new educational institutions based on district and constituency, and opening new universities on regional basis will significantly contribute to achieve the objective of regional balance and development.

23.6.5 Support to decentralization in accordance with the Local Self-governance Act

As the Tenth Plan aims to promote community-based management of schools, the system of managing, monitoring and evaluating education at the local level will be developed during the Plan period. The programmes of carrying out activities of plan formulation, implementation, supervision and monitoring of such programmes as expanding Early Childhood Development Centres to secondary education through the local elected bodies will strengthen the decentralization program in line with the Local Self-governance Act, 1998. As His Majesty's Government will start the system of block grant and the role of guardians will be made important in establishing school and formulating School Management Committee, the foundation of real decentralisation will be created.

23.6.6 Gender equity through program and policy responses

Assuming women's equal participation in literacy to higher education, the objective of formulating substantive action plan on the basis of gender audit will help attain the goal of gender equity in this plan period.

23.7 Potential risks

- Continuation of block grants to the community schools (otherwise difficult to run pre-primary classes).
- Availability of access to opportunity of school level training for ten months (this programme is difficult to continue).
- Provision of strong coordinating mechanism to bring the private sector into the framework of regularity (this mechanism may lack).
- Coordination between the higher education teaching institutes and research centres (this is very difficult).
- Clear policy of block grant of His Majesty's Government (difficult to release grants in time) and condition of accepting responsibility by the communities (may not accept).
- Effective implementation system of incentives programme as the children outside schools belong to the hard-core groups (if faced obstacles, difficulty in attaining objective).
- Campaign for the importance of literacy to the target communities (or else,

difficult to raise the literacy percentage).

- The role of local elected bodies to conduct programmes in backward areas (difficult to conduct literacy programmes in the absence of legal provisions).
- Amendment in the act of the Higher Secondary Education Council to integrate the management of school education (difficult if not amended).
- Political commitment and understanding and coordination between the universities and the Higher Secondary Education Council (absence of this may make it difficult to integrate all programmes of intermediate/certificate level into the higher secondary education).
- Institutional arrangement to extend the access of technical training to targeted communities and areas.
- Coordination between the Ministry of Education and Sports and the University Grants Commission with regards to various universities established under separate acts.
- Mechanism to coordinate different institutions related to sports (otherwise difficult to make the programmes effective).

Approaches to policy, legal and institutional reforms are adopted in order to minimize the risks. As the Tenth Plan aims to accelerate economic growth through the main objective of poverty eradication, it is expected that the external risks of the programmes of education sector will be very few. Moreover, the policies of His Majesty's Government to increase investment in social development sector and that of special emphasis on educational development will help reduce external risks and attain expected achievements.

Policy Action Matrix: Ministry of Education and Sports*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Comprehensive Sectoral objective: Increase human resource development and its productivity sustainably.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Purpose (Sectoral objective): Make sustainable growth in access to, and quality and management capacity of education.	<ul style="list-style-type: none"> • Increase literacy by expanding non-formal educational programmes and make non-formal education useful. • Emphasize on public participation of local level for the overall management of school education for which the government plays a strong role to facilitate, promote quality, regulate and provide service and support in line with the concept of decentralisation. • By calling attention to pre-primary education, emphasize on expansion and development of quality primary education to fulfil the national commitment of 'Education for All'. • Increase the opportunities by making the programmes of technical education and vocational training effective for the production of skilled human resource. • Increase the access for the transition of rising number of students passed from primary level to the secondary education and develop the secondary education to make the higher secondary level as the last destination of the school level education. • By adopting the principle of cost recovery in higher education, emphasise on its opportunity, quality and diversification. • Enhance the quality of education at all levels and make appropriate arrangement for teachers' training. • In view of the conditions of women, people from the lowest caste (dalits) and backward communities, conduct additional educational programmes to increase their access to quality education. • To carry out the concept of 'Education for All', develop inclusive and integrated education system in line with the concept of special needs education for the groups requiring it including the persons with disability. • Mobilize the youth in community development programmes by emphasizing on the sports development programmes from the local level. 	<ul style="list-style-type: none"> • Percent of children of 6-14 years who do not go to school • Literacy percent of women and men 70 % (6 yrs +) <ul style="list-style-type: none"> - Female literacy (6 yrs+) 67% - Adult above 15 years – 63 % - Female literacy (15 yrs+) – 55% - Gender parity index – 0.8% • School enrolment ratio of girls and boys and dropout rate • Qualitative and objective bases of the teachers' promotion • Number of school managed by the communities. 	<ul style="list-style-type: none"> • School enrolment and attendance register • Trimester and annual progress reports of District Education Office and Min of Education & Sports • Reports of special surveys and evaluation • Field supervision 	<ol style="list-style-type: none"> 1. Encourage pre-primary education. 2. Universalise the quality of primary education. 3. Provide programmes of functional literacy and alternative, non-formal education to the adults and children deprived of primary school. 4. Raise the quality of, and access to, the secondary education. 5. Provide vocational training and technical education. 6. Increase the quality of, and access to, higher secondary education. 7. Raise the quality and diversification of, and access to, higher education. 8. Mobilize the youth and raise the diversification, quality of, and access to, sports. 	<ul style="list-style-type: none"> • Lack of awareness of importance and readiness about education among local communities and guardians. • Lack of awareness and readiness towards education among the adults. • Absence of continuity of priority to education sector under the national social service.

* The quantitative targets are based on the economic growth rate of 6.2 percent (details in Appendix 3)

Appendix 23.1: The Ninth Plan's progress against its targets

S. No.	Particulars of programmes	Targets	Progress
1	Pre-primary Education Centre	10,000	2,915*
2	Primary education		
	a) Net enrolment rate (NER)	90	80.4**
	b) Additional primary schools	3,000	2,643**
	c) Additional primary teachers	15,000	6,415**
	d) No. of trained teachers	50,000	
	e) Additional female teachers	2,000	
	f) School renovation	10,000	
3	Lower secondary and secondary education		
	a) Gross enrolment rate		
	- Lower secondary level	55	58
	- Secondary level	45	37
	b) Additional lower secondary schools	1,500	1,227**
	Additional lower secondary teachers	6,000	4,734**
	Trained teachers (one month training)	10,000	9057
	c) Additional secondary school	2,000	1,028**
	Additional high school teachers	8,000	3,004**
	Trained teachers (one month training)	5,000	7600
4	Higher secondary school		
	a) No. of affiliated schools	758	775
	b) Gross enrolment rate	60	
	c) No. of trained teachers	2,000	
5	Non-formal education		
	a) Literacy rate (6 yrs +)	70	55.5##
	b) No. of participation		
	No. of adults and out of school children	40,00,000	
	Post-literacy number	22,00,000	
6	Technical education		
	a) Regular training (long training)	4,995	3537
	b) Short-term training	20,000	16366
7	Higher Education		
	a) Total Gross enrolment rate	-	4%
8	Special education		
	a) No. source classes		228
	b) Special education school		33
9	Incentives programme		
	a) Primary school scholarship	1,62,404	
	b) Local scholarship	58,041	
	c) Campus/college scholarship	2,376	
	d) Upgrading scholarship	1,804	
	e) No. of students benefited by nutritious food program	2,50,000	2,14,000
10	Youth		
	a) Youth mobilization	20,000	
	b) Youth self-employment	10,000	
	c) Youth personality development	20,000	326
11	Sports		
	a) Trained players	15,00,000	15,00,000
	b) Construction of sports complex	6	5
	* Community-based Early Childhood Development Centers only		
	** Based on the data of 2000 AD with 1997 AD as the base year		
	## Estimated (by the end of the Ninth Plan)		

Appendix 23.2 Main sectoral/subsectoral quantitative targets of the Tenth Plan

S. No.	Indicators	End of 9th Plan*	End of 10th Plan	
			Expected growth	Low growth
1	Literacy			
	a) Literacy rate (6 yrs +)	55.5	70	68
	b) Literacy rate (15 yrs +)	49.2	63	61
	c) Literacy gender parity index	0.6	0.8	0.75
2	Pre-primary education (including Early Childhood Development/ ECD)			
	a) Gross enrolment rate	15	32	30
3	Primary level			
	a) Enrolment rate with pre-primary education	21	40	37
	b) Gross enrolment rate	118	110	111
	c) Net enrolment rate	82	90	89
	d) Girls' enrolment percent	45	47	46
	e) Trained teacher - including partially trained (%)	52	100	100
	f) Female teacher (%)	26	30	30
4	Lower secondary level			
	a) Gross enrolment rate	58	65	64
	b) Girls' percentage	42	45	44
	c) Trained teachers - partially trained also (%)		100	100
5	Secondary level			
	a) Gross enrolment rate	37	45	44
	b) Girls' percentage	41	45	43
	c) Trained teachers - partially trained also (%)		100	100
6	Higher secondary level			
	a) Gross enrolment rate (including proficiency certificate)		23	22
	b) No. of higher secondary schools (govt. level)		205	205
7	Technical and vocational education			
	a) Regular training		7100	
	b) Short-term training		23,555	
	c) Conduct Annex Programme	15	75	
	d) Skill certification	-	4,000	
8	Higher education			
	a) Gross enrolment rate	4.5	6	5.75
	b) Open university		1	1
	c) Phasing out of proficiency certificate level		all	
9	Youth and sports			
	a) Youth mobilization for community development	926	3,000	2800
	b) Youth rehabilitation	-	1,000	800
	c) Youth and Sports Development Centre		70	70
	d) National level prize		1750	1750

* Based on Population Census, 2001 and estimated for the end of the Ninth Plan.

Appendix 23.3: Programmes and estimated budget

NRs. in 10 million

S. No.	Names of projects (central and district level)	General (expected) growth	Alternative (low) growth
	Programmes/projects receiving first priority		
1	Basic and primary education	1178.34	1010.01
2	Dalit Student Scholarship Programme	13.64	11.69
3	Women education	84.37	72.32
4	Teachers' training project	84.00	72.00
5	Technical education annex programme/ Council for Technical Education and Vocational Training	48.33	41.43
6	Primary girl students scholarship programme	12.92	11.08
7	Non-formal education and literacy campaign	24.79	21.25
	Total	1446.40	1239.77
	Percent	76.94	86.36
	Programmes/projects receiving second priority		
1	Early childhood development programme	0	0
2	Free textbooks	67.84	30.29
3	Secondary Education Project	190.59	85.11
4	Public school quality improvement (including computer education)	0	0
5	Primary school nutritious food	168.69	75.33
6	Population education	1.88	0.84
7	Higher secondary education project	0.32	0.14
8	Martyrs' children scholarship programme	0.32	0.14
	Total	429.65	191.87
	Percent	22.85	13.37
	Programmes/projects receiving third priority (probable projects)	3.96	3.96
	Percent	0.21	0.28
1	University Grants Commission		
2	Tribhuvan University		
3	Mahendra Sanskrit University		
4	Poorbanchal University		
5	Pokhara University		
6	Open University		
7	National Sports Council		
8	Sports development programme		
9	Youth Activities Programme		
10	Stadium construction (Eastern and Far Western Development Region)		
11	Budhanilakantha School		
	Grand total	1880.01	1435.6

Chapter - 24

Health

24.1 Background

Health service is accepted as a very important area of human right. As a result of planned development, health sector has improved substantially. However, from the point of view of health indicators, satisfactory progress has not been made yet as compared with other developing countries. Especially remote and rural communities and the people there who are devoid of health services have not been benefited from the essential health services. Therefore, the government and non-government mechanism involved in the development of the health sector needs reforms in economic and human resource management to make further improvements in the area of programme implementation process as well. In this context, through gender awareness, decentralization, and effective and skilful management, the health sector of government, non-government and the private sectors as well should be extensively mobilized.

The second twenty-year Long-term Health Plan is prepared for the objective of making essential health services as well as the other specialized services universal. The main objective of the development of health service is to support poverty eradication by way of providing high-quality health services to all and developing competent human resource on the basis of medium-term expenditure framework with the view of harmonising the objectives, goals, policies and budgets envisaged by the medium-term strategic plan and the periodic plan to implement the Long-term Plan.

24.2 Review of the Ninth Plan

The Ninth Plan had the objective of supporting poverty eradication by improving the health status of the people with the help of preventive, promotional, curative and rehabilitative means of health services. The Plan had the policies of improving the health status of the people and enhancing the access of integrated health services in addition to providing the essential health services to the local level, extending specialist health services, making modern and traditional curative services effective, developing and expanding reproductive health services, modernizing medico legal services, increasing the effectiveness of sectoral plan management. Additionally, for the quality services and human resource development, the policies as mobilization of private and non-government sectors; improvement in cost-effectiveness of institutional health services based on public requirements; development of policies suitable to solve the problems related to environment of professional health; promotion of people's participation, inter-regional coordination and decentralization in order to make the health service common to all and sustainable; and exploration of

alternatives to health care financing were also adopted. The achievements made in the health sector during the Ninth Plan period can be analyzed as follows:

- During the Ninth Plan period, the progress of different health sectors was satisfactory. As compared to the target, 70% of essential health services were made available.
- During the Ninth Plan period, in the context of policy reforms, Medium-term Strategic Plan of four subjects related to essential health service, decentralization in health sector, participation of the government, non-government and private sectors and sectoral management was accepted in which twenty programmes were included as essential health services. Moreover, policies and strategies related to national reproductive health and safe motherhood have been prepared. Reproductive health clinical protocol is also prepared. Similarly, the national health financial policy is also under implementation after its formulation. Besides this, list of essential medicines (for sub-health post to the district hospitals) is prepared and the Human Organ Transplantation Act, 1998 and a draft of Antibiotic Policy, 1997 (in order to control, prevent and utilize the antibiotics) have been prepared.
- During the Ninth Plan period, substantial improvements have been made in the indicators of health status as shown in Table 24.1. Significant achievements have been made in immunization; control of tuberculosis, leprosy; effective services for malaria, kala-azar (typhus); and control of diarrhoea. In the same way, the average life expectancy at birth has reached to 61.9 years. The progresses in the areas of infant and child mortality rates remained a little lower than what was targeted. The status of maternal mortality is not available after the survey of 1996 and a detailed health survey including maternal mortality is already underway to be completed by mid-2003; and childbirth service by the trained health workers has reached to 14.3 percent. The progress of the users of the means of family planning is found to exceed the target.

24.2.1 Targets and progress of the Ninth Plan

Table 24.1

S. No.	Health indicators	Targets of 9th Plan	Progress
1	Availability of essential health services (percent)	70	70
2	Obstetric service by the trained health workers (percent)	50	14.3**
3	Contraceptive prevalence rate (percent)	36.6	39.3
4	Total fertility rate (15-49 years)	4.2	4.1
5	Crude birth rate (per 1000)	33.1	34
6	Infant mortality (per 1000)	61.5	64.2
7	Child mortality (under 5 yrs, per 1000)	102.3	91
8	Crude mortality rate (per 1000)	9.6	10
9	Life expectancy (yrs)	61.9	61.9
10	Total hospital beds (government)		5023
11	Primary health centres		160***
12	Health posts		710
13	Sub-health posts		3167
14	Female community health workers (community)		48549
15	Hospitals (including district, zonal, regional, sub-regional, ayurvedic, central)		85*

* Health workers from the Ministry of Health, HMG and under it only.

** The childbirth services provided by the local birth attendants (sudenis) are not included.

*** The total Primary Health Centres number 205.

24.2.2 Problems and challenges

Problems

- Although institutional development of health services has taken place to the local community level, satisfactory improvements in human resource development and access to the services have not been made. Similarly, because of the geographical difficulties, supplies of workforce, medicines, tools and equipments have not been regular.
- Effective monitoring and evaluation of plan formulation, implementation and the private health institutions' access to and quality of health services have not been carried out.
- Maintenance of regularity in financial management sector and effective implementation of all available resources according to demand and supply have not been made on the basis of cost-effectiveness and economy.
- Local communities have not been mobilized satisfactorily in the health sector. On the one hand, there is a wide mismatch in the availability of services to the general people and on the other hand, there still lacks capability among people to manage to pay for the extended health services and the expenditures as a result of lack of improvements in economic condition.

- Even if the Health Service Act has been implemented, effective utilization of the workforce has not been made as a result of lack of appropriate management and incentives. Therefore, the tendency of concentration of the health workers in the urban areas and their absence in the rural areas still persists.

Challenges

- It is still very difficult to deliver essential health services proportionately to the targeted communities in view of geographical inaccessibility, pressure of large population, lack of very basic health-related information, lack of education and backwardness.
- It seems difficult to materialize the concept of happy family due to the lack of adequate provision of family planning services.
- Lack of effective services to the pregnant women, childbirth at home by many and prevalence of respiratory diseases as well as malnutrition are the factors of the deaths of the mothers and children to pose serious challenge.
- Due to the absence of required coordination among private, government and non-government sectors, plan of producing health workers on the basis of their demand and supply and utilization of the available workforce have not been made effectively.
- HIV/AIDS is appearing to be an enormous challenge because of poverty, lack of education and awareness.
- Diabetes, cancer, other diseases related to heart, blood vessels and lifestyles are rising.
- Still a large amount of resource is spent on health institutions used by the well-to-do societies. Majority of the people in remote rural areas is excluded from even the basic health services too.
- The problems relating to implementation such as lack of medicines and equipment, improper and insufficient use of the available medicines and equipment, inadequate maintenance of the health institutions, lack of effective supervision of the health system still exist.
- As the connection between cost and benefit has not been analysed yet, it has been difficult to monitor the sufficiency of the cost as well as whether or not the cost is utilized efficiently, effectively and proportionately.
- Due to such inter-regional challenges as lack of education, safe drinking water, sewerage system, waste/garbage management, balanced nutritious food and behaviour, it has been difficult to improve the health status of the people.
- Employment gives rise to internal and external migration and drug addiction and girls trafficking to the HIV/AIDS.

24.3 Long-term vision

The long-term vision of the health sector is to support poverty eradication by improving the health status of the Nepalese people and providing equal access of health services to them through effective management system; by creating attraction towards small family by way of establishing balance between economic, social and environmental aspects; and by developing healthy, strong workforce.

24.4 The Tenth Plan

a) Overarching national objective

Reduce the magnitude of poverty among the Nepalese people substantially and sustainably by developing and mobilizing the healthy human resource.

b) Objectives

In order to render capable and effective type of curative, preventive, promotional and rehabilitative health services and to make the reproductive health and family planning services available to reduce the rising population, the health service sector will have the following objectives:

1. Apart from improving the quality of health services, extend the access of the poor and backward people of the rural and remote areas to these services.
2. Besides systematizing the rising population, access of reproductive health and family planning services will be extended to the rural areas extensively in consideration of maternal health service.

c) Quantitative goals

The goals of the health service sector are given in the following table:

Table No. 24.2 Quantitative goals

S. No.	Health indicators	Status of 2002	Targets of 10 ^h Plan	
			General growth	Alternative growth

S. No.	Health indicators	Status of 2002	Targets of 10 ^h Plan	
			General growth	Alternative growth
1	Availability of essential health services (%)	70	90	88
2	Availability of the stipulated essential medicines in the specific institutions (%)	80	90	89
3	Provide essential health services with all health workers required (%)	60%	80	78
4	Percent of women receiving prenatal service for four times	14.3	18	17
5	Women of 15-44 age group receiving TT vaccines (%)	45.3%	50	49
6	Birth attendance by the trained health workers (%)	13*	18	17
7	Contraceptive prevalence rate (%)	39	47	46
8	Use of condoms for safe sex (14-35 years) (%)	-	35	35
9	Total fertility rate (women of 15-49 years)	4.1	3.5	3.6
10	Crude birth rate (per 1000)	34	30	30
11	Maternal mortality rate (per 100 thousand)	415#	300	315
12	Newly born infant mortality (per 1000 live birth)	39	32	33
13	Infant mortality (per 1000 live birth)	64	45	47
14	Child mortality (below 5 years old) (per 1000 live birth)	91	72	74
15	Crude mortality rate (per 1000)	10	7	7
16	Life expectancy at birth (years)	61.9	65	64

* Included are the attendance by the trained sudenis (female childbirth attendant with short orientations) but the status and goals afterwards do not include them as per the understanding with the World Health Organization.

d) Strategies

The nation's major responsibility is to provide basic health services to all. From social development perspective, it is necessary to ensure the equitable access of related essential services to the people by strengthening health services. After providing basic health services to all, the programmes and activities of the health sector contributes significantly in social development by way of improving the health and nutrition of the people in general and the poor in particular and by availing access through mainstreaming to all communities and ethnic/indigenous people. Similarly, the Long-term Health Plan helps the objective of economic development of the Plan by reducing death rate and saving workforce from curable diseases. In view of mainstreaming the backward areas and communities, various programmes can be carried out to improve their health status through targeted programmes. In this context, the main strategies of this sector are as follows:

- **Strategies related to the first objective**

1. Investment to provide essential health service to the poor and the backward communities will be increased gradually.
 2. *Ayurved*, naturopathy services and traditional healing systems (like homeopathy, Unani) will be developed as the supplementary health service. In order to protect and promote these services, these remedial systems will be developed by the use and development of local medicinal herbs and by enhancing skills and expertise.
 3. Health services will be gradually decentralized according to the Local Self-governance Act, 1998 and the office-bearers of Local Health Administration and Management Committees will be involved in orientation programmes to enhance their working capability.
 4. So as to raise the availability of and access to the essential health services of such main contributors of the health problems as safe motherhood, reproductive health, child health, nutrition, tuberculosis, kala-azar (typhus), malaria, Japanese encephalitis and other communicable diseases, the health service will be enhanced in rural and remote areas through special services.
 5. All government, non-government and private health institutions from the local level health institutions providing basic health services to the central level institutions providing specialist services will be effectively managed and strengthened by means of two-way communication system.
 6. With the aim of improving the quality of health services provided by the collaboration of the government, private and non-government sectors, the human, financial and physical resources will be managed effectively.
- ***Strategy related to the second objective***
 1. By making reproductive health programme having imperative role in population management more effective, the family planning service will be made more extensive and effective based on the public choice and, hence, will help reduce maternal and child mortality.

e) Policies and work plans

In order to fulfil the objectives of keeping the population growth within the desired rates, bringing down the problems of diseases, and providing the people in general and the poor, women and children without any facilities in particular with the quality health services, the following policies are spelt out.

- ***Extension of essential health services (related to the first strategy).***
 - Review the existing health policies and programmes extensively to prepare and carry out required action plans.
 - With the intention of improving the health condition of the backward classes and special targeted communities, qualitative and effective medicines will be made available all the year round through community insurance, cooperation and partnership.
 - To take the health promotion activities among the targeted communities

effectively, distant education and special information and communication technologies will be used, and, for these activities, a network will be set up between the government, non-government and private sectors to encourage extending programmes up to the local levels through the volunteer groups.

- Health services provided by all institutions of the kingdom will be supervised, monitored and evaluated to regulate them vis-à-vis the standards prepared by the health sector in order to make them equal, sustainable, economical and effective.
- ***Ayurved, naturopathy, Unani and other traditional health services (related to the second strategy)***
 - *Ayurved*, homeopathy, Unani and naturopathy systems will be developed as supplementary to the health service. Medicinal herbs available locally will be protected and promoted to acquire self-sufficiency.
- ***Management and decentralization of the health sector (related to the third strategy)***
 - The Health Economics and Finance Unit will be incorporated in the organizational structure of the Ministry of Health and strengthened to support the overall economic system as well by analysing the investments made in health sector (through National Health Accounts), and by developing appropriate system with the aim of making alternative arrangements for rising expenditures of the health sector to facilitate the plan/programme formulation based on solid evidence by way of emphasizing such main aspects as cost-effectiveness, efficiency, equality, sustainability while preparing new programmes.
 - Participatory plan formulation and management capability will be strengthened in all levels by maintaining gender balance.
 - Necessary steps will be taken to post the female doctors to the hospitals of the outlying districts.
 - In view of the national requirements, government, private and non-governmental institutions will be mobilized to prepare qualitative health workers of medium and high levels. Regulatory system will be arranged to determine the quality of human resource, and to control and coordinate them.
 - Scientific health technologies that can be used, taken care of, maintained and made self-sufficient such as medicines, equipments and medical procedures will be developed and extended.
 - In order to make the country self sufficient in producing quality medicines, the regulatory process of medicines will be strengthened and the quality of the imported medicines will be ensured.
 - In order to supply quality medicines, only the workforce recognized by the Ministry of Health and educational institutions will be allowed to sell

the medicines.

- The public will be informed well to take effective and qualitative medicines only and to make their rational use. In addition, transparency will be maintained by disclosing the names of the producers, price list, usage directions, expiry dates, etc. in the drug stores as per the checklist prepared by the World Health Organization.
- To take health service to the reach of the general people effectively, community medical programmes, insurance and partnership processes will be carried on under the cost sharing/cost recovery principles.
- In line with the principles of decentralization, the district and lower level health institutions and health services will be devoluted to the local elected bodies during the plan period in all districts gradually.
- The services rendered by the health workers will be made the bases of their placements and promotions, and these processes will be made transparent. Arrangements will be made to encourage working in rural areas.
- The health-related professional councils (medical, nursing, paramedical, pharmacy and Ayurved) will be encouraged to contribute to improve in the qualities of service, human and physical resource aspects.
- The private as well as the government doctors designated by His Majesty's Government will be arranged to contract with the concerned institutions in case they are interested in providing health services through the government health institutions.
- With the aim of materializing the notion that a small family is the indicator of a happy family, mobile services will be conducted to enhance the access of family planning services to the remote and backward areas.
- ***Special health service to control communicable and non-communicable diseases (related to the fourth strategy)***
 - In order to control serious non-communicable diseases such as heart disease, kidney problems, cancer, emphasis will be laid on information, education and publicity. The private sector will be especially encouraged in the treatment processes of these kinds of diseases.
 - School health education will be carried out to improve the health service of the children of school going age.
 - To facilitate control of epidemics such as HIV/AIDS and other sexually transmitted diseases, widespread public awareness will be created. In addition, the victims of these diseases will be rehabilitated by involving them in income-generating activities with the intention of arranging for easy medical treatments and rehabilitation respectively in the society.
- ***Disseminating system (related to the fifth strategy)***
 - Disseminating system will be made effective beginning from the local

health institutions to make the medical service systematic and result-oriented. The central hospitals as well as the local hospitals and nursing homes will be involved in developing specialist health services.

- ***Partnership/participation of the government, non-government and private sectors (related to the sixth strategy)***
 - The medical institutions run by the private and non-government health institutions will be encouraged to provide curative as well as preventive and promotional services. Physical facilities and subsidiary programmes of the hospitals will be contracted out to the private sector and necessary steps will be taken for their management and operation.
 - Private sector's involvement will be enhanced to increase in the access to and the quality of the health sector. The government will play effective roles of facilitator and regulator. The rural people and the poor who cannot obtain the private sector's services will be enabled to assess quality service through the partnership of the government, local elected bodies and the communities as well.
 - Ministry of Home Affairs will be the focal point to control the drugs and such activities as amendment of laws, restriction of drug abuse, reduction of the number of drug addicts and enhancement of public awareness will be carried out.
 - Necessary norms for the private and non-government sectors will be prepared for the provision of essential and equalitarian health services, and necessary regulatory arrangements will be made to have their compliance.
- ***Reproductive health service (related to the seventh strategy)***
 - In order that the reproductive health service reach to the access of the poor and the oppressed people, both curative and promotional programmes will be carried out.
 - From the district down to the village levels, the areas of health care and vaccine programmes for the pregnant women and infants will be extended to protect the health of both the mothers and the children.

24.5 Bases of the Programmes

In line with the recommendations made by the Public Expenditure Review Commission and the policy of involving local elected bodies in physical and financial management of the health institutions operated at the rural level, the health posts and primary health centres will be transferred to the local elected bodies in the Tenth Plan.

Communicable diseases, malnutrition and the motherhood-related diseases are found to be the causes of 68 percent of all diseases and 50 percent of total mortality rate in Nepal. In the days to come, in order to implement such programmes as control of contagious diseases, nutrition, reproductive health and family planning

with due priority, it is necessary that the government and private institutions be listed and the places and norms of the services (including specialist-oriented services) be specified.

There is substantial disparity in the conditions of health services between the urban and the rural areas. An independent National Microeconomic Health commission will be set up within the accepted structure of the national programme of poverty eradication to conduct the programmes of health sector in a coordinated manner.

24.6 Programmes and their priority

The health service programmes are prioritised on the following bases in the Tenth Plan:

- Burden of diseases,
- Implementing capacity,
- Equity,
- Programmes targeted to the poor, the oppressed and those devoid of opportunities,
- Programmes contributing to poverty eradication,
- Availability of resources.

In view of the above bases, the programmes are arranged to implement by categorizing them in the following three priority order:

24.6.1 The programmes in first priority (P1)

Expanded vaccination and national polio vaccine

This programme plays a vital role in reducing child mortality rate by enhancing the children's immunity system. Special programmes will be conducted to make vaccines available to the children below one year. For this, vaccination programme for five times will be conducted so as to provide BCG, DPT (3 doses), polio vaccine (3 doses), measles to save children from TB, poliomyelitis, diphtheria, whooping cough, tetanus and measles. In addition, hepatitis -B vaccine will also be conducted steadily. With the aim of eradicating poliomyelitis, National Polio Vaccination Service will be carried out up to 2005 as a special vaccine programme.

Control of Acute Respiratory Infection

The programme having the objectives of reducing mortality rate of the children under five, reducing the rate of diseases through health education and preventing the complications caused by upper respiratory tract, will be extended to 35 districts by the end of the Tenth Plan period which is conducted by the female volunteers in 15 districts at present. Discouraging the unsystematic use of antibiotics and extending the treatment of pneumonia to the community level are also the objectives of the Plan.

Diarrhoea

This programme has the objective of reducing illness and death rate of the children under five years due to diarrhoea with the help of effective oral dehydration therapy. This programme will make oral dehydration therapy effective and various types of technicians will be trained in standard case management during the plan period in order to reduce the death rate of the children under five years.

Nutrition

This programme has the objectives of reducing the problem of anaemia, controlling deficiency of vitamin-A, and controlling the impacts due to the deficiency of iodine. Protein energy malnutrition (PEM) prevalent among the women, children, adolescent and pregnant women will be reduced. With the aim of distributing vitamin-A capsules to the children under five years, providing iron tablets to the pregnant women, distributing medicines to worm-infected children and promoting awareness of breast-feeding, programmes such as dispatch of directions to the health institutions of 75 districts, production and distribution of educational materials in the local language and increasing the times of weighing the children will be conducted. Similarly, in addition to teaching about nutrition in schools, clean environment will be created within school compounds by involving the schoolchildren; and school programmes and health education programmes will be conducted among the parents and the neighbourhood through the schoolchildren to create clean environment.

Safe motherhood

Nepal has enormously high rates of maternal and infant mortality rates compared with those of other countries. Obstetric service will be strengthened and extended. This service will be provided by the health workers only. In addition, the basic obstetric care and comprehensive emergency obstetric care will be extended at different stages to the primary health centres and hospitals. Although tangible programmes have not been conducted with the purpose of reducing the mortality rate of the newly born infants, it is combined with the safe motherhood programme. With the commencement of the Tenth Plan, concrete programme will be initiated in this regard. For this, training and services related to the health of the newborns will be gradually provided at the levels of health institutions and communities. In order to provide healthcare and education related to the newborns, trained traditional birth attendants (*sudenis*) and female volunteers will be mobilized.

Family planning

Bringing down the population growth rate, extending the concept of 'small family' to the rural people, providing quality services and reducing the unmet needs are the objectives of this programme. Moreover, non-government and private institutions will be involved in family planning programmes. Mobile sterilization camps will be conducted in remote districts to enhance its access.

Reproductive health of the adolescents

As the health education provided to the adolescents plays a vital role in reproductive health, the Tenth Plan will extend the programmes to provide health education and advices related to reproduction to the adolescents.

Female community health volunteers and *sudenis* (trained traditional birth attendants)

With the mobilization of the trained female health volunteers and with their active involvement, prevention and promotional health education and service can be extended to the doorsteps of the people with their active involvement.

Epidemiology and control of diseases

Control of malaria

Full-fledged or partial spread of malaria is found in 65 districts of the kingdom. This programme has the objective of reducing the outbreak of malaria to control mortality due to this disease. For this, the Rapid Responsive Team is scheduled to set up in 75 districts so as to strengthen the laboratory to diagnose malaria in time, spray insecticides in the excessively affected areas for two times a year, encourage using insecticides and nets and strengthening the supervisory activities.

Typhus (*kala-azar*)

The Tenth Plan has the objective of controlling probable pandemic of typhus and reducing deaths by curing patients of this disease. Prompt diagnosis of typhus from hospitals and primary health centres will be made available through K-39 in 12 districts. First line/second line will be treated by medicines. For this, regular surveillance, focal spray programme are scheduled to carry out.

Natural disaster and management

With the purpose of sending off the medical teams during the pandemic period, providing training regarding pandemic management and treating the suddenly injured people due to natural disasters, medicines will be sent to 20 districts of the kingdom before natural disaster takes place and arrangements will be made to provide training and adopt safety measures to reduce probable risks because of earthquakes.

Vector-borne diseases and their control, research and training

This centre has all resources related to research and training. The centre trains medium-level health workers related to malaria, typhus and other vector-borne and parasitic diseases, and conducts on-the-job operational research programmes.

Tuberculosis

Its objective is to reduce the death rate by reducing the rate of tuberculosis patients and control the transmitting process to one another. Similarly, the other objectives are to cure all diagnosed tubercular patients, examine cough and to treat all the patients by the DOTS method. The epidemic of tuberculosis is found to exist in urban areas than in the rural areas. With the collective coordination and cooperation, 70 percent of unidentified patients of tuberculosis will be diagnosed and more than 85 percent of the TB patients will make recovery. Adding 12 more percent of population for treating by the DOTS method, altogether 95 percent patients will be benefited by this service. As tuberculosis and HIV/AIDS reinforce each other to create complications, this type of co-epidemics will be controlled with special vigilance.

Leprosy

The Leprosy Eradication Programme, which is conducted with the concept of eradicating leprosy from the kingdom of Nepal and creating a leprosy-free society, will provide qualitative and cost-free service of leprosy through integrated health service to attain the goal of eradicating this disease by the year 2003 AD. The number of the lepers will be reduced from their present 3.4 per 10,000 to less than 1 per 10,000 by the year 2003.

HIV/AIDS and Sexually Transmitted Diseases (STD)

The objectives of this programme during the Plan period are to reduce the outbreak of HIV/AIDS and STD, change the behaviour of high-risk group, and timely detection and treatment of STD. In order to accomplish these objectives, multilateral coordination between the government and non-government sectors will be continued to carry out integrated programme for changing the public behaviour by creating awareness and get to the identified high-risk group.

As multisectoral approach to conduct programme is necessary to contain this disease, a High-level National Council is formed for multilateral coordination. Public awareness will be created by using personal, collective and all means of mass media including radio, TV, papers, posters, pamphlets; and blood culture, test, preparation of training manual and curriculum, care, counselling and experimental services will be gradually extended along with the effective preventive and curative programmes to control the STDs.

Health information, communication and education

In the process of encouraging people to use necessary health services through basic programmes of health services, health education, information and communication programme plays a vital role. During the Plan period, this programme aims to print and produce educational materials and distribute them; to publicize the advertisement and various other programme through electronic means of communication such as radio and television; to conduct community-based cultural programmes in a coordinated manner; to extend health education unit by providing basic equipments to the health units of the district and lower levels; and to communicate latest information to the health workers of various levels.

Supply management

Regular supply of essential medicines, equipments and apparatus required in health sector is the objective of this programme. Within the next 15 years, based on the information system, arrangement of timely supply of stipulated medicines and equipments will be made to all health institutions of the kingdom after taking the existing stock situation into account. In addition to maintaining the biomedical equipment, means of transportation and cold chains, information system will be improved effectively and developed institutionally.

Community medicine

All primary health centres, health posts and sub-health posts will be supplied with the necessary medicines with the involvement of local elected bodies. During the Tenth

Plan period, health insurance programme along with additional community medicine programme in various 35 districts will be carried out.

Health insurance

Citizens have a right of access to health services. With the objective that health service will not be denied simply because of lack of medical expenditure and that a mechanism of bearing expenditures by the low-income people will be developed, health insurance programme will be initiated. Within next five years, community and social health insurance programmes will be carried out in parallel in formal and informal sectors as well. From this programme, huge amount of expenditures made by the formal and the government sectors in social sector such as medical treatment, pension can be managed well. Formal sector's investment on social security can be mobilized to raise the living standards of the poor and helpless communities in the rural areas. Micro-credit and other income-generating programmes conducted to carry out social health insurance in rural and urban communities will contribute to poverty eradication also.

Information management

Collecting information and data, processing these data and, consequently, helping to prepare annual and periodic programmes and policies for the effective tasks of plan formulation, implementation, monitoring and evaluation of health sector will be the objective of this programme. As information from the institutions under the Department of Health Services only has been collected so far, the information related to Department of Ayurved and Department of Drug Management as well as all other information related to health will also be collected and published in the Tenth Plan.

24.6.2 The programmes in second priority (P2)

National health training

The National Health Training Centre is established to enhance skills of the workforce affiliated to the health sector. As this Centre has been conducting training programmes under the Department of Health Service so far, the Centre will now on be recognized as an institution under the Ministry to develop the concept of national training system and it will be entrusted with responsibilities of training on ayurved and drug management accordingly. Necessary research-oriented activities will also be carried out by this Centre to make the health service effective.

Bir Hospital

With the purpose of developing Bir Hospital as a national hospital, emergency and trauma centres will be established and extra beds will be added. The National Medical Science Foundation is established within the compound of Bir Hospital. Ten hospitals of Kathmandu valley and regional, sub-regional and up to zonal hospitals will be involved in this Foundation. Necessary specialists will be prepared within the country and a mechanism of providing specialist services up to the zonal hospitals will be developed.

Shahid Shukraraj Tropical and Infectious Disease Hospital

The infectious disease hospital will be developed as a centre for services, facilities and study and research of tropical diseases.

Kanti Children's Hospital

As a centre for providing all types of specialist facilities for the curative services of the children and studying and conducting research on children's health, Kanti Children's hospital will be developed as central hospital for children's health.

HRH Indra Rajya Laxmi Maternity Hospital

This maternity hospital has the objective of developing itself as the centre for ultramodern services, education and research related to reproductive health and the health of the newborns. During the Tenth Plan, this hospital will be developed as the focal point of maternity health for the World Health Organization to provide quality services relating to maternity, gynaecology, newborns and family planning and to make available the quality maternity services available.

Urban health

The health organizations and institutions in the metropolis, sub-metropolises and municipalities will be coordinated and provided with the technical assistance by the Ministry of Health as a mediator.

Ayurved services

In order to provide information regarding ayurved, Ministry of Education and Tribhuvan University will be coordinated to formulate the policies on teaching ayurved. A directory on alternative health will be prepared. Ayurvedic hospitals will be established in five development regions to provide health service through ayurvedic methodology. During the Plan period, ayurveda pharmacopoeia will be prepared and mobile ayurved health camps with specialists will be conducted.

Laboratory and other auxiliary services

Specialist-oriented experimentation will be developed to expand the National Public Health Laboratory established for the purpose of experimenting microbes of various diseases on the basis of disseminating system for making diagnoses and medical treatments effective. In addition, provision of basic laboratory services will be made in the local health institutions as well.

Strengthening supervision, monitoring and evaluation systems

Institutional setup of planning, personnel administration and financial administration sectors will be strengthened. In addition to providing with related skill-oriented training to all types of technical and administrative people, improvements will be made in the supervision of their work and evaluation tasks with the aim of making extensive improvements of health service management. The Department of Ayurved will be entrusted with the responsibility of facilitating Homoeopathy, unani, naturotherapy and Singha Durbar Vaidyakhana. As per the policy of transferring the authority concentrated at the centre to the local level according to the Local Self-governance Act, 1998, strengthening programme will be carried out to implement the decentralization action plans. So as to continue this programme effectively, it will be improved on the basis of the reports received from the studies and researches. The

local bodies and Health Management Committees will be trained on operation and management of the health institutions.

Blood bank and blood transmission service

In line with the long-term concept of health, a policy of arranging blood banks and blood transmission services for health service in the central, zonal and district hospitals will be adopted. The offence of trading in blood for cash will be completely discontinued. The non-government organizations and organizations related to literature, music and culture will also be encouraged blood donation. By making the systems used in emergency effective, this arrangement will be strengthened in the district hospitals also. With the help of donor organizations as well, additional modern technologies will be arranged in the Nepal Red Cross Society to make this service more scientific and reliable.

Health research

The Health Research Council, established with the view of formulating policies based on the results obtained from the studies and researches of health sector, will continue the research activities effectively.

24.6.3 The programmes in third priority (P3)

Nepal Eye Hospital

During the Tenth Plan, the Eye Hospital will be developed as an institution to deliver specialist services. Again, there is a concept of making the Hospital economically self-sufficient with the income earned from the services it renders within next ten years. Eye camps, diagnostic treatment, education camp and school screening programmes will be conducted. Research activities will be continued effectively.

Netrajyoti Sangh

In line with commitments made by the World Health Organization and His Majesty's Government, excellent services will be provided to the eye patients through Netrajyoti Sangh by coordinating with the non-government organizations as well.

BP Koirala Memorial Cancer Hospital

During this plan period, besides adding hospital beds and providing the specialist services of cancer, emphasis will be laid on publicizing to keep away from smoking, drinking as they are the main causes of cancer; and essential health service programmes will be continued.

BP Koirala Health Science Foundation, Dharan

BP Koirala Health Science Foundation, Dharan has the programmes of MBBS, B. Sc. (Nursing), Postgraduate, BDS, Bachelor Level Applied Health Science and other training and seminars; and the Foundation has the objective of providing people with health services.

Shahid (Martyr) Gangalal National Health Centre

By carrying out researches and studies within the country, a condition of self-

sufficiency will be attained within coming 15 years in the area of curing heart disease. During the Tenth Plan period, there is a programme of establishing a 200-bedded ultramodern heart related hospital with all facilities. An action plan to develop this centre as a central and disseminating body of national programme for curing and controlling heart disease will be prepared.

Dental care service

A policy related to dental health will be formulated to take this service to the people with priority. Necessary provision for the use of salt and toothpaste with fluoride will be made and dental health education will be made widespread.

Ayurved Hospital, Naradebi

Development of such methodologies as *panchakarma* and *kshatrasutra* (alkynes/salt formula), operation of emergency service, establishment of library and museum for herb samples (herbarium) by arranging required equipments and apparatus to carry out this programme are some activities of this programme.

Singha Durbar Vaidyakhana

Activities of production, export, import, storage, supply and sale will be effectively carried out in order to make the country self-sufficient in the production of ayurved related medicines. Apart from this, medicines will be produced by cultivating medicinal herbs within the country. Ayurvedic service will be developed with the help of effective and modern laboratory. Effective market arrangement will also be made to distribute the products of the Vaidyakhana to the people.

Homoeopathy

In the context of development and extension of this service, a feasibility study for the possibility of establishing Homoeopathy hospitals in the five development regions will be carried out. Emphasis will be laid on production of medicines related to this service within the country.

Unani

This service will be effectively continued during the Tenth Plan also.

Naturo-therapeutics

The natural medical system that helps cure diseases through water, soil, light/heat, air as well as physical exercise, yoga, diet, behaviour, etc, will be mainstreamed to health service in the Tenth Plan and developed in an institutional way.

Management of medicines

Provision of adequate and qualitative medicines as required for the protection of public health will be the objective of the Plan. For this, strategies for special provision of qualitative medicines, ensuring people about the appropriate use and quality of medicine and making the country self-reliant in the production of medicines will be adopted.

Programmes of quality control of the production of vaccines and antibiotics and supervision and test of protecting quality while transporting and storing will be carried out. Special programmes at central and local levels will be conducted with the

efforts of the government, private and both parties to operate programmes of quality medicines.

Post-graduation

As economic, social as well as institutional development is likely with the help of the production of high-level human resource within the country, the programme of preparing postgraduate human resource will be advanced. For this, the group of hospital in the Valley will be treated as the teaching institutions.

Hospital development and extension

As the resources have been apportioned corresponding to the administrative structure of the hospitals up to now, the resources will also be allocated in proportion to the services rendered by these health institutions during the Tenth Plan period.

Control of addictive drugs

Existing laws will be revised to go well with the programme of controlling addictive drug. Public awareness programme will be conducted to check the diversion of the medicines and reduce the number of the drug addicts as well. Programmes to rehabilitate the addicted youths and to create employment-oriented programmes that can generate income for the addicts will be carried out.

24.7 Contribution of health sector to the expected achievements of the Tenth Plan

Poverty eradication

Healthy human resource, low mortality rates of infants and children, development of safe motherhood will improve various aspects of human development indicators (HDI) and, hence, contributes to eradicate poverty. In order to contribute to poverty eradication by way of creating healthy human resource and thereby providing increased opportunities of income generation and employment and making improvements in lifestyle, availability of medicines will be ensured through established health institutions and outreach clinics set not more than two kilometres or more than on hour's walk so as to make preventive, promotional and curative services available to all places where the poor, extremely backward and the communities out of the reach of common health services live until now. In addition, provision of community medicine and health insurance will be arranged in such areas.

Creation of employment and other contributions/achievements and income generation

A healthy workforce is likely to get employment opportunities and generate income thereby. Income growth results in changed lifestyle which in turn is expected to support the development of the country as a result of its (lifestyle's) positive effect.

Expansion of health service helps generate employment in administrative and technical sectors to offer employment opportunities to the local workforce as well as the specialists.

Achievement in regional development and balance

Emphasis will be given to the health service of all five development regions and special programmes will be carried out in Far Western and Mid-Western Development Regions for the balanced development of health service. There is a huge gap between the health service sector of urban and rural areas. Based on health indicators, condition in the Terai is worse than that in the hills/mountains. The health indicators are comparatively weaker in the Mid-Western and Far Western Regions. In this context, special services will be made available easily and universally in the areas where health indicators show weak condition during the plan period.

Local Self-governance Act, 1998 will be implemented

The physical and management aspects of the sub-health posts operated at the rural level will be entrusted to the local elected bodies. Moreover, based on this experience, programmes will be implemented by carrying out additional studies and researches on the operation of the health posts with the involvement of local elected bodies. On the basis of the resources and capabilities of the district hospitals, they will be made effective by converting them into Development Committees¹.

Gender equality

The reproductive health and family planning programmes will no longer be the programmes of women only and male's participation in them will be enhanced. In the programmes such as prevention of unwanted conception, new programmes for creating awareness among the adolescents, unmet need, etc., equal participation of men and women will be initiated, and reproductive health will, however, be protected from the perspective of women's right.

24.8 Probable obstacles and risks while implementing and making achievements

The probable obstacles while implementing the programmes set for the health sector are estimated as follows:

- Because of the geographical difficulties and due to the lack of resources, it may be difficult to communicate right information and provide necessary health services adequately.
- In case the behavioural changes do not take place for health check-up before and during pregnancy, it will be difficult to make safe motherhood programme effective.
- In case the backward women, helpless poor and the women under risks

¹ Development Committees are the special institutional bodies formed under special laws which have autonomy in their day-to-day activities and are entitled grants from the government for their services performed.

remain neglected, consumption of health services may decrease.

- Effectiveness of immunization may be negligible and security assurance for the supply and distribution of the required health materials/means may be scanty.
- Development of timely health care service can be slow.
- Appropriate reforms of such aspects as building, human resource, apparatus, equipment, and management in line with the norms set for health institutions may be difficult.

24.9 Programmes and budget

The summary of programmes and budget of the health sector are given below according to the priority order. Detailed programmes and estimated budgets are presented in Appendix 24.1.

(Rs. in million)

Priority order	No. of programmes	General (expected) growth rate		Alternative growth rate	
		Amount	Percent	Amount	Percent
P1	19	8713.9	62.3	7558.0	70.7
P2	13	3785.9	27.0	3011.9	28.2
P3	11	1500.4	10.7	122.0	1.1
Total	43	14000.2	100.0	10691.9	100.0

24.10 Log frame

The overall form of programme matrix of health sector is presented below. Its detailed sketch is presented in Appendix 3.

*Policies and Programmes Matrix : Health**

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objective: Ensure the health and productivity of the Nepalese people.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Purpose (sectoral objective): Availability of capable and effective health services (curative, preventive, promotional and rehabilitative services) on equality basis, and effective reproductive health and family planning services to bring down the rising people as well.</p>	<ul style="list-style-type: none"> Investment to provide essential health service to the poor and the backward communities will be increased gradually. Ayurved, naturopathy services and traditional healing systems (like homeopathy, Unani) will be developed as the supplementary health service. In order to protect and promote these services, these remedial systems will be developed by the use and development of local medicinal herbs and by enhancing skills and expertise. Health services will be gradually decentralized according to the Local Self-governance Act, 1998 and the office-bearers of Local Health Administration and Management Committees will be involved in orientation programmes to enhance their working capability. So as to raise the availability of and access to the essential health services of such main contributors of the health problems as safe motherhood, reproductive health, child health, nutrition, tuberculosis, kala-azar (typhus), malaria, Japanese encephalitis and other communicable diseases, the health service will be enhanced in rural and remote areas through special services. All government, non-government and private health institutions from the local level health institutions providing basic health services to the central level institutions providing specialist services will be effectively managed and strengthened by means of two-way communication system. 	<ul style="list-style-type: none"> Life expectancy at birth will rise (from 61.9 to 65 years). Among those receiving curative, preventive, promotional health services, all 100% will be satisfied. The number of health workers will be adjusted as per the size of population. Decrease in time to reach the nearest health centre from the households (distance less than one hour's walk). Increase in assistance in management and operation of local level service units of health service from the local level. At all levels of health service, the participants will have enhanced capability to follow plan and management system. 	<ul style="list-style-type: none"> Reports of household survey. Four-monthly and annual reports of MOH. Nepal Health and Demography Survey Report. 	<ol style="list-style-type: none"> Child health programme. Family health programme. Programme for the control of parasites and endemic diseases. Programme for the control of non-communicable diseases. Partnership and participation programme of the government, non-government and private sectors. 	<ul style="list-style-type: none"> In case the local elected bodies and the communities do not show any interest, In case of lack of confidence in peace and security, In case the users do not show any interest in receiving health service, In case the health service programme does not get priority and continuity,

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> With the aim of improving the quality of health services provided by the collaboration of the government, private and non-government sectors, the human, financial and physical resources will be managed effectively. By making reproductive health programme having imperative role in population management more effective, the family planning service will be made more extensive and effective based on the public choice and, hence, will help reduce maternal and child mortality. 	<ul style="list-style-type: none"> The process of ensuring the quality of service in the government, non-government and private sectors will be systematized. Human, financial and physical resources will be effectively arranged. 		<ol style="list-style-type: none"> Programme to operate with the coordination of such programmes as decentralization programme, qualitative management of human, financial and physical resources, population and environment. Programme for the development of alternative curative service system. Programme to enhance the effectiveness of health service through qualitative management of resources. 	<ul style="list-style-type: none"> In case of lack of availability of rated human and physical resources, In case the financial sources dwindle.

* The quantitative goals base on general (expected) growth rate of 6.2 (detail in Appendix 3)

Appendix 24.1 Programmes and estimated budgets

(Rs. in 10 millions)

S. No.	Programmes	Budgets for general (expected) growth rate	Budgets for alternative growth rate
	The first priority programmes/projects		
1	Control of Tuberculosis	58.10	50.40
2	Control of AIDS and sexually transmitted diseases	155.15	134.57
3	Family planning and mother-child welfare and female health volunteers programme	18.12	15.72
4	Extended immunization programme	206.95	179.50
5	Respiratory disease and diarrhoea control programme	42.73	37.06
6	Management of control of epidemiology, malaria, typhus, and natural disaster	55.45	48.09
7	Leprosy control programme	3.18	2.76
8	Supply management	124.37	107.87
9	National Health Education, Information and Communication Centre	24.30	21.08
10	Control of vector-borne diseases and research and training service	14.65	12.71
11	Community medicine and health insurance programme	0.39	0.34
12	Family planning, mother and child welfare and female health	47.49	41.19
13	Integrated supervision programme	65.60	56.90
14	Control of tuberculosis	4.43	3.84
15	Control of respiratory diseases	18.48	16.02
16	National health education, information and communication	12.59	10.92
17	FPMCH (Ramechhap and Dolakha)	9.48	8.22
18	Control of malaria and typhus	8.15	7.07
19	Leprosy control programme	1.77	1.54
	Total	871.39	755.80
	Percent	62.24	70.69
	The second priority programmes/projects		
20	Bir Hospital	249.73	198.67
21	Health Research Council	7.56	6.01
22	Ayurved and others	9.70	7.72
23	Kanti Children's Hospital	17.74	14.11
24	Maternity Home	17.75	14.12
25	Ayurved Hospital	3.02	2.40
26	Ayurvedic hospitals/dispensaries and others	13.61	10.83
27	National Laboratory	6.41	5.10
28	National training programme	25.61	20.38
29	National Training Centre	17.19	13.68
30	Urban health programme	0.74	0.59
31	Contagious Disease Hospital	2.98	2.37
32	Monitoring and evaluation strengthening programme	6.54	5.21
	Total	378.59	301.19
	Percent	27.04	28.17
	The third priority programmes/projects (potential programmes)	150.04	12.20
	Percent	10.72	1.14

S. No.	Programmes	Budgets for general (expected) growth rate	Budgets for alternative growth rate
33	Nepal Eye Hospital		
34	BP Koirala Memorial Cancer Foundation		
35	Shahid (Martyr) Gangalal Heart Centre		
36	BP Koirala Health Science Foundation		
37	Hospital Construction, Renovation Management		
38	Post-graduation		
39	Department for Medicine Management		
40	Health Institution Grants		
41	Singha Durbar Vaidyakhana		
42	BP Memorial Eye Centre		
43	Nepal Netrajyoti Sangh		
	Grand total	1400.02	1,069.19

Chapter - 25

Drinking Water and Sanitation

25.1 Background

By the end of the Ninth Plan 71.6 percent of the total population has the access to drinking water. It is estimated that there are still 28.4 percent of the population deprived of drinking water facility, a basic need of life. As majority of the population is unaware about the importance of environmental, social and personal hygiene and sanitation, the water borne diseases are still out of control. As such epidemic of water borne diseases have been seen. So the major challenge is to develop and expand adequate drinking water supply with sanitation facilities. Side by side, it is also necessary to make the community aware of importance of sanitation for improving the public health.

As a matter of fact, drinking water and sanitation facility are the basic needs of human beings. Development of this sector will have positive impact upon consumers' health, and will produce healthy manpower, which would contribute to the growth of other productive sectors and activities of the country. Safe drinking water will significantly control water borne diseases and on the other hand it substantially minimizes health expenses to be incurred on treatment of such diseases. Apart from this, the time saved from fetching water could be utilized in productive works, which in turn, provide opportunity to earn more income to the general public. Development of drinking water sector contributes to production of healthy manpower, additional income generation and less health expenditure on treatment of diseases. All these together would undoubtedly assist to achieve poverty eradication goal of the Tenth Plan.

25.2 Progress Review of the Ninth Plan:

25.2.1 Target and Achievement:

The target of the Ninth Plan was to provide basic drinking water to all by the end of the plan period. During the period, increased involvement of the consumers' group as well as wider public participation in the construction, operation and maintenance of drinking water projects created favorable atmosphere to make projects more sustainable. The sanitation programs related to health, education and public awareness were also launched during the plan period.

(Population in thousand)

Description	9th. plan target	9th.plan achievement	9th.plan achievement (%)	Benefited by the end of Ninth Plan	
				population	Percent
Additional population benefited from drinking water	9700	2904	29.94	17017	71.6
Population benefited from sanitation	5258	1490	28.34	5920	25.0

The table below presents the status of drinking water facility in the urban and rural areas of the country by the end of the Ninth Plan.

(Population in thousand)

S.N.	Development region	Rural Population		Urban Population		Total Populatiin	
		Benefited	Percent	Benefited	Percent	Benefited	Percent
1.	Eastern	2917	61	471	70	3388	62
2.	Central	4251	65	1465	85	5716	69
3.	Western	3216	79	412	72	3628	78
4.	Mid western	2284	80	168	70	2452	79
5.	Far Western	1719	85	114	46	1833	81
	Total	14387	71	2630	76	17017	71.6

25.2.2 Problems and Challenges

The problems and issues encountered in the implementation of the drinking water and sanitation projects/programs during the Ninth Plan period are as follows:

- Effective coordination could not be established among the agencies involved in drinking water and sanitation sector because of ineffective decentralization of authority to local bodies and consumers' groups. During the period, the local bodies could not play an effective role. Even duplication was noted in the investment programs and activities of the government, non-governmental organizations and private sector agencies.
- Due to the lack of proper repair and maintenance of completed projects, many projects are completely non-operational and many are partially operational. Consumer groups are unwilling to take one the ownership of the completed projects since they are not involved in the implementation phase.
- It is difficult to ascertain the number and types of drinking water projects required for each district, as many district still lack comprehensive district drinking water supply programs. When preparing district development plan only government investment has been included. An integrated program including the investment from national, international and non-governmental organization could not be formulated.
- Inadequate budgetary allocation impede timely completion of the projects . Due to simultaneous initiation of numerous projects, many projects took

more than a decade to complete. Linkage between target setting and budget allocation was hardly maintained. Hence the Ninth Plan could not produce expected output as envisaged.

- The urban drinking water supply system is based mostly upon the government grant and not on cost recovery principle. The private sector could not be attracted in the operation of the drinking water system.
- Updating of national data pertaining to drinking water and sanitation sector could not take place. It is therefore difficult to get the actual status of this sector and consequently the program formulation for improving drinking water supply and sanitation has become a problem.
- The monitoring and evaluation of drinking water supply and sanitation programs/projects are ineffective.
- Proper and adequate coordination in the programs like adult education, health education and income oriented gender activities launched by various agencies could not be established, which is needed for the development of rural sanitation sector.

25.3 Long term vision

The long term vision is to assure drinking water and sanitation facilities in accordance with the Twenty-year Drinking Water Service Perspective Plan. The drinking water service will be categorized into three different levels, viz., high, medium and basic employing indicators like water quantity, quality, access, supply period as well as reliability. As high as 25% of population will be provided high level service and medium level service to 60%, while basic level service will be made available to 15% population. In urban areas, treated drinking water supply will be made available along with the service of sewerage system and solid waste management. In rural areas, drinking water facility will be provided with appropriate system and domestic toilet service.

25.4 The Tenth Plan

25.4.1 Objectives

- Provide basic drinking water service to all regions of the kingdom by gradually up-grading the level of services by the end of the plan period.
- Provide appropriate sanitation facilities in urban as well as in rural areas by increasing public awareness.
- Assist to reduce child mortality rate by controlling water borne and water induced diseases and thereby help to increase income generation through opportunity of utilizing saved labor from illness.
- Involve private sector in the overall management of urban water supply systems/ facilities and also in the improvement and up-gradation of drinking water projects.

25.4.2 Quantitative targets

- Provide basic drinking water service to additional 4.591 million people including 3.852 million rural and 0.739 million urban population within the Tenth plan period.
- Provide a high level service to 1.334 million people and medium level service to 2.668 million people by upgrading the drinking water supply system.
- Sanitation facility will be provided to 7.421 million people including 5.613 million from rural and 1.808 million from urban areas by motivating the households to construct private toilets. Public awareness on personal hygiene and sanitation will be increased through mass publicity and training programs within the Tenth Plan period.
- Detail status of drinking water and sanitation is presented in the Annex 25.2

25.4.3 Strategy

Drinking water is important not only for human survival but for sound public health. The availability of drinking water directly or indirectly will assist the poverty alleviation in the sense that it helps to improve labor productivity which would occur from increase in average life span, reduction in infant and child mortality rate and improved public health. Such indicators improve public health related Human Development Index (HDI). Most of the women and children have to spend substantial time of the day in collecting and in fetching water. Easy access to drinking water therefore undoubtedly will save time, which could be utilized comfortably in other economic activities. In the case of children, the saved time will provide them more educational opportunities. The other benefits of easy access to drinking water are: it increases women literacy and assist in promoting gender equality. Considering the vital role of consumers, they are to be involved in the drinking water projects right from the design stage up to the implementation and operation. Also, the time-bound programs are to be decentralized to all district level agencies. Such decentralization will make the projects more sustainable and their operation as well as maintenance will be effective. In this context, following major strategies will be adopted.

▪ Strategies related to Objective 1

- Drinking water supply schemes will be operational on the basis of cost recovery principle. In rural areas, users' committee will be entrusted to operate the system on operational cost recovery principle, while in the urban areas strategy will be to recover other costs besides operational cost.
- Rural drinking water project will be undertaken on the basis of community needs and demands, with the involvement of user community for maximum utilization of locally available resources and means.

- Emphasis will be given on the conservation of local resources and operating rural drinking water projects through the consumer committees and NGOs. Such institution's skills and capabilities will be enhanced.
- Priority will be accorded to simple and appropriate type of drinking water systems that could be managed by the users' groups themselves. In the areas where perennial and adequate water sources are not available, rainwater harvesting, solar PV pumping system, hydraulic dam, etc. will be promoted.
- Priority will be on the on-going projects and reconstruction of rural drinking water projects.
- Proper conservation and development of natural water reservoirs/storages will be carried out by utilizing surface as well as groundwater sources existing in the protected watershed areas through integrated management approach.
- **Strategy related to Objective 2**
 - Sanitation program will be made as an integral part of the drinking water supply project. In the urban areas where population density is high, public awareness in sanitation will be raised and drainage sewerage system will be constructed with community participation. In other places emphasis will be given to construct public toilets.
- **Strategy related to Objective 3**
 - To Strengthen the quality monitoring and controlling process, national code of conduct on the norms and standard of water quality will be devised. A national drinking water regulatory committee will be formed.
- **Strategies related to Objective 4**
 - Drinking water facility will be developed and extended by involving private sector and encouraging their participation in the development as well as management of urban drinking water supply along with entrusting responsibility to the District Development Committees (DDC), the Village Development Committees (VDC) and Municipalities in line with decentralization policy.
 - The regulatory committees will gradually monitor drinking water services operated in urban and semi-urban areas by private sector, semi-government organizations, consumers' committees and governmental organizations.

25.4.4 Policy and Working Policies

- **Cost recovery in the Operation of Drinking Water Supply Project (Related to Strategy 1)**
 - Provision will be made to deposit certain percentage of total project cost in cash in the project fund in the beginning of the project. In order to ensure drinking water service to the poor and backward communities

from the projects launched under consumer's contribution programs, these communities will be exempted from such contribution. Also, repair and maintenance fund will be established by collecting money from the water users' group for project's operation and maintenance at the very outset. The service level will be tied up with the consumer's contribution. The modality will be "Higher the contribution, higher the service level."

- The consumers' groups will be given proper training regarding the necessity of service tax, and monitoring system will be strengthened with the objective of making the project's repair and maintenance system effective. The water charges will be fixed so as to cover the expenses incurred on the repair and maintenance. Also, provision will be made of the trained repair and maintenance worker.
 - In addition to external resource mobilization for construction of drinking water projects, internal resources will also be channeled to the maximum possible extent by coordinating with various local institutions. The urban water tariff policy, which will be guided by the scientific cost recovery principle that takes into account cost of capital, water supply as well as facility expansion, etc. will be put into operation.
 - Considering the level of services to be provided, policy of differentiated tariff rates will be introduced for different towns. The consumers will have to bear certain percentage of total cost of newly proposed construction project in the urban areas. Legal arrangements will be made for the access of consumers' groups to borrow money from the financial institutions for drinking water projects. In this regard, necessary policy and level reform measures will be introduced.
- ***Participation of consumers' groups in rural drinking water supply projects (Related to Strategy 2)***
- Every district development committee will prepare its annual and periodic master plans, and all other sectors will implement the projects incorporated in the master plan in priority basis. This will incorporate all projects implemented either by government or by non-governmental organizations within the district development program.
 - It will be made mandatory that project preparatory phase should devote, at least, one full year community mobilization and management before the implementation in order to develop and operate drinking water projects in a sustainable manner. The projects proved unfeasible on economic, social and technical grounds will not be implemented. With a view to provide consumers' groups a legal status and to coordinate them with local institutions as well as to avoid duplication, registration of consumers' groups during preparatory phase itself will be made mandatory under the Water Resources Act.

- Standard criteria will be used in the prioritization and selection process of rural drinking water projects. The projects will be prioritized under such criterion, and implemented accordingly.
- With a view to make women's role effective for project sustainability, the female representation will be made mandatory in consumers' committee, and representation of at least one female member in the committee will be made mandatory.
- ***Implementation of rural drinking water supply projects through consumers' committees or Non-Governmental Organizations while ensuring conservation of local resources (Related to Strategy 3)***
 - Emphasis will be given on regional balance, while taking up new construction projects. New projects will be taken in those districts where very few people have access to the drinking water.
 - Arrangement will be made to complete the construction within the period of two years after their implementation. This will help quick return from the projects and the consumers will get the benefit soon.
 - Maximum peoples' participation will be mobilized so that to promote optimum use of local resources and skills for project development. Among others, the degree of peoples' participation will also be considered as one of the criterion of prioritization when selecting and implementing projects. The rural areas will enjoy certain leverage on the basis of equity oriented participation principle, since the transport cost raises the project cost significantly in such areas, which otherwise would demand very high local contributions.
 - Different types of training programs will be launched for capacity building of local consumers' groups. Such trainings will also be conducted for completed projects should need arises.
- ***Priority to drinking water supply projects affordable to consumers' committees (Related to Strategy 4) based on simple and appropriate technology***
 - Department of Drinking Water Supply and Sewerage (DWSS) will be made responsible to major activities, for instance, policy formulation, technical support, monitoring and evaluation of the project, while in the works related to construction DWSS, consumers' groups and local institutions will be made responsible. In this context, the responsibility of construction of minor projects benefiting less than 1,000 people on an average will lay with the consumers' group. In such projects non-governmental organizations, community organizations, private sector and local institutions will play facilitator's role.
 - Priority will be accorded to construction of small drinking water projects, which are within the capacity of consumers' groups, and which are affordable and sustainable. Drinking water will be supplied by employing the rainwater harvesting method as well for those areas where permanent

sources of drinking water are not available in near by localities. All the places of the kingdom requiring rainwater harvesting will be identified and a comprehensive plan will be prepared for its implementation. Solar PV pumping system, hydraulic ram, technologies will be adopted, if feasible in such areas for supplying drinking water.

- ***Priority to reconstruction and on-going / uncompleted rural drinking water supply projects (Related to Strategy 5)***
 - Priority will be given to complete the incompleted projects while allocating resources.
 - Reconstruction of rural drinking water projects will be carried out with the local community participation.
 - The whole responsibility of construction as well as repair and maintenance of the projects will be vested to consumers' committees/groups. For major repair and maintenance, the consumers' groups and the local institution have to bear expenses, but the district office of the concerned agency will make available necessary technical supports. Grants will be made available from the Natural Disaster Fund for repairing damages caused by natural disaster.
- ***Development and Proper Conservation/Protection of Natural water storage (Related to Strategy 6)***
 - Emphasis will be given particularly to the improvement of watershed areas and also protecting water sources for quality maintenance of drinking water in rural areas. Moreover, effective legal provision will be introduced to protect water sources from pollution.
- ***Sanitation program as an integral part of drinking water project (Related to Strategy 7)***
 - Mutual coordination among the agencies involved in drinking water and sanitation sector will be made functional and effective under the active role of the national drinking water and sanitation committee. At the ministry level, coordination among the government, non-government and private sector as well as other agencies involved in drinking water supply will be established to enhance project effectiveness.
 - The construction of sewerage drainage system with filtration plant under the active involvement of consumers' group for unpolluted urban environment will be encouraged. The consumers will be motivated to construct private toilets with safety tanks in the areas where there is no sewerage drainage system. Private sector will be involved for institutional development in collecting and processing of night soil of safety tanks to produce agriculture manures. Necessary laws will be enacted and enforced to discourage the tendency of polluting clean and pure environment by discharge of sewerage drainage in the rain water drainage, surface water drainage, river and streams.

- ***Water Quality Improvement for safe drinking water (Related to Strategy 8)***
 - Filtration plants will be constructed to improve the quality of surface water. Gradually, ground water filtration will also be taken up for its quality improvement.
- ***Involvement of private sector in the development and management of water supply system in urban areas (Related to Strategy 9)***
 - Department of Water Supply and Sewerage (DWSS) will create sectoral data bank on water supply and sanitation sector. It will assist the Ministry of Physical Planning and Works and the National Planning Commission in the formulation of plan and policies.
 - Private sector involvement will be encouraged in the management of existing drinking water system and development of new projects in the urban areas.
 - A regulatory body will be established to monitor drinking water service benefits, water quality and water charges.
- ***Monitoring of drinking water service in urban and semi-urban areas (Related to Strategy 10)***
 - Top priority will be accorded to renovate the defunct drinking water project because of poor maintenance, under the leadership of consumers' groups. Priority will be given to transfer the project ownership to the consumers' groups after renovation.
 - Emphasis will be given on regular monitoring and evaluation of drinking water and sanitation development related activities. Monitoring and evaluation phase will be incorporated even after the completion of project, in which achievement evaluation will be paid greater attention.

25.4.5 Programs and Implementation Arrangement

The programs below will be implemented in order to realize the targets of the Tenth Plan.

The rural sector program

Department of Drinking Water Supply and Sewerage (DWSS) and the Rural Drinking Water and Sanitation Fund Development Board have played important role in the extension and promotion of drinking water and sanitation facilities in the rural areas. The government investment in the drinking water and sanitation is mostly spent through these two institutions. The following activities will be undertaken for the development of rural drinking water supply during the Tenth Plan period.

In order to provide drinking water facility to the people of rural areas by extending the service, programs to complete on-going projects will be continued. Under this program, in hill areas drinking water will be supplied by constructing gravity projects based upon surface water, but in terai region hand pump, deep boring and wells will be constructed, since in most of the terai area underground water can be exploited easily. With respect to drinking water supply in the scattered settlements, traditional

sources of drinking water services will be improved and protected, since pipe distribution system will be expensive in such settlements.

Under the World Bank/IDA Credit financing made through the Rural Drinking Water and Sanitation Fund Development Board, the target is to provide basic drinking water service to 0.950 million population by implementing 1,260 rural community drinking water and sanitation schemes within the Tenth Plan period

A study on community based rural drinking water project is continuing. The project is under implementation with the support of the Asian Development Bank. About 560 thousand people are estimated to benefit from this project within the Tenth Plan period.

Only those rural drinking water projects/schemes will be implemented which would address the need of the consumers' groups and which fall under the priority listing of consumers' demand. The main basis for selecting and prioritizing the projects will be the status of drinking water facility, and time saving after the project/scheme completion. In this regard the non-governmental organization/private sector and the government agencies will assist the consumers' groups/committees. However, the sole responsibility of maintaining the project after completion lies with the consumers' groups/committees. The District Technical Office (DTO) will make available necessary technical support for this. The Department of Drinking Water Supply and sewerage (DWSS) will assist the consumers' groups if the project is large in size and its beneficiary exceeds 1,000 people. The DWSS will also help in quality improvement aspect and rehabilitation as well as technically complicated projects. The Departmental role would be of a facilitator during the project implementation stage.

The Urban Sector Program

In major towns and cities of the kingdom, annual demand of drinking water for domestic use, other industrial use and commercial use is growing at the rate of 6 to 9%. In large towns, the existing system could hardly meet water demand of the population. In the context of growing population pressure, the problem of drinking water supply in these towns will be more complicated in the coming years. In such a situation, rehabilitation of existing drinking water system along with the new program for increase water supply as well as the up-gradation of drinking water service quality program will be undertaken during the Tenth Plan period with the available investment resources.

In the small towns and urbanizing market places of the kingdom, the implementation of small town drinking water supply and sanitation program will be continued. By mobilization of the cash and kind contribution from 40 to 50 small town consumers' groups and using partial cost recovery principle, quality drinking water and sanitation service will be provided to additional 900,000 people within the period of Tenth Plan.

The drinking water quality improvement project will be implemented to up-grade service level by improving the water quality of existing system in the Tenth Plan period. Also, filtration plants will be constructed to improve quality of surface water as well as steps will be taken to treat the underground water. The private sector investment will be encouraged in these programs; the projects under such program

will be implemented on the basis of feasibility study.

Kathmandu Valley urban sector program

The drinking water demand of the Kathmandu valley at present is about 170 million liter per day, whereas the supply of drinking water is merely 140 million liter per day during rainy season and in dry season it is not more than 90 million liter per day. Therefore, the existing supply-demand gap is a major problem. To cope with this situation the Melamchi Drinking Water Project will be taken up as a long-term solution and for the short period, water sources available within the Valley will be explored, identified and constructed along with the measures for improvement of the existing water supply system. In this context, new projects will be implemented for optimal use of available water sources of the Valley, reduce the leakage of water and strengthen the existing system for the improvement of existing water supply situation. Under the Kathmandu Water Supply Improvement Project, additional 13.0 million liter per day water will be supplied from the river Manohara.

The Melamchi Water Supply Project

It is projected that water demand in the Kathmandu Valley will reach about 250 million liter per day by the end of the Tenth Plan. Rapidly increasing water demand is not possible to meet by the existing water sources within the Valley. The Melamchi Water Supply Project, considered appropriate technical, financial and environmental grounds, is being implemented as a long-term solution. Major construction of the project will be completed by the end of Tenth Plan period however the project target is to supply water at the beginning of the Eleven Plan only. The project will supply 170 million liter per day water to the Kathmandu Valley.

The existing sewerage and surface drainage system of the Kathmandu Valley will be rehabilitated. The limited sewerage drainage facilities existed in few places at present will be gradually extended. The existing non-functioning sewerage treatment plants/stations will bring into operation by rehabilitating and renovating them along with the construction of new drainage system, make the rapidly polluting rivers and rivulets of the Kathmandu Valley pollution free.

The Sanitation Program

Sanitation programs will be launched as an integral component of the drinking water supply projects. Consumers will be motivated to construct and use family toilets. The locals will be educated on the importance of sanitation in public health through extensive publicity and training programs. The rural sanitation project will be implemented separately for the community, where drinking water has been already available.

Sewerage drain construction program will be implemented in the urban areas and district headquarters assessing local needs to minimize the adverse impact resulted by growing urbanization and high population density on urban environment. Feasibility study for development and extension of surface and sewerage drainage system will be carried out. Based on availability of financial resources, sewerage drainage system

with the treatment plant will be constructed and operated in few other towns of the kingdom.

Rainwater Harvesting

Drinking water distribution through piping system is complicated and expensive in those hilly areas having none of the traditional water sources and having scattered settlements. In order to provide relief to the people residing in those settlements by collecting rain water and distributing in the dry season, a rain water harvesting project will be implemented. About 40,000 people will be benefited from this program.

Support Programs

Projects having direct and quantitative benefit for the sustainable development of water and sanitation sector will be implemented likewise activities such as quality improvement, leakage control, metering, public awareness, enhancement, development of management information system and monitoring and human resource development will be effectively implemented.

Regarding the issue of arsenic in tube well water of Terai region, necessary coordination among various agencies and institutions will be established to ascertain the magnitude of arsenic content in tube well water, and a water tasting program at national level will be initiated. Alternative water sources will be explored where the arsenic content is high. In those places having is no alternative of tube well water, necessary measures will be taken for their proper treatment.

25.4.6 Policy Reform

Consumers' groups will be involved from the very beginning of project phase and the responsibility of implementation, repair and maintenance of the project will be given to them. The role of the non-governmental organization, private sector and district office of line ministry/department will be of supporter and facilitator.

The entire responsibility of maintenance of the rural water supply schemes lies with consumers' group and local bodies. In general, all types of repair and maintenance works will have to be carried out by the consumers' groups except the major repair and maintenance works. In case of major maintenance, the consumers' groups will be provided financial support from the local institution and technical help from the district office of the line ministry/department to complete the work.

Municipalities will be involved and assigned special responsibility for the development and extension of urban water supply system. The Kathmandu Valley Water Authority will be set up for the integrated use of water sources of the Valley. The Authority will be constituted with the representation of the local bodies and concerned ministries. It will develop management concept regarding water distribution, water use and protection of water sources of the Kathmandu Valley by implementing water sources protection and conservation measures and methods of river basin management.

Acts relating to Urban Sector Water Supply Service will be formulated and enforced with an objective to involve private sector in the development and management of urban water supply. This Act will create congenial atmosphere for the private sector participation in the development and management of water supply and sewerage system.

In order to discourage uncontrolled use of groundwater for preventing environmental disaster that may happen at any time due to drastic fall in groundwater level, amendment in the existing Acts and regulations will be undertaken.

25.4.7 Prioritization of projects

Drinking water supply projects incorporated in the Tenth Plan have been prioritized. The Melamchi Water Supply Project has been identified as the national priority project and top priority has been given for its implementation.

Next priority area of drinking water sector is to provide basic drinking water service. The up-gradation of drinking water service program falls under the second priority. The criteria of listing priority are regional priority, need of government's involvement, cost effectiveness, regional balance and expected period of return/benefits from the proposed projects. The priorities of projects/programs have been grouped into three broad levels, and description of prioritized projects are presented in the Annex 25.1

Priority Categorization of Projects in Summary Form

(Rs. in millions)

S.N.	Project/Program	No. of Programs	Expected Growth		Normal Growth	
			Amount	Percent	Amount	Percent
1.	Melamchi Project	1	2156.59		1733.34	
2	Priority- No.1	9	561.51	73.4	451.31	90.6
3	Priority-No.2	6	196.45	25.7	39.29	7.8
4	Priority-No.3	7	7.53	0.9	7.38	1.6
	Total:	23	2922.08	100.0	2231.32	100.0

While prioritizing the drinking water supply projects separately, difficulty of water supply (fetching time for water) will also be considered.

25.4.7 Economic contribution of drinking water supply sector

a) Employment Generation:

It is estimated that additional 15,000 jobs will be created from the various programs and activities of drinking water supply and sanitation sector during the Tenth Plan period.

b) Impact on Gender Equity:

It is required to have equal contribution and participation of both the male and female for the balanced development of the country. Hence, the role of female will be increased gradually in the implementation of drinking water supply and sanitation programs. The role of women will be made decisive by involving them in each stage of project operation, considering their major responsibility in the Nepalese society from water collection and carrying home, use and cleaning of houses, while implementing the project. The project will be sustainable as well as the women will get time to participate in other activities from such arrangement. Women will be made capable by undertaking adult education and income generating programs as supportive programs of water supply projects. This will avail them opportunity to involve in income earning activities. Likewise children also get opportunity to go to school, which helps increase in enrollment of girls students and contributes to realize the target of gender equality.

c) Contribution to Poverty Eradication and Human Resource Development:

The investment in the drinking water and sanitation sector not only provide drinking water service but it will improve the health condition of consumers thereby contribute in productive activities. Besides, it helps to check expansion to be made on the treatment of water borne diseases. It will bring down the child mortality rate. A study has revealed that in hill areas more than 2 hours per day is spent in fetching drinking water. So, it helps to utilize the time save in the additional income earning activities and also saves energy spent on water fetching.

25.4.8 Monitoring indicators

Following indicators will be used for output monitoring of water supply and sanitation program:

- Number of projects annually completed and benefited population from those projects
- The degree of people's participation.
- Cost effectiveness
- Time saving in fetching water
- Service provided to neglected and poor section of the population
- Production indicators such as women's participation (in consumer committees) and outcome indicators such as health and hygiene.
- Reduction of diarrhea to the children below the age of 5 years
- Regular use of toilets

25.5 Risk and obstacles anticipated during program implementation

When implementing the programs to realize the targets of the Tenth Plan, the following risks and obstacles may emerge.

- Availability of sources of water and continuity of water availability
- Continuity of peoples' participation
- Capacity building of local bodies
- Private participation in the urban water supply management
- Pollution of natural sources of water
- Effectiveness of cost recovery principle in urban water supply

25.6 Log frame

The log frame of water supply sector is presented in the table below and its detail is presented in the Annex 3.

Log frame of Policy and Programs: Drinking Water and Sanitation Sector

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sector Objective: Improve public health and increase productivity by providing drinking water and sanitation service

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector Objective: Improve public health and increase productivity by supplying drinking water and sanitation services in a sustainable manner.</p>	<ul style="list-style-type: none"> • Drinking water project(s) will be operated on the basis of cost recovery principle. • Drinking water project(s) will be constructed and operated with the involvement and participation of Users' Community and local resources will be mobilized to the maximum. • Emphasis will be laid down to increase skill and capacity of the users' community/committees and NGOs who will involved in the mobilization of rural drinking water schemes / projects • Priority will be given to appropriate, simple technology based projects / schemes, which could be afforded by the consumers' committees. In those places where there are no permanent sources of water and enough water quantity, drinking water will be supplied by adopting rainwater harvesting, solar PV pump, high dam (hydro ram), etc. • Priority will be accorded to rural drinking water projects to be reconstructed and uncompleted /ongoing projects • Adopt policy for proper protection and 	<ul style="list-style-type: none"> • 85% of population will benefit from basic drinking water services. • Additional 5% population will be benefited from high level service • Additional 10% population will be benefit from medium level service. • Reduction of illness from water borne diseases (children below 5 years of age) • Save in water fetching time. • Increase in school enrolment of girl students in rural areas. • Reduction in per capita expenditure in health treatment. 	<ul style="list-style-type: none"> • District drinking water and sanitation documentaries. • Trimester and annual programs of the Ministry of Physical Planning and Works. • District health statistics • Special survey reports 	<ol style="list-style-type: none"> 1. Provide basic drinking water facility 2. Provide appropriate sanitation facility 3. Up-gradation of drinking water service level 4. Increase capability of local bodies/institutions and consumers' community 	<ul style="list-style-type: none"> • Continuity of peoples and local bodies participation and contribution • Local level capacity building

development of water storages by protecting the watershed and manage integrated use of its surface and underground water sources.

- Sanitation will be made as an integral component of drinking water program. In urban areas where population density is high, sewage drainage will be constructed with peoples' participation, while in other areas toilets construction will be emphasized.
- National code of conduct/ norms for quality water will be developed to provide safe drinking water. Quality monitoring and controlling process will be strengthened. Also, national water regulatory authority will be set up.
- In urban areas, private sector involvement will be encouraged. Also, drinking water facility will be developed and extended by giving responsibility to District Development Committee (DDC), Village Development Committee (VDC) and municipality in line with the decentralization policy.

Note: Quantitative targets are based upon 6.2% economic growth (Detail is given in Annex 3)

Annex 25.1: Programs and Estimated Budgets

(In Millions of Rs.)

SN	Project/ Program	Expected Growth Rate	Normal Growth Rate
1.	Special Projects:		
	a) Melamchi Drinking Water Project:	15,954.6	12,823.3
	b) Kathmandu Valley Urban Drinking Water Project:	4,402.9	3,538.8
	c) Kathmandu Valley Drinking Water Improvement Project:	1,208.4	971.3
	Total:	21,565.9	17,333.4
	Program/Projects under First Priority		
2.	Other Maintenance and Improvement Project (Rehabilitation project):	404.2	324.8
3.	Rural Drinking Water and Sanitation Fund Development Board:	1,514.9	1,217.6
4.	Rain water Harvesting Project:	78.8	63.3
5.	Drinking water Leakage Control and Maintenance Program:	33.7	27.1
6.	National Management Information System and Monitoring	8.1	06.5
7.	Community Drinking Water Project:	916.1	736.3
8.	Environmental Sanitation Program:	32.3	26.0
9.	Drinking Water and Sewerage Drainage Program:	67.4	54.1
10.	Drinking Water Project:	2,559.7	2,057.3
	Total:	5615.1	4513.1
	Percentage:	93.02	97.91
	Programs / Projects under Second Priority		
11.	Rural Drinking Water and Sanitation Program:	178.5	35.7
12.	Rural Drinking Water Development Program (Western Development Region):	12.0	02.4
13.	Human Resource Development Project:	20.0	04.0
14.	Macro Sewerage Drainage Project:	60.0	12.0
15.	Drinking Water Supply Improvement of urban areas Outside the Kathmandu Valley Program:	414.0	82.8
16.	Small Town Drinking Water and Sanitation Project:	1,280.0	256.0
	Total:	1,964.5	392.9
	Percentage:	6.72	1.76
	Program/Projects under Third Priority (Proposed Projects)	75.3	73.8
	Percentage:	0.26	0.33
17.	Drainage Construction project		
18.	Drinking Water Production Enhancement Program		
19.	Rural Sanitation Program		
20.	Drinking Water Quality Improvement Project		
21.	Deep Tube well and Metering Project:		
22.	Maangadh Drinking Water Project:		
23.	Bagmati Drainage Project:		
24.	Projects run under Ministry of Local Development *:		
25.	Projects under Non -governmental Organization**:		
	Total:	29,220.8	22,313.2

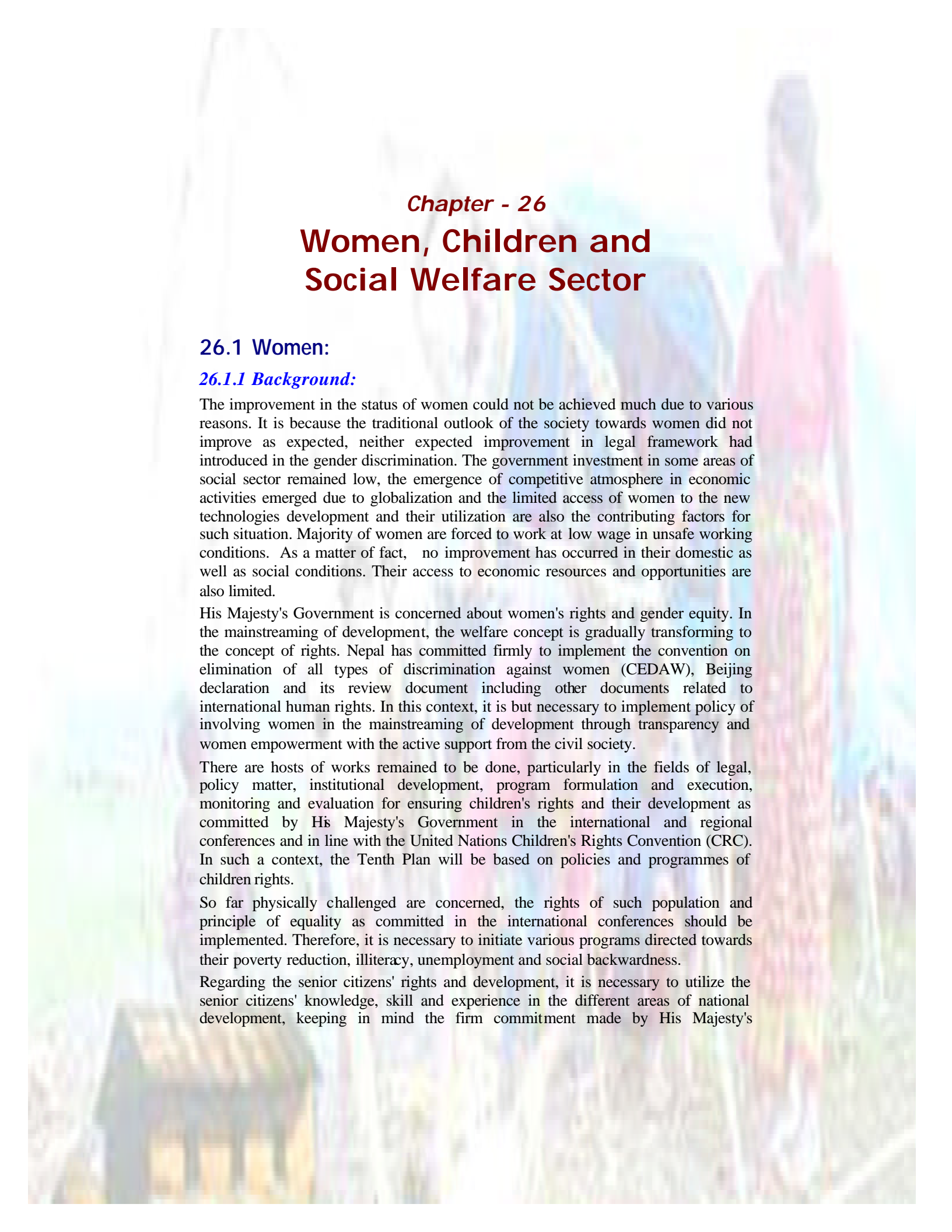
* Budget allocation will be made under the Ministry of Local Development.

** Budget will be borne from the sources of the Non-Governmental Organizations

Annex 25.2 : Status of Drinking Water and Sanitation by the end of the Tenth Plan

(Population in thousand)

S.N	Description	Rural	Urban	Total
	-Population of FY 2058/59:	20,281	3,461	23,742
	-Projected population for the FY 2063/64:	22,315	4,368	26,683
	Drinking Water Sector			
1.1	Benefited population up to FY 2058/59:	14,388	2,630	17,017
1.2	Benefited population up to FY 2058/59 (in %) :	70.9	76.0	71.6
1.3	Projected population to be Benefited by FY 2063/64:	18,967	3,713	22,680
1.4	Projected population to be benefited by FY 2063/64 (in %):	85	85	85
1.5	Population to be benefited from the existing system by FY 2063/64:	15,115	2,974	18,089
1.6	Additional population to be benefited from new projects in Tenth Plan period:	3,852	739	4,591
	Service Quality Improvement			
1.7	Additional population to be benefited from the high quality service in Tenth Plan:			1,334
1.8	Additional population to be benefited from the medium quality service in Tenth Plan Period:			2,668
	Sanitation Sector			
2.1	Benefited population as of FY2058/59:	4,094	1,826	5,920
2.2	Benefited Population as of FY2058/59 (in %):	21	53	25
2.3	Projected population to be benefited by FY 2063/64:	9,707	3,634	13,341
2.4	Projected population to be benefited by FY 2063/64 (in %):	43	83	50
2.5	Additional population to be benefited in Tenth Plan Period:	5,613	1,808	7,421



Chapter - 26

Women, Children and Social Welfare Sector

26.1 Women:

26.1.1 Background:

The improvement in the status of women could not be achieved much due to various reasons. It is because the traditional outlook of the society towards women did not improve as expected, neither expected improvement in legal framework had introduced in the gender discrimination. The government investment in some areas of social sector remained low, the emergence of competitive atmosphere in economic activities emerged due to globalization and the limited access of women to the new technologies development and their utilization are also the contributing factors for such situation. Majority of women are forced to work at low wage in unsafe working conditions. As a matter of fact, no improvement has occurred in their domestic as well as social conditions. Their access to economic resources and opportunities are also limited.

His Majesty's Government is concerned about women's rights and gender equity. In the mainstreaming of development, the welfare concept is gradually transforming to the concept of rights. Nepal has committed firmly to implement the convention on elimination of all types of discrimination against women (CEDAW), Beijing declaration and its review document including other documents related to international human rights. In this context, it is but necessary to implement policy of involving women in the mainstreaming of development through transparency and women empowerment with the active support from the civil society.

There are hosts of works remained to be done, particularly in the fields of legal, policy matter, institutional development, program formulation and execution, monitoring and evaluation for ensuring children's rights and their development as committed by His Majesty's Government in the international and regional conferences and in line with the United Nations Children's Rights Convention (CRC). In such a context, the Tenth Plan will be based on policies and programmes of children rights.

So far physically challenged are concerned, the rights of such population and principle of equality as committed in the international conferences should be implemented. Therefore, it is necessary to initiate various programs directed towards their poverty reduction, illiteracy, unemployment and social backwardness.

Regarding the senior citizens' rights and development, it is necessary to utilize the senior citizens' knowledge, skill and experience in the different areas of national development, keeping in mind the firm commitment made by His Majesty's

Government in different international conferences and ensuring social and economic security for their dignified living.

There has been a surge in the registration and operation of various non-governmental and social organizations committing public awareness enhancement and socio-economic development. The experience tells that the international non-governmental organizations are to be made obligatory to implement their programs through national non-governmental organizations and civil societies and equally it is important that their programs are to be formulated in coordinated manner with the center and the local institutions. Hence, it is felt necessary to create congenial atmosphere to enhance their operations by bringing them into mainstream of national development.

The government by adopting positive in-discriminatory policies in an effort of equity oriented development has implemented various programs and projects directed toward the development of women, children, physically and mentally challenged (disables), senior citizens and socio-economically backward ethnic groups and people through the targeted plan and programs. These programs are launched in consonance with the commitments made by the government and they are related to different treaties, conventions and conferences. The convention on abolition of all types of discrimination against women, convention on children's' right, conferences on social development, and the 1995 United Nations conventions are just a few to be mentioned. The national and international non-governmental organizations have contributed in a meaningful way in these programs. In order to carry out these efforts in more effective way, it is equally important to reform the management system and other aspects to make non-governmental organizations and civil society achievement oriented in their actions in the area of raising the living standard of targeted groups.

Some notable indicators revealing the status of male and female in the areas of access to economic resources and control as well as opportunity in consumption is presented in the table below.

Information Exhibiting Status of Females

Subject	Male	Female
1. Population (%)	49.96	50.03
2. Average age (in years)	61.8	62.2
3. Literacy rate (above 15 years in %):	62.2	34.6
4. Participation in Council of Ministers (%):	94.45	5.55
5. Member of House of Representatives (%)	86.67	13.33
6. Participation in Civil service (%)	91.45	8.55
7. Judges (%)	97.96	2.04
8. Teachers (%)	74	26
9. Participation in communication sector (%):	88	12
10. Participation of foreign employment (%):	89.15	10.85
11. Land ownership (%):	89.16	10.83
12. House ownership (%):	94.49	5.51
13. Contribution to agriculture production (%):	39.5	60.5

Source: National Population Census Report, 2001, Central Bureau of Statistics

26.1.2 The issues requiring gender mainstreaming, in sectoral basis:

The gender equality is the most important base for poverty eradication. It is necessary to merge socially and economically backward communities into the mainstream of development on the basis of equality and equity oriented principles. Women empowerment, gender equality and mainstreaming are necessary to include in the objectives as well as programs of other line ministries.

The women empowerment policies and programmes should be incorporated transparently and responsibly in the development mainstream, and benefits of the development should be catered to the targeted groups with the active participation of the civil societies. The woman issues are human development issues, so it should not be limited to one particular ministry. The gender balancing strategies mentioned in the national work plan of gender balancing and women empowerment could not be so successfully incorporated in the sectoral objectives and annual work plans of the line ministries. Likewise, the sectoral ministries have to take additional efforts to develop institutional capabilities to work with in the areas of women's human rights and women development targeting gender equality, for which the government has expressed, time and again, its commitment at the international levels.

In order to mainstream the women issue in the national development, ensure women's access to the resources and benefits of development, and reduce the existing gender gap, the women issue should be dealt as a sectoral issue as well as crosscutting issue. It is required to formulate policy and programs as well as their effective implementation for improving the existing socio-economic condition of women by adopting various policies based upon equality and equity to merge various sectors' activities into gender mainstreaming.

a) Social Sector:

Education is the important medium to realize the goal of gender equality and women empowerment. Despite the fact, the gender gap wide in education sector. The present situation is characterized by low female literacy rate, low female enrollment rate, low female participation in technical education, high female drop out rate in the school, few game clubs for female and not more than 26% of teachers are females. Therefore, policy to reduce gender gap need to be adopted for improving the existing situation and for this policy level and working level coordination will be enhanced among related sectors' agencies.

In this context, the programs such as compulsory employment of female teacher up to the level of secondary education, inclusion of gender perspective in the curriculum, extension of female scholarship along with facilities of hostel to female students will be undertaken. It seems necessary to include topics like women's perspectives and gender sensitivity in the training courses and women participation in management transfer, debar from schooling to be treated as social crime, arrangement of separate examination for the women in maternity within specific time period and there is a need to organize national sports/games for females exclusively.

The health condition of Nepalese women is very poor. The reasons are less access to health service, poor mental health, leukemia and malnutrition, poor knowledge about maternity health cure, lack of legal consultancy services, limited maternity services by trained persons, high maternal mortality rate, child marriage, etc. Hence, the

policy like formulation of integrated health program instead of isolated one as well as policy of life cycle based on reproductive health care service has been adopted.

In the health sector, number of programs has been implemented. These programs are maternity health service, formulation of the procedural arrangement oriented towards health service regulations related to safe and easy access to maternity health service, sex education and consultancy service for youth, extensive publicity on HIV / AIDS, consultancy service as well as other health services to women suffering from HIV/ AIDS and arrangement of consultancy and health service to women above 49 years of age. In addition, programs such as, development of the fully-equipped maternity service in each district, extensive publicity on family planning and its service up to the village level are executed. Besides, activities like awareness in the area of women's rights to health service by using communication media and also about nutrition awareness including malnutrition treatment was undertaken. All programs of health sector need to be gender friendly.

Although the institutional development of electronic and print media has developed along with the privatization process in the country, women participation and gender mainstreaming could not however be taken place as expected. In the communication sector, not more than 12 percent women found employed, but most of them were in the supportive posts, not in the policy making. The study on women has not been carried out yet in the communication sector. Special program is to be launched to increase information and access of women in the field of information and communication by adopting policy of women access and their participation at all levels of the communication for their mainstreaming in the communication sector. In the same manner, special time and budget are to be allocated for the development of women and children, along with the awareness programs to change their traditional role. Also, the opportunity for study suitable to women is to be created and training to be provided to them. The gender awareness related training courses for woman journalists from policy to grass root level including measures for extensive publicity and broadcasting about women's rights and empowerment are also to be undertaken.

The women's condition as of today is that women employment in local institutions is limited to allocated quota only. The women have not been in the decision making levels, although there are 40,000 posts, as provisioned by the Local Self Governance Act, that females can be employed. The women participation in all the community activities including housing, sanitation, rural electrification, transport, drinking water and communication is to be ensured. Similarly, quota is to be fixed for increasing women participation in the decision-making level of the local level institutions. The participation of women in the training program related to leadership development is to be increased. The women public representatives association is to strengthen with adequate resource and the program related to empowerment of the marginalized women/ downtrodden/backward community is to be launched.

b) Economic Sector:

Women play major role in the economic activities. Generally, the domestic chores as well as agriculture work done by women is not considered in the national income estimation. Women's access to economic resource and control over it is less because

of legal discriminatory property rights. The difference between average income ratio between male and female is 1: 0.39. The implementation of micro financing program, focusing on women as a target group has not produced any substantial impact on eradicating poverty of the country as expected. Hence, the policy will be adopted to assess the female work in the national accounting system and gender auditing for women empowerment through their economic self-sufficiency. The policy and law will be formulated to assess tax on women independently. The credit program with the objective of providing clean loan to women at low interest rate and priority to women in loan disbursement will be implemented. Also, necessary measures will have to be taken to encourage those industries with limited female employees to increase female labor in their industries.

Despite the fact that women work as high as 11 hours a day on an average, their income is very low. It is because majority of them work in the rural area and that also in the informal sector. Another reason is that women do substantial amount of work without remuneration. Because of the maternity role to be played by women, they have dual work load and it has affected their employment outside domestic affairs. Of the total labor force employed in foreign jobs, the share of female is not more than 10.85%. In addition, women are victimized of wage discrimination as well. Not only that there is lack of policy and acts of controlling the ill-sex behavior to them in the work places. However, some policy measures for women participation and their protection at the working places have been taken to improve their participation in the employment.

The policy and programs need to be implemented include development of policy and acts for promoting women participation in the employment, provide training related to modern business and occupation for increase in women employment, enforcement of laws and policy against ill-treatment of sex at the work places, establishment of baby care centers, increase skills and capability of women for foreign employment, monitoring of women working abroad, require to enter into bilateral agreement on norms and standard relating to minimum facilities and security with the countries employing Nepalese labor force and also necessary to monitoring as well as evaluation of the companies dealing in overseas employment. Measures have been initiated to arrange women friendly transport means and to motivate female driving in the development of transport sector.

The proportion of female human resource engaged in the agriculture sector is continuously growing. Welfare to female farmers is a must to improve the overall agriculture sector of the country, and for this, policy of improvement and extension of agriculture technology, keeping in mind gender friendly approach, is to be adopted. For this, it is necessary to produce women agri-entrepreneurial human resource and needs to increase female participation, particularly of the low income families, in the income generating agriculture activities, and enhance women's access to various training programs on improved agri-technology user friendly to women, extension of agriculture technical know-how, technical service inputs, agriculture credit, animal husbandry, cattle feed industries, etc. Also, it is necessary to effectively enforce law related to women's property rights to increase women's agriculture land ownership and gradually necessary steps will be taken in this direction. In the enrollment of

agriculture institutes, special priority will be given to women to increase their participation, while policy will also be adopted to make women participation compulsory in the management of irrigation system.

In respect of land ownership and its utilization, women lagged far behind the male. Of total households, merely 10.83% women has ownership over land with houses, while in the case of agriculture land the women ownership is hardly 4.4%. Regarding the land holding, as high as 81% women own less than 1 hector of land. In order to increase women land ownership and its utilization, the implementation of under mentioned aspects seem to be important.

In the process of rehabilitation of liberated bondage labourers (Mukta Kamaiya), both the names of males and females are to be mentioned in the title of land ownership, likewise both the male and female names are to be mentioned in the land title of distributed land to landless. It is necessary to ensure female participation in the training program related to land management system. The discriminatory act in regard to tenancy right of unmarried women after 35 years of age only is to be amended and extensive publicity is required on women property rights. Like manner, in the diversity in management, conservation and development of natural resources, gender mainstreaming is to be done, income generating and employment opportunities are to be increased by extending women access to community, contractual and private forest. Not only this, women access to water should be enhanced and they are to be made partners in water management. In addition, the women's income generating program is to be launched by utilizing the inter linkage between natural resource protection and women's traditional knowledge of ecosystem. While taking gradual steps for the implementation of the aforesaid different aspects, the execution of awareness promotion programs will also be undertaken.

In the industry and commerce sector, the involvement of women hardly exceed 2.1% and it merely 0.4% women are now working in the service sector. The limited access to economic resources and control over it, limited opportunity to get education, training and technology, dominance of patriarchal values and dual role to be played by women including shouldering of household responsibility are the factors creating negative impact upon development of women entrepreneurship. In order to promote women entrepreneurship, special credit and capital management program, facilities for encouraging women industrialist, conduct of special training program for women employees/industrialists will be undertaken. Moreover, training program to increase women participation in modern industrial occupation, protection of traditional skill and cottage industries will also be implemented. Initiative will be taken to develop small scale industries through women involvement and in such industries women participation will be encouraged. In respect to regular tourism, women can play effective role, so program will be launched to involve women participation in the development of tourism.

The development of science and technology has no doubt created new opportunities of employment and noble ways of doing things, but it women's access to use these facilities is limited and they have not able to take optimum benefit out of them. So, with a view to benefit the women as well, measures will be taken to develop and extend gender friendly technology by adopting the policy of increase of women

participation in the use of science and technology. In addition, women will be encouraged in the education of information technology and in computer training courses, sanctioning 33% seats for females. Development of renewable energy technology will be sped up, for the simple reason that its impact on woman's health is very much positive.

Obviously, there will be no disagreement that gender mainstreaming will be result-oriented and can support to development process, only if women participation will be increased at the policy formulation level of political, administrative and other sectors. Special effort has to be made at the present juncture of low level of women's participation at the policy formulation level. Hence, it is necessary to adopt motivating mechanism such as policy, law and regulation, training etc. for this purpose.

26.1.3 Women's Rights (Gender Mainstreaming, Equality and Empowerment)

Progress Review of the Ninth Plan:

The Civil Code (11th. amendment) has been passed in an effort to abolish discrimination against women. The amendment was positive in respect of women's right to property, abortion, sexual exploitation, minimum marriage age and marriage and divorce. The high level committee constituted for review of all types of legal discrimination against women has already submitted its report.

The women section has been set-up in all the ministries and has established National Women Commission. Efforts are continued to empower the working committees, center as well as district level, constituted for controlling trading and trafficking of girls. The national work plan for gender equality and women empowerment was prepared in line with Beijing Work Plan. The government has expressed its determination to implement the article of SAARC convention on prostitution relating to the trading of women and children, which was passed in the eleventh SAARC Summit conference. In 16 districts of the Kingdom, female police cells have been created to deal women and children issues more sensibly and sensitively. In order to quantify/measure the women's participation in the national development, statistical information of gender differences as well as female labor used in domestic work has started to reflect in the assessment of national accounting system.

In an effort of merging women into the mainstream of development, and as a result of special arrangement, almost 40,000 females have been elected in the local level elections. Certain special arrangements have been introduced in the Civil Service Act to increase female participation in the civil service. In addition to this, special coaching classes for women were organized for entrance examination in civil service and in this respect positive changes have been noted.

Programs related to publicity and training were implemented to bring awareness on topics like gender issues of central to local level and women related international convention and treaties. The non-governmental organizations working in this sector are also undertaking public awareness, rehabilitation and economic empowerment programs.

Women's life expectancy has been increased as a result of efforts to improve their health condition and also has come down their reproductive rate. As compared to female education and training, female literacy rate has gone up to 34.4% and the share of female teacher in the total has reached 26%.

Programs such as micro financing for women economic empowerment, women development program, intensive banking program, women awareness and income generation program, informal enterprises program, skill development program and cooperative programs have already been implemented. The involvement of women particularly in the savings and credit programs indicates that mobilization of women has taken place in social form. Women access to production technology (which is required to increase efficiency of female farmers), inputs, production credit, training, marketing facility has become easy and simple. In order to increase women participation in the sectors related to economic activities like industry, tourism and forestry, the women's involvement has increased in the implemented programs, such as, enterprises and management training, easy finance and employment. Similarly, separate consumers' groups in forestry sector have been formed.

Indicators of Women development

Indicator	As of pre 9th Plan status	Status at the end of 9th. Plan
1. Average age (in years)	53.05	62.2
2. Literacy (%)	30	34.6*
3. Mortality rate (per 100,000 person)	539	415
4. Infant Mortality Rate (Per 1000 live birth)	161.6	64.2
5. Fertility rate	4.6%	4.1%
6. Health service at the time of maternity	7.4%	10.8%
7. Use of family planning devices	24.1%	38.8%
8. Female participation in the local institutions	20%	20%
9. House of Representatives	3.41%	5.85%
10. Rastriya Shabha (Upper House)	8.33%	13.33%
11 Teachers	13.7%	20.5%
12. Farming	63%	65%

Source: Ninth Plan 1997-02) and Population Census Report of 2001, the Central Bureau of Statistics.

** Estimation of the National Planning Commission*

Problems and challenges encountered during implementation:

- The legal gender discrimination remained in practice
- The fact that women development and empowerment are also the integral parts of children, family, society and the nation could not be popularized.
- Gender issues could not be translated into policy and programs in an effective way.
- Policy adoption, program implementation, monitoring and evaluation could not take place as per political commitment. There was lack of coordination

among inter agencies as well..

- The available resources could not be effectively utilized.

26.1.4 Long term vision:

Egalitarian society based upon women empowerment and gender equity through gender involvement in the mainstreaming in every area of national development will be created.

The main targets are to accomplish 0.750 GDI (Gender Development Index) and 0.700 GEM (Gender Empowerment Measurement) by 2074 BS in order to realize long term vision.

26.1.5 The Tenth Plan:

Objective:

The primary objective is to create egalitarian society based upon women's rights by improving GDI (the Gender Development Index), and by abolishing all sorts of discriminations against women for the realization of economic growth and poverty eradication goals of the Tenth Plan.

Major Quantitative Targets:

- To raise Gender Development Index (GDI) up to 0.550.
- To raise Gender Empowerment Measurement (GEM) up to 0.500.
- To raise women participation in policy development up to 20 percent.

Strategy, Policy and Implementing Strategy:

The increase in female literacy rate will contribute to overall economic development, since it contributes to decrease population growth at one hand and increases productivity of female farmers at the other. In the context of over 50% female population, and less access of women to family income, the effective implementation of self-employment training and other targeted programs will contribute to their income earning capacity and promotion of social justice. Since, without increasing women participation at the implementation level, the programs related to women development cannot get momentum. So, increase in the women participation in all the implemented programs related to women empowerment and poverty alleviation and income generating activities at local level will help to improve their socio-economic condition and to reform in the level of gender equality. Against this background, main strategies will be adopted as follows.

- 1 Make effective women's participation in the formulation, implementation, coordination, monitoring and evaluation of related sector policy and women targeted programs.
- 2 Increase women's participation in the every aspects of the projects relating to poverty alleviation and income generating.

- 3 Increase awareness of gender equity at all groups and levels.
- 4 Make amendment in the laws discriminating women on the basis of equity and international commitment.

Policy and work strategy:

- ***Women related sectoral programs (Related to strategy 1)***
 - All line ministries are required to consider incorporating gender issue in the mainstream as a common responsibility. The National Planning Commission will play the facilitating role to carry it out in a coordinated manner and integrating it with other processes of development.
 - Special efforts will be taken to increase women's participation in political, administrative and economic sector from the center to the village level.
 - Make the National Women Commission as a powerful institution equipped with legal authority for reforming existing gender equity situation of the country.
 - Establish effective coordination among the focal points of line ministries in respect of women development.
- ***Local level programs and women's participation (Related to strategy 2)***
 - Increase women access to employment, occupational technology and resource allocation.
 - By providing skill oriented trainings, self employment oriented jobs will be created to displaced women due to criminal activities as well as single women. Also, access of women to employment opportunities created under targeted programs and micro credit will be extended.
 - Launch different types of programs related to women empowerment, incorporating gender issues into mainstreaming and women equity by involving local institutions, non-governmental organizations and associations as well.
 - Increase women's active role in the selection of targeted projects/programs, their implementation/operation and distribution of the output.
 - Undertake necessary steps for socio-economic development of geographically, socially and economically backward women including physically challenged and victimized by insurgency (terrorists' victim).
- ***Awareness for gender equality (Related to strategy 3)***
 - Against the traditional and defeatist regional, social and economic gender discriminative attitude and to enhance awareness about women rights, non-governmental organizations, community based organizations and the civil societies will be mobilized.
- ***Women issues related legal reforms (related to strategy 4)***

- Necessary steps will be taken to formulate new laws and amend the existing ones on the basis of gender equity, while devising special arrangements for transition period. In the industry sector, to merge women into mainstreaming, the industrial policy, labor act and legal provision related to taxation will be amended to meet the demand of time.

Programs and Implementation Arrangement:

Mainstreaming:

- All the legal provisions, policy, programs and budgeting will be analyzed on gender perspective. The Gender Resource Center will be set-up.
- The national action plan will be formulated for mainstreaming and development of women. At the same time, the line ministries will be made effective to implement the programs.
- By developing the reproductive health care service based upon life cycle pattern, programs related to health sector will be oriented towards gender friendly for the improvement of the women health.
- By assessing women farmers' contribution to agriculture development, steps will be initiated to undertake programs related to income generating activities, market arrangement, loan, agriculture education and training for uplifting their living standard.
- Steps will be initiated to conduct industrial training, provide concession loans, launching of awareness programs including marketing and awards and decorations to motivate women entrepreneur.

Empowerment:

- Short term measures will be taken to increase women participation at all levels of political, administrative, technical service, as well as in constitutional bodies and committees including group operation and management, etc. Also steps will be taken to launch actions and programs, such as, motivating employers to increase female labor participation, checking sexual misbehavior in work places, attracting women in the foreign jobs.
- Necessary coordination will be established with the concerned ministries for arranging special programs, for instance, free education to female students up to lower secondary level, special stipend/scholarship to female students, informal female education, compulsory female education, technical and vocation education including training, course books and curriculum, increase gender sensitivity in training materials and increase women participation in sports.
- Steps will be taken to develop networking for conducting trainings with a view to develop leadership quality, skill enhancement and capacity building for women empowerment.
- Scholarship/stipend arrangement will be made for the female students

belonging to the ethnic groups, oppressed and backward communities for giving them opportunity to get higher education.

Gender Equality:

- Undertake steps to reform in the existing legal system related to women and set-up legal arrangement and carrying out legal enforcement to stop crimes (against *bokshi, juma, deuki, badi*) arising out of superstitions.
- Awareness will be increased on women's rights.
- Programs will be developed and coordinated to provide compensation, counseling service, medical treatment, legal advice and rehabilitation and re-integration for the survivors of domestic violence, trafficking and other types of atrocities. In addition, programs, such as, providing security to displaced women like widow, orphan and other children and women victimized due to emerging political conflicts, as well as their rehabilitation and income generating programs based upon community will be initiated.
- Participation will be increased on the basis of equality principle in the distribution of productive resources and development activities.

Monitoring and Evaluation:

- Monitoring and evaluation of projects and activities implemented relating to mainstreaming of gender, empowerment and equality will be done on the basis of statistical information.
- Measures to strengthen the capability of monitoring and evaluation system of the National Planning Commission and the Ministry of Women, Children and Social Welfare will be undertaken.
- Steps will be initiated to strengthen gender development unit with adequate physical and human resources of all line ministries.

26.1.6 Expected output:

- Contribution to increase in the Gross Domestic Products (GDP) will occur through the programs like gender awareness, mainstreaming, empowerment and equality which will raise the women's income earning level and create more economic activities for them. Moreover, the development of women will raise the level of human development.
- The growth in entrepreneur women and increase in job opportunities will take place. Also, among the women, the access of backward poor, downtrodden and ethnic group women to education, health, income generation activities will be enhanced.
- With the active participation of authorities of local institutions based upon decentralization policy as incorporated in the Local Governance Act, 2055 BS, women will enjoy their rights and fruits of development as a result of implementation of programs of women's rights and gender equity.
- Gender equity will be accomplished as a result of effective implementation of

policy and programs of mainstreaming, empowerment and equity in the manner of transparency and responsibility.

26.1.7 Probable obstacles and risk in the implementation and accomplishment:

- Lack of gender sensitivity and lack of perception of gender on project cycle
- Lack of resource mobilization.
- The programs based upon gender equity under line ministries may not receive priority.
- Legal obstacles may be unsolved.
- Values of patriarchal system may persist.
- Political instability may continue.

26.1.8 Achievement monitoring indicators:

- Gender Development Index (GDI) and Gender Empowerment Measurement (GEM).
- Ratio of female and male average income.
- Average life span total rate of females, maternity mortality rate
- Female literacy rate
- Policy development at all levels and women participation.
- Percentage of women participation in employment.
- Legal development and improvement in accordance with conventions and treaties related to women.
- Implementation of national action plan,
- Formation of closed hearing units, family courts/special hearing units.
- Course books on gender sensitivity and training methodology

26.1.9 Program and Outlay:

The women development sector related programs and outlay in order of priority is presented below.

(Amount in Rs. millions)

Order of priorities	No. of programs	Under Growth (in amount)	Normal Rate (in %)	Under normal growth rate (in %)	Under low growth rate (in amount)	Under low growth rate (in %)
a) (P1)	4	560.2	64.1	490.2	73.3	
b) (P2)	2	290.9	33.3	156.1	23.3	
c) (P3)	2	22.3	2.6	22.3	3.4	
Total	8	873.4	100.0	66.86	100.0	

26.2 Children's Rights and Development

26.2.1 Review of the Ninth Plan:

During the Ninth Plan, the central and district level child welfare committees on legal basis were created. The juvenile delinquency court was set-up. At the governmental and non-governmental level, for protecting and rehabilitating children in hardship, public awareness activities relating to institutional development and children's rights were carried out. Also, during the period, along with increase in children enrolment in school, works like, ratification of 182 article of the International Labor Convention and the SAARC convention on child welfare were also completed. The Vitamin "A" and Polio/ Vaccine programs were executed with national importance; the area coverage of nutrition program launched for the primary schools was extended; growth in birth registration was recorded; reduction of child marriage and child mortality rate were recorded and also initiated monitoring and evaluation of the INGOs' programs.

Major Problems and Challenges of the Ninth Plan:

- Lack of resources.
- One third of children are still deprived of primary level education.
- The access to basic health service has not reached to all children.
- Children involving in mean type of labor as well as handicapped children remained victimized of hatred and discrimination.
- Unable to frame effective laws and regulation prohibiting exploitation of child sex and increase of immoral sex workers.
- Effective coordination in sector programs and at institutional level could not take place, neither monitoring and evaluation system could function well.

26.2.2 Long Term Vision:

The long term target of this sector is to create enabling condition suitable to children to put an end to all types of criminal acts, exploitation and discrimination by promoting and protecting children's rights committed to the charter of children rights and other related additional documents including international and regional levels.

26.2.3 The Tenth Plan:

Objectives:

The rights of children will be protected and promoted by putting an end to exploitation and discrimination, and thereby, to ensure their rights to develop physically, mentally, socially and psychologically.

Sectoral Major Targets:

- Make legal arrangement to suit children's rights and strengthen institutional development and structures.
- Motivate government, local institutions, non-governmental organizations, civil societies and private sector to launch programs oriented towards children's rights.
- Abolition of mean child labor.
- Ensure education and health facilities vis-à-vis improvement of nutritional status.

- Ensure birth registration of approximately 80% of children.
- In the context of increase in children's rights and children development, children participation will increase

Strategies:

Children are the future of the nation; hence it is necessary that the country should pay due attention to develop their basic requirement. The problem of child labor in the society is on the increase, number of street children is growing rapidly and 20% of children is devoid of basic education if judged from school enrolment criteria and in such context it is but necessary to have clear- cut policy and programs related to children rights. All types of exploitation against the children are to be put to an end for ensuring the rights of children to get education and right to live without fear in particular. Programs related to publicizing of children's rights in their home will promote social justice and it will increase capacity of coming generation, which in turn contribute to economic development itself. Against this backdrop, main strategies of this sector are as follows:

1. Merging of children's rights in the mainstream of national development in the context of rights oriented concept.
2. Strengthen the children's rights by eliminating child labor and rehabilitating children affected by hardship and criminal activities.
3. Increase awareness about children's rights.

Policy and Implementation Strategy:

- ***Mainstreaming of children's rights (Related to Strategy 1)***
 - Establishment of legal system in line with children's rights.
 - Development of legal framework/structures along with creation of an atmosphere to protect and stop children from sex exploitation, trading, ill-treatment and juvenile delinquency.
 - Increase institutionalization of children participation at all levels by protection and development of children's rights.
 - Provide free education to children of disabled and downtrodden communities and make them effective and also extend special education program for disables.
 - Strengthen central and district level child welfare committees.
 - Adopt partnership pattern for children's right and development with national and international development communities and civil societies.
- ***Abolition of child labor (Related to Strategy 2)***
 - Abolition of exploitative types of child labor during the plan period as well as gradually abolish other forms of child labor along with the control of exploitation of child sex, ill-behavior, trading and trafficking through curative, promotional and rehabilitation measures.
 - Donor community, non-governmental organizations, private sector and civil society will be mobilized for community based rehabilitation of

displaced children due to hardship condition and affected by terrorist activities.

▪ ***Increase in awareness in the protection of children's rights (Related to Strategy 3)***

- Awareness programs related to children's rights will be launched through the involvement of non-governmental organizations, community based organization and civil society. The children's opinion and their participation will be encouraged in the operation of such programs.

Programs:

- Amendment of disable related acts and regulation.
- Coordination with related ministries in mainstreaming of children's rights in national development.
- Establishment of legal system in consonance with the children's rights. In order to safeguard children from sexual exploitations, trafficking of girl children, abuse of drugs, and to protect them from the ill effects of war and not to let them involve in such wars, a committee will be formed to formulate required laws and regulations.
- Preparation of national level action plan to implement the commitments made at the international level.
- Necessary measures will be taken to encourage birth registration and controlling child marriage.
- The retaliatory, promotional and rehabilitating acts against child sex exploitation, drug addiction, trade and trafficking of children will be initiated and public awareness will be enhanced.
- Provide basic education, health facility through the community based rehabilitation program to the children living in hardship and affected by terrorist activities. The government will work jointly with donor communities, non-governmental organizations, private sector, and civil society to achieve this goal.
- Continuation of children's rights awareness program and increase children participation in such programs.
- Free education for disabled children and take needful action for making special education program effective.
- Establishment of national resource center.
- Establishment of rehabilitation shelter, one in each five regional development centers.
- Gradually equipp the centers and district level child welfare committees with adequate resources.
- Provide grant-in-aid to the Nepal Children Organization as well as non-governmental organizations to run child development programs.

26.2.4 Expected Output:

- Substantial increase in the protection and development of children's rights.
- Effective coordination among government, non-government organizations, civil society and private sector in the implementation of children's rights oriented programs will occur.
- Institutional strengthening will have taken place in implanting children's rights.
- Abolition of mean types of child labor will be realized.
- Institutionalization and sustainability of monitoring and evaluation system will take place.

26.2.5 Programs and Outlay:

The children's rights sector related programs and outlay in order of priority is presented below.

(Rs. in millions)

Order of priorities	No. of programs	Normal growth rate		lower growth rate	
		amount	Percent	amount	Percent
a) (P1)	4	43.0	79.3	39.3	92.4
b) (P2)	2	10.0	18.4	02.0	4.7
c) (P3)	3	01.3	2.3	01.3	2.9
Total	9	54.3	100.0	42.6	100.0

26.3 Physically and mentally challenged

26.3.1 Review of the Ninth Plan:

During the Ninth Plan period, various activities and works were undertaken for the physically and mentally challenged. The work of creating preconditions required for providing services, facilities and opportunities to such persons was completed. The employment oriented training program was conducted along with the implementation of special education program in 35 districts. Also, programs, for instance, curative and preventive for reducing disability, work related to rehabilitation of disables based on community, networking, etc. were executed. During the period, identification cards for physically challenged persons were distributed in 50 districts of the kingdom, etc. Likewise, the study on status of disables at national scale was initiated.

Major problems and challenges of the Ninth Plan:

- Inadequate physical resources and ineffective targeted programs.
- Lack of coordination among the agencies involved in the sector.

- Absence of the long term perspective plan and work plan related to disabled persons.
- No substantial change occurred in traditional public outlook at disability.
- Lack of curative and preventive programs as envisaged.

26.3.2 Long term vision:

The long term objective is to mainstream challenged people in the national development process by protecting and promoting their rights and to creating the environment.

26.3.3 The Tenth Plan:

Objectives:

Creation of environment to lead a normal life as with the case of other general civilians through various awareness and promotional oriented programs and bring them in the mainstreaming of national development by undertaking the programs of protecting and developing disabled persons' rights through their participation, which will be run by themselves.

Major Macro Quantitative Targets:

- Special arrangement relating to legal and policy matter to provide equal opportunity to disabled persons will be undertaken.
- Provide service and facility, such as, education, training, health, employment, etc. and offer opportunities.
- Create atmosphere for enabling them to participate in the project activities, viz., formulation, implementation, monitoring and evaluation process.

Strategy:

It is the duty of the civil society to accept disabled persons/ handicaps as an integral part of society without any hesitation and in still dignity within them. There are different types of disabled persons; therefore different services can be provided to disabled persons by developing different types of programs suitable to their condition. Particularly, to enable them to live a self-dependent, decent and respectable life, equal opportunity will be provided in education, health, training to increase their efficiency and making their life healthy. The work like utilization of their skill and energy in the national building, positive attitude towards them in the society and their development will not only promote social justice but also will contribute additionally to nation building task. In this backdrop, the strategies of this sector will be as follow:

1. Increase access to all types of opportunities including socio-economic conditions of disabled persons and to ensure socio-economic necessary security, necessary amendment in the acts, policy, etc. will be undertaken.
2. Prepare national work plan for disabled persons and develop networking up to district level for coordinated and integrated works.
3. Utilize capability, single mindedness, skills and knowledge in the different

sectors of nation building.

Policies and work strategies:

- ***Legal provision for disables for access to opportunities (Related to Strategy 1)***
 - Necessary amendment as demanded by time and situation in the existing acts and regulation.
 - Make arrangement to provide basic health care service, education and rehabilitation based upon community at all levels for disables.
- ***Development of network for national work plan (Related to strategy 2)***
 - Extension of networking at functional level for disables.
 - Establishment of national Protection Fund for social security and economic protection of disables.
- ***Increase contribution of disables in national building (Related to Strategy 3)***
 - Develop mental and physical aspects of disables, arrange programs of skill development training and consultancy service and provide them special opportunity for employment.
 - Develop positive attitude toward disables, raise public awareness on prevention and means to curative protection and arrange distribution of materials for disables.
 - Increase disables' participation in all the programs related to handicapped/disables.

Programs:

- Amendment of Disables related Act and regulation.
- Special arrangement will be made for free education, training and health service along with employment and other opportunities.
- Provide equal opportunity to disables by extending access to them and take measures to provide rebate and concession in various services and facilities.
- Take measures to increase their participation in the process of policy development related to disables, preparation, monitoring, evaluation, coordination, network extension of plan and action plan.
- Launch disables prevention, curative and public awareness oriented programs
- Develop information coordinating system by up dating statistics of disables and continue distribution of identity cards to disables.
- Strengthen institutions involved in the area of disables and to develop necessary manpower for them.

Expected Output:

- Change in traditional attitude towards disables will occur through increase in

awareness among disables and general public as the result of implementation of the disability prevention and curative programs.

- Receive gradually all types of basic services including well-equipped health services and free education by disables.
- Disables will have access to information and physical environment at policy level and functional level.
- Coordination will take place at highest levels of all the concerned parties in the execution of programs related to disables.
- Extension of disables rehabilitation programs will take place.

26.3.4 Programs and Outlay:

The disable sector related programs and outlay in order of priority is presented below.

(Rs. in millions)

Order of priorities	No. of programs	Normal growth rate		lower growth rate	
		amount	Percent	amount	Percent
a) (P1)	5	26.50	63.7	22.9	73.3
b) (P2)	3	14.00	33.7	07.3	23.3
c) (P3)	4	1.10	2.6	01.1	3.4
Total	12	41.60	100.0	3.13	100.0

26.4 Senior Citizens

26.4.1 Review of the Ninth Plan:

During the Ninth Plan period, policy related to senior citizens was formulated, record of senior citizens getting monthly allowance was maintained along with the works, such as, operation of old age home on pilot basis, health cure services and discount on airfare were carried out.

Major obstacles of the Ninth Plan:

- Lack of appropriate budgeting,
- Absence of necessary legal framework
- Absence of work plan and networking

26.4.2 Long term vision:

The long term target of this sector is to make the living condition of senior citizens comfortable, secured and dignified by using their knowledge, skill and experience in the socio-economic development of the country.

26.4.3 Tenth Plan:

a) Objective:

The knowledge, skill and experience of senior citizens will be utilized in social development works by making their life more comfortable, secure, respected and ensured.

b) Major Quantified Targets:

- Make the health of senior citizens secured and satisfactory,
- Merge their knowledge and experience in the mainstream of national development.

c) Strategy

It will be a tangible contribution to the economic development of the country, if the nation could utilize the senior citizens' skill, knowledge and experience, which are but valuable sources. It is also the duty of the society to provide different kinds of services to senior citizens who have made important contributions at their prime youth age, and whose life is getting more and more difficult due to physical weakness caused by aging. As a matter of fact, it becomes the national obligation to make necessary arrangements in different aspects, for instance, making their life easy in particular, ensuring a dignified living condition, making realize the new generation about their duty an obligation to respect the senior citizens and at the same time creating congenial atmosphere for their protection and security in the society. It is necessary, on the ground of social equity that the nation should develop concrete policy including national programs for this. In this context, the major strategies for this sector is as given below.

- 1 Utilize experience and knowledge of senior citizens (for examples, policy development, income oriented program, consultancy)
- 2 Establish the rights of senior citizens along with formulation of necessary legal framework for ensuring the protection of their economic, social security, work plan, networking.
- 3 Undertake social security and rights oriented programs for senior citizens.

d) Policy and work strategy:

- ***Legal infra-structure network development(Related to strategy 1)***
 - Utilize the knowledge, skill and ability of senior citizens in the development works.
- ***Ensuring rights of Senior Citizens (Related to strategy 2)***
 - Prepare necessary laws and amend existing ones for rights of senior citizens
 - Coordinate with local institutions, non-government organizations and civil societies for the works/programs related to senior citizens.
- ***Social security and rights (Related to strategy 3)***
 - Encourage formation of community-based clubs, old-age homes along with establishment and extension of pilot old-age home in five development regions of the country for making the life of old people easy and comfortable. Also, encourage the establishment of senior citizen

clubs.

- Adopt policy for necessary arrangement to create geriatric ward in all regional and zonal hospitals for providing appropriate health service to senior citizens.
- Publicize to develop system of honoring, respecting and serving the senior citizens of the country and include the subject matter of senior citizens in the school level curriculum.
- By updating the record of senior citizens, the existing allowance of the senior citizens will be reviewed.
- Implement social insurance scheme for senior citizens.

e) Programs:

- Formulation of acts and regulations relating to senior citizens
- Preparation of national plan of action and implement programs by develop networking
- Encourage the non-governmental organizations and local institutions to establish and operate centers for undertaking various programs relating to religious work, recreation, sermonizing and income generating programs for the senior citizens.
- Produce publicity materials oriented to create respect to senior citizens and undertake publicity and broadcasting.
- Steps will be taken to provide rebates and facilities in the areas of health service, transportation and entertainment.
- Measures will be taken for establishment and extension of geriatric wards including well equipping them in private hospitals and also in the zonal, regional and center. Also, steps will also be undertaken to organize mobile health camps for providing health service and arrange gradually the increase of treatment expenses of senior citizens.
- Program related to social security allowance distribution of the senior citizens and up dating of their statistical record will be undertaken.
- Coordinate with various institutions and organizations including the concerned parties involved in the area of senior citizens.
- Step will be taken to include topics/subjects about senior citizens in the school level curriculum.
- Implement social insurance program for senior citizens in a coordinated manner.

26.4.4 Expected Output:

- Programs like social security, entertainment, health, etc. will be coordinated through local institutions and civil societies.
- Legal arrangement including amendment in the clauses of existing acts and regulations will take place.
- National action plan along with networking will take place.
- Establishment of pilot old-age homes in all development regions will take place and execution of skill development programs in other old-age homes as

well as proper use of knowledge, experience and skill of senior citizens will be found.

26.4.5 Probable obstacles and risk in implementation and output realization:

- Lack of financial resources
- Lack of coordination among government agencies, non-governmental organizations, local institutions and civil societies.

26.4.6 Programs:

- The senior citizens sector related programs and outlay in order of priority is presented below.

(Rs. in millions)

Order of priorities	No. of programs	Normal growth rate		low er growth rate	
		amount	Percent	amount	Percent
a) (P1)	2	27.2	74.4	18.7	65.2
b) (P2)	3	84.0	23.1	091.0	31.6
c) (P3)	5	9.0	2.5	9.0	3.2
Total	10	36.5	100.0	28.7	100.0

26.4.7 Log Frame:

The log frame relating to women development, children's rights, disables and senior citizens sector is presented below. Detail is given in annex 3.

3.18 Policy and Program Log frame- Women, Children and Social Welfare*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Macro Objectives: Standard of living of women, children, disables and senior (male and female old people) citizens will be raised

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral objectives: Emerge contribution of women, children, disables, senior citizens and non-governmental organizations (NGO) into mainstream of national development</p>	<ul style="list-style-type: none"> • Make the process of formulation, coordination, evaluation and monitoring of policy and targeted programs related to women participation sector effective. • Increase women participation in all phases of cycles of all types of programs including poverty alleviation and income generation programs implemented at local level. • Amend legal discriminatory provisions against women on the basis of equality and international commitment. • Bring children's rights on the basis of rights oriented concept in the mainstream of national development. • Extension of disables' access to economic, social and all types of opportunities, development amendment to suit the time demand of laws, policy formation for ensuring protection of economic and social security. • Launch programs oriented towards social security and rights related to senior citizens 	<ul style="list-style-type: none"> • Amendment in acts and regulations. • Gender Development Index. Gender Empowerment Measure and participation rate of women in policy formation. • Child mortality rate, school enrolment rate, birth registration rate, rates like child mirage, child labor, nutrition, etc. • Average age of senior citizens. • participation of disables and service to them. – Increase in institutional structure. • Coordination among NGOs. – Indicators of population, social and economic. 	<ul style="list-style-type: none"> • Human Development Report of Nepal • Central Bureau of Statistics • Annual reports of line ministries. • Social Welfare Council and district administrative offices. 	<ol style="list-style-type: none"> 1. Capacity development for increase in women participation, increase women's access to resources and abolition of all types of discrimination against women. 2. Prepare national work plan related to children's right. 3. Prevention of disables, provide opportunity to disables to lead a dignified life. 4. Develop capability of senior citizens, social security and provide opportunity to lead respectable life 5. Creation of institutional structure and strengthening of existing structures. 6. Arrangement of co-working, coordination, monitoring and evaluation with NGO/ civil societies. 	<ul style="list-style-type: none"> • Social discrimination continued. • Availability of resources for implementation of welfare policy. • Political instability

* Quantified targets are based upon 6.2% economic growth (Detail is in annex 3)

Annex 26.1: Program and Outlay

(a) Women:

(Rs). In million)

S.N. Programs/ Activities	Normal growth rate	Low growth rate
First Priority Program/ Projects:		
1. Act refinement, policy development, formulation of national action plan:	0.2	0.2
2. Awareness and training:	80	70
3. Reform in national women commission including institutions involved in women development and gender equality:	400	350
4. Formation of women groups for increasing women's access to economic resources, income generation and employment and market management:	80	70
Total :	560.2	490.2
Percentage:	641	733
Second Priority Programs/Projects	187	100.4
5. Other: skill oriented training, flow of loan, income oriented activities, formal and informal education, health, allocation of economic resources, sanitation, nutrition, community activities, etc.:	103.9	55.8
6. Control of girl trading and trafficking and sex exploitation, work related to rehabilitation of women victimized in domestic and other crimes:	290.9	156.1
Total:	333	233
Percentage:	2.23	2.23
Third Priority Programs/Projects	26	33
<u>(Probable Projects):</u>	0.1	0.1
Percentage:	22.2	22.2
7. Establishment of Gender Information Center and its development:	873.4	668.6
8. Various programs related to inclusion of domestic labor of women in the national accounting system and programs related to national/international commitment:	0.2	0.2
Grand Total:	80	70

(b) Children's Rights:*(Rs. In million)*

S.N. Programs/ Activities	Normal growth rate	Low growth rate
First Priority Program/ Projects:		
1. Refinement of acts to ensure children's rights, development necessary laws and formulation of national action plan related to children's rights:	00.3	00.3
2. Awareness and training in connection with protection and development of children's rights (including birth registration, child labor, child marriage):	1.6	01.5
3. Free education and health cure service to disabled children:	16.4	15.0
4. Rehabilitation works in connection with sex exploitation, ill-behavior, trade and trafficking and mean child labor including children in hardship in 5 development regions and conduct of vocational training:	24.6	22.5
Total :	43.0	3.93
Percentage:	79.3	92.4
Second Priority Programs/Projects		
5. Children home construction and institutional reform:	5.0	01.0
6. Institutional reform of central and district child welfare committees:	5.0	0.10
Total:	10.0	02.0
Percentage:	18.4	4.7
Third Priority Programs/Projects (Probable Projects):		
Percentage:	2.3	2.9
7. Grant and economic support to Nepal Children Organization including NGOs involving in children's rights for launching programs related to protection and development of children's rights:		
8. Establishment of National Resource Center:		
9. Various programs will be launched in accordance with national/international commitments: Grand Total:		
Total	54.2	42.6

(c) Disables*(Rs. In million)*

S.N. Programs/ Activities	Normal growth rate	Low growth rate
First Priority Program/ Projects:		
1. Refinement of acts related to disables and formulation of national action plan:	00.2	00.2
2. Disable prevention publicity program:	02.6	02.3
3. Launch program related to prevention, curative and supportive for minimizing disability:	03.8	03.3
4. Implement employment oriented and leadership development training program for disables:	15.0	13.0
5. Program related to distribution of Identity Cards of disables:	04.9	04.2
Total :	2.65	22.9
Percentage:	63.7	73.2
Second Priority Programs/Projects		
6. Work related to service and human resource development for disables:	02.5	01.3
7. Work related to management of information and statistical collection system of disables:	01.5	00.8
8. Strengthening of institutions involved in the rehabilitation work for disables and grant:	10.0	05.2
Total:	14.0	07.3
Percentage:	33.7	23.2
Third Priority Programs/Projects (Probable Projects):		
Percentage:	2.6	3.5
9. Establishment of National Disables Fund :		
10. Disables' Home Construction and operation:		
11. Various programs will be launched in accordance with international commitments:		
12. Monitoring and evaluation of projects and programs implemented for disables.		
Grand Total:	41.6	31.3

(d) Senior Citizens*(Rs.in million)*

S.N. Programs/ Activities	Normal growth rate	Low growth rate
First Priority Program/ Projects:		
1. Work related to acts, national action plan formulation and statistics of senior citizens:	1.6	1.1
2. Work related to Treatment service of senior citizens and work related to management:	25.6	17.6
Total:	27.2	18.7
Percentage:	74.4	65.2
Second Priority Programs/Projects		
3. Establishment of institutions, clubs etc. for institutional development related to senior citizens:	4.7	5.1
4. Work related to senior citizens' national pension plan/ economic condition reform and insurance system:	3.0	3.3
5. Launch awareness program for enhancing respect to senior citizens:	0.8	0.7
Total:	8.4	9.0
Percentage:	23.1	31.6
Third Priority Programs/Projects (Probable Projects):		
Percentage:	2.5	3.2
6. Establishment of Senior Citizens Welfare Fund:		
7. Senior citizen's capacity building and income generating activities, etc.:		
8. Impact study of old age allowance, review, study, etc.:		
9. Undertake various programs in accordance with national/ international commitments.		
Grand Total:	36.6	28.7

26.5 National/International Non-governmental Organizations (NGOs/INGOs):

26.5.1 Review of the Ninth Plan:

During the Ninth Plan period, the number of national/international non-governmental organizations and civil societies has grown substantially in number along with the activities of awareness, rehabilitation, income generating, etc. related to sectors like women, children, community development, environment and human rights. The coordination and the cooperation among the government, local institutions and national /international non-governmental organizations (NGOs/INGOs) at the working level have increased. Involvement of NGOs in the policy formation matter as well as program implementation stage has notably increased.

Problems and Challenges encountered during the Ninth Plan:

Monitoring could not be effective.

Difficulty in making regularization of NGOs/INGOs' working, unable to assess their contribution and difficulty to make responsible for their activities transparent, liable and sustainable of such organization.

It was difficult to bring their activities in one door system.

26.5.2 Long-term vision:

The long term vision is to exploit the comparative advantages of the non-governmental organizations (NGOs), social institutions and organizations by encouraging them to participate actively as an efficient, transparent and clean development partners, creating conducive atmosphere for their working in an effective manner through the public enabling process to realize the social, economic, environment and institutional goal.

26.5.3 The Tenth Plan:

Objective:

The objective of the Tenth Plan is to develop non-governmental organizations, community based organizations and civil societies as partners of poverty eradication and sustainable development programs by activating them in the sectors of community development particularly related to health, education, environment management and moral development as well as in the activities of increasing awareness of the targeted groups, such as, children, women, disabled, senior citizens, youth, backward class, ethnic groups and downtrodden communities.

Strategy:

Since, it is difficult for the government to get access in all the sectors in a comprehensive way, role played by the non-governmental organizations, community based organizations and civil societies have been more effective than that of government in a number of sectors. As a result of liberal policy adopted by the government, activities of non-governmental organizations and their service flow in

the communities have increased noticeably. To involve NGOs in the uplift of social sector and in targeted group programs effectively is important from the point of social and economic development.

1. Involve NGOs and civil societies as partners of socio-economic development and procedure for effective coordination, monitoring and evaluation system for their works will be simplified.
2. Code of conduct will be developed to make NGOs responsible and their work transparent. The auditing system will be made result oriented and their categorization will be carried out on the basis of their capacity and scope of work.

b) Policy and Implementation Strategy:

▪ ***Institutional Development (Related to Strategy 1)***

- In order to maximize the benefit from the INGOs' resources, the programs that they implement will be distributed geographically and sectorally in a coordinated way.
- The INGOs will be motivated to implement the programs through local institutions, national NGOs and other community based organizations and such programs will be made as part of the local planning process for their effectiveness.
- Institutionalization of monitoring and evaluation system will be developed for effective working of INGOs and NGOs.

▪ ***Partnership, Coordination and Simplified Procedure (Related to Strategy 2)***

- By reviewing organizational and Institutional Act, Social Welfare Act and other related acts to end the ambiguity, action will be taken for appropriate policy for legal system improvement and administrative arrangement.
- The existing status of resource mobilization of INGOs and NGOs, their services and programme implementation will be reviewed, and one door system will be implemented to facilitate them and help enhance their performance.
- Prepare statistical database related to national and international non-governmental organizations.

c) Programs:

- Formation of committee to assign task of making present vagueness clear in the existing organizational and Institutional Act, Social Welfare Act and other related acts.
- In order to maximize the benefit from the resources mobilized by the international non-governmental organization (INGOs), interaction program with the related agencies for their geographical and sectoral programmes will be undertaken and bring more clarification about their programs and activities.

- Institutional development of monitoring and evaluation system for effective functioning of national and international non-governmental organizations. Social welfare council will be strengthened.
- Undertake review of existing status of INGOs' and NGOs' resource mobilization, service provided and their implemented programs and to take measures to introduce one door system in order to ensure minimum standard of their works and for convenience.

26.5.4 Expected Output:

The expected outputs from various programs of the non-governmental organizations are enhancing public awareness, community development and support in creating employment opportunities for local people.

Probable Obstacles:

- Dependency syndrome: The tendency of general public to depend on non-governmental organizations for their own works.
- The objectives of international non-governmental organizations may bring distortion in the social structure.
- The existing INGO's working procedure give impression that the members of the organization are the paid employees rather than the volunteers of the organization, which will pose obstruction in the mobilization public participation.

26.6 Drug Control

26.6.1 Background:

Drug abuse has become a global problem. The tendency of increasing abuse of drugs among the youth has not only destroyed their future but also deteriorated the human values and posed threat of disintegration of the social structure.

The drug abuse problem entered the country during 1960's, which has now grasped young men and women from the urban areas of the kingdom Nepal has prepared a master plan for drug abuse control and has put it into implementation in line with its national and international commitment.

26.6.2 Review of the Ninth Plan:

The Ninth Plan's targets and achievements:

- Different types of trainings, interaction, seminar, workshop, etc. were carried out under the youth awareness and oriented programs and distributed various awareness promoting publicity materials to alert general public against drug abuse.
- The services like meditation (*Bipasyana*) and counseling and day treatment services were provided to the drug abusers along with the income generating activities like envelop making, bee rearing, soap making, etc. under the treatment and rehabilitation program designed for the drug addicts.

- Works, such as, information collection, record keeping and research as well as supervision under the intoxicating drug supply control program were continued. In addition, arrest of people involved in drug trafficking, confiscation of intoxicating drug and destruction of crops were also carried out.

Problems and Challenges:

- The public awareness campaigns, and preventive and curative programmes failed to have tangible impact, and the number of drug addicts could not be cut as expected.
- No effective control over national and international drug traffickers' activities.
- Lack of control of intoxicating crops farming like *cannabis and opium* cultivation in central and eastern terai region and some hilly areas of the kingdom.
- Although limited control is found in the use of strong drugs like heroine largely because of administrative control and high prices, pain killing medicines and cough syrups are still in use. The chances of fatal diseases like HIV/AIDS and Hepatitis "B" are high in the drug abusers who use syringe.
- Lack of dependable regional communication relations for drug control among the countries having this problem. No effective coordination developed among the agencies of government and private sector involved in this tasks and lack of dependable statistics of drug abusers.
- The treatment of drug abusers and their rehabilitation confined in just a few hospitals.

26.6.3 Long term vision:

The long term perspective of this sector is to create society free from drug abuse by propagating perception through out the country that drug abuse hinders socio-economic and intellectual development.

26.6.4 Tenth Plan:

a) Objective:

The objective of this sector in the Tenth Plan is to reduce drug trafficking and drug misuse and to rehabilitate drug addicts through retaliatory and preventive programmes.

b) Strategy:

From the social reform side, it is the primary duty of the state to eliminate increasing social distortion caused by drug abuse. The control of drug abuse will assist although indirectly to increase the national production (GDP) for the simple reason that it will check the depletion of human resource caused by increasing influence of drug abuse particularly in the youth community. On social ground, the timely launching of sectoral targeted programs, designing according to the nature of drug abuse and

program of effective rehabilitation will be more logical to minimize the State obligation. Major strategies are as follow.

1. The drug control programs will be implemented in a coordinated manner by demarcating drug-addict influence areas and by involving government, non-governmental organizations and local institutions throughout the country.
2. By increasing the participation of local representatives, community based organizations and local elected bodies, the curative and preventive programs on community basis will be undertaken along with adopting measures of discouraging demand (demand contraction) of intoxicating drug with priority.
3. Institutional strengthening of various agencies involved in drug control activities. Amendment will be made in the existing laws and regulation to suit the demand time.

c) Policy and Implementation Strategies:

- ***Control of Intoxicants (Drug) and Coordinated Effort: (Related to Strategy 1)***
 - The influence area of drug addicts and users will be demarcated. The other types of crop farming will replace existing traditional *cannabis* crop.
 - Uncontrolled way of importing, sale and use of chemicals as well as its subordinating materials will be controlled.
- ***Reducing intoxicating drug in quantity (Related to Strategy 2):***
 - Community based organizations, local leaders and other non-governmental organizations will be encouraged, in connection of drug abuse control to launch the programs in the area of promotional, group treatment and reform.
- ***Institutional Strengthening (Related to Strategy 3)***
 - Arrangement will be made to bring under one umbrella the operation, monitoring and evaluation of all the programs proposed for highly drug affected areas of urban as well as urban oriented sector to increase their effectiveness.
 - By amending acts and regulation related to drug abuse, the use of chemicals and its materials will be controlled except for medicine production and industrial use.
 - The capacity of governmental institutions involved in drug control activities will be increased along with the work of discouraging the production, sale and use of drug.

d) Programs:

- By demarcating the areas of drugs production, sale and distribution and use and collecting statistical information, the "increase of public awareness against drug abuse" program will be launched by involving government and non-governmental organizations.

- Support will be provided to local institutions to formulate and implement programs on drug abuse control as well as reform and rehabilitation of drug addicts.
- Establish residential reform center, one in each development region of the kingdom to provide services of curative, preventive and reform measures to drug addicts along with their rehabilitation. Also, implement education oriented program for the drug addicts and their family members of the reform centers.
- Incorporation of drug abuse topic in the school and campus level curriculum.
- By amending the existing act, penalty amount will be increased for the cultivators of restricted crops like cannabis and opium as well as to the persons involved in drug trafficking, sale and use.
- The communication for information exchange between and among the national and regional agencies involved in the control of drug trafficking and sale will be encouraged.
- Monitoring system will be made effective to discourage miss-use of chemical and related materials in other propose except in the production of medicine and industrial use. Necessary training on drug abuse and control will be provided to medicine manufacturer and drug dealers.

26.6.5 Expected Output:

- The rate of decrease in drug addicts is expected to bring down total number of drug abusers during the plan period.
- Efficiency will enhance by the establishment of communication international networking for exchange of information.
- Reliable statistics and information will be collected on the number, status and condition of drug abusers and addicts.

26.6.6 Probable Obstructions and Risk in the Implementation and Expected Output:

- Financial problem may hinder implementing the programs, such as, establishment of residential reform center in 5 development regions within the plan period.
- The shortage of efficient manpower needed for the execution of curative and rehabilitation work may be the problem.
- The enforcement of law and destruction of restricted crops like *cannabis* may be difficult due to geographical remoteness of the country.

26.6.7 Achievement Monitoring Indicators:

- Number of drug abusers/addicts
- Confiscated quantity of intoxicating drugs

- Quantity of destroyed crops like *cannabis crop*



Chapter - 27

Targeted Programmes

27.1 Background

The targeted programmes have been put forward as a strategy of development for the various ethnic groups, communities and areas unable to participate due to their low capacity in the mainstream of market oriented development process, created by the Tenth Plan, whose only objective is to alleviate poverty. The groups/communities as well as the areas are not similar but they vary greatly in nature. Such groups include women, ethnic groups and backward classes and communities of the remote areas, poor, ultra poor and disadvantaged people as well as small farmer families.

Any place that is 25 km away from the nearest motor-able road is generally considered as remote area. Similarly, the areas where more than 50 percent of population is poor and the families have no extra income other than their own household production and which is sufficient for less than 9 months are designated as the poor areas. Likewise, whose income is sufficient for less than 3 months is categorized as ultra poor family. As a matter of fact, the poor and ultra poor families are unable to take advantage from the development programmes because of ignorance, illiteracy, poverty, social backwardness and exploitation. Source of the highly backward groups include the exploited castes (like *Kami, Damai, Sirki, Musahar*), Chepang, Kamaiya, Badi ethnic community.

The girl children hardly get opportunity to go to school because they have to look after their siblings. Besides, many of families are devoid of education due to poverty. Many children are forced to engage in as girls are exploited sexually and they are traded as a commodity. Also, most of downtrodden people from occupational who depend upon their ancestral occupations for their livelihood have lost their jobs due to modernization.

Taking regional perspective into consideration, 15 district headquarters have not been connected by roads have not been competitive these districts because of high production cost and high transportation cost, posing threat to these existing professions. Recognizing these hardcore facts, the targeted programmes that suit to different groups and geographical regions will be implemented during the Tenth Plan period.

Arrangement has been made to reform in the existing operational process to make the targeted programmes more effective in the Tenth Plan. With the objective of implementing the targeted programmes through the local institutions with local people's participation, extra grant-in-aid on the basis of poverty level of backward areas will be provided. Likewise, by mobilizing particularly consumers' groups and non-governmental organizations (NGOs) through Poverty Alleviation Fund, support will be provided to quick return programmes to benefit the targeted groups.

On the basis of poverty mapping the sectoral programmes will be made focused towards the area with high incidence of poverty, gender imbalance and socially backward communities. The extension of rehabilitation and income generation programmes will be undertaken for the families displaced and affected by wide spread and insecure atmosphere of the country as well to make their life normal

The targeted programmes that will be implemented under different sectors are basically of two types.

Sectoral targeted programmes

The programmes are related to two different categories of remoteness -- the first category is based on remoteness from the access of transport facility and the second one on the basis of prone to natural disaster particularly the flood and landslides.

Group targeted programmes

The groups targeted programmes will be of three types. These programmes directed to the targeted groups based upon indicators like gender, caste and creed, occupational and income level and status of access to resources, etc.

On gender ground, the status of women is extremely low with respect to income level and human development index (HDI). Their capability has become limited. Likewise, people of backward communities are also not better than the condition of women due to prevalence of social taboos and evils, while people of some ethnic communities have lost their ancestral jobs due to modernization and could not merge into mainstreaming of development. Besides, among the population below the poverty line, there are ultra poor families who are beyond the reach of resource access and they also come under the targeted groups.

Forms of targeted programmes

Since the targeted groups and areas differ in character and there is no uniformity among them, in some targeted places local level infrastructure development needs to be focused, while in other targeted groups various types of supports may be required. Considering the different types of supports to be provided to targeted group and areas, the targeted programmes are categorized as mentioned below.

Geographical Area based Programmes

Construction of local level physical infrastructure and local level programmes.

Group based programme s

Arrangement of Grant-in-aid

Programme upgrading capacity by improving HDI index

Programmes for boosting up income generating opportunities

Food for work programme

Skill oriented training programme

Programme focused on any one of priority areas having comparative advantages

Programme related to increase access to productive resources

27.2 Review of the Ninth Plan

The Eighth and the Ninth plans have been implemented after the restoration of multi-party democracy. In both periodic plans, targeted programmes focused on poverty alleviation for backward and disadvantage communities. As a result, women literacy rate has increased. There was some improvement in the social and economic conditions of highly backward communities such as *Chepang, Kamaiya*, etc. Despite their positive impacts, there were some negative effects of the programmes as well. The negative effects had occurred in the sense that the budget allocated for targeted groups were utilized by the well-to-do people as well. It happened because real targeted group could not be identified distinctly.

27.3 Long term vision

The long term approach is to merge particularly backward areas and backward classes/ communities in the mainstream of development by eliminating existing poverty, backwardness and inequality through the implementation of targeted programmes.

27.4 The Tenth Plan

a) Objective

The main objective of the Tenth Plan is to improve income level and human development index (HDI) of the people living below absolute poverty line, particularly those who were unable to merge into mainstream of development, the weaker sections having low capacity of the society and the people living in backward region.

b) Strategy

The present day utmost need is to merge the people of various backward communities and areas, which are left far behind because of their inability, into the mainstreaming of development and to emancipate them from bondage of backwardness by implementing targeted programmes. The targeted programmes will promote social justice in the country and also help to maintain peace in the society. Targeted programmes are not tied up with one particular sector but they can be related to a specified sector or class according to the nature or characteristic of group/community. The implementation of programmes related to individual capability building like education, health, skill development and the targeted programmes aiming at increasing access to resources and mobilization of social capital will help socio - economic development. Since programmes put emphasis on decentralization process as well as on involvement of consumers' groups, it naturally facilitates to promote the

transparency and good governance. In this context, major strategies are as follows.

Integrated and sector specific programmes will be implemented by identifying and aiming at targeted groups /areas.

Poverty Alleviation Fund, the targeted programmes will be implemented through concerned bodies/agencies in a coordinated manner by strengthening the institutionalization.

Grant-in-aid for local institutions will be determined by applying poverty index formula,

c) Programme s

Geographic Area based Programmes:

▪ *Construction of Local Level Infrastructure and Local Development Programmes*

Along with productivity oriented local infrastructure development activities, multiple purpose local development programmes will be implemented for the benefit of people having no other income sources except subsistence agriculture and passing roaming life and who are living in geographically backward areas without road access. Under such programmes, infrastructure development activities for instance, drinking water, minor irrigation, foot/mule trails, schools and health post buildings will be undertaken, as demanded by the people of targeted areas / class. Necessary arrangement will also be made for skill development, technical know-how, extension of agriculture technology, training, micro finance, etc. for income generating opportunity as demanded by the people. Such multi sectoral development programmes will be carried out focusing on remote areas, where high incidence of poverty exists.

In the context of access, the source of livelihood of Nepalese people is cultivable land, which is affected particularly by natural disaster. Mostly poor people own such land. Again, the poor are unable to invest because of poverty, they are affected by natural disaster from time to time as well and they are heavily indebted; hence improvement of these areas come under the scope of the targeted programmes. While designing and implementing the programmes like flood landslide and river training works to protect the flood prone and landslide occurring areas from time to time, priority will be given to those areas where the poor.

Group based Programme

The group targeted programmes are relate to various sectors. Various programmes related to different sectors that suit to groups' nature and capacity and address the groups affected by poverty and low level of human index will be launched. The empowering of women, the merging of poor and backward classes in the mainstream of development as well as targeted programmes women of vulnerable communities will come under this.

During the Ninth Plan period, although the system of bonded labourer (Kamaiya) is abolished, no concrete actions were undertaken to increase access of Kamaiya

class to employment and productive resources that increases their income opportunities. Hence, special attention will be paid to develop appropriate programmes in the Tenth Plan period.

The poverty mapping will be carried out to assist to develop group programmes by identifying the poor. The poverty mapping programmes will be carried out up to the district level.

▪ ***Poverty Alleviation Fund***

The Poverty Alleviation Fund is established to operate targeted programmes in an organized and systematic way and also, implement such programmes in a more coordinated manner. The Fund will mobilize resources of government, donors as well as NGOs for executing poverty alleviation programmes at the same time, government, private sector and local institutions will also be mobilized for their operation. The Fund will act as an autonomous body for such coordination work. The targeted groups of the Poverty Alleviation Fund are people living below the poverty line. Identification of targeted groups by undertaking field studies using poverty mapping will be carried out and poverty alleviation programmes will be implemented through the government, private sector and local institutions.

▪ ***Empowerment and Mainstreaming***

Programmes to contain floods and landslides and those for river training will be carried out with priority in the areas affected by floods and landslides from time to time and the areas owned generally by the poor.

▪ ***Arrangement of Grant-in-aid***

The grant-in-aid will be provided to meet transportation cost of the food grain as well as other basic services. Such grant will be provided not to all but only to some remote areas where there is concentration of targeted groups.

▪ ***Programme to raise capacity building by Human Development Index (HDI) improvement***

Improvement in individual capacity is a must to increase labor productivity; therefore various kinds of financial supports will be made available to the groups who have either no easy access or have difficult access to goods and services needed for improving the human development index. If the targeted groups are concentrated in some particular areas, physical infrastructure facilities will be developed to increase the support to such area. The scholarship programmes will be launched to increase access to education, while primary health care programme will be implemented in a decentralized manner. In this context, child health and primary health care services will be extended so as to benefit the backward classes.

▪ ***Programmes of increasing income generating opportunities***

Different types of income generation supportive programmes will be launched for the people the labor, as they don't possess any skill, have no access to market and technology, etc. The food for work programmes will be carried out to consent

physical infrastructure. Such type of supportive programmes will be implemented particularly in food deficiency areas .

In the recent past, some groups have lost their traditional jobs due to modernization. In order to solve the problem, different types of skill development programmes aiming at specified groups will be undertaken. Market arrangements for the produced goods and services under the programme will also be made.

The programmes, which put emphasis upon raising income level by developing goods and services, which have comparative locational and group advantages will be implemented. These programmes will be launched keeping in mind micro hydro projects and eco-tourism . Similarly, the benefit will be provided to targeted groups by arranging marketing outlet for their products. Programmes will also be developed by concerning on one priority area, which have comparative advantage.

Income generating opportunity will be available only if access to employment opportunities and productive resources is made available. Hence, programmes, for instance, providing land to *Kamaiya*, who were freed under abolition of the *Kamaiya* system (bonded labor system), providing forest on lease to poor people so that they can get their livelihood from the forest products, providing micro credit and skill to non-skilled persons and putting emphasis on appropriate technology will be executed. Different types of targeted programmes proposed to implement are given in the table 27.1.

27.5 Implementation Arrangement

Since targeted programmes are launched for different groups and areas, the implementing institutions/agencies are also of different types. The report of Nepal Living Standard Measurement Survey (Second) will be made available by the second year of the Tenth Plan. The targeted programmes relating to all sectors will be prepared on the basis of the data after completion of the poverty mapping,.

Majority of programmes focused on geographical areas are related to the Ministry of Local Development (MoLD) and the District Development Committees. The remote area development programme and other rural development programmes are the examples. In addition to this, there are number of programmes for the targeted groups in the area of income generation run under the MoLD.

Also, the programmes formulated specially for the targeted groups are under the implementation of the Ministry of Local Development. There are number of sectoral programmes which are implemented by targeted groups as well as by the said line ministry. While decentralizing the programmes as well as distributing the sectoral programmes regionally by the line ministries, the priority will be accorded to targeted groups and areas,.

The targeted programmes developed on the basis of comparative advantages are being implemented by different agencies. The sectoral ministries are also involved in the execution of these programmes. Different institutions are involved in the micro financing. The Ministry of Local Development (MoLD), commercial banks,

Agriculture Development Bank, Grameen Bikas Bank (Rural Development Bank) and Rural Micro finance Development Centers are providing micro credits against group security to the people of targeted groups .

The NGOs and the civil society have played major role in identification and implementation of various programmes designed for targeted groups . The policy will be to involve them extensively in such programmes. In order to increase institutional coordination in these programmes, it will be applied effectively and mobilized in the Poverty Alleviation Fund.

27.6 Monitoring Arrangement

The poverty mapping will be carried out for the whole country in the Tenth Plan period. In addition to it, a monitoring unit will also be created in the National Planning Commission to undertake regular monitoring and follow-up of these programmes. Side by side, the government will elevate the Poverty Alleviation Fund to an autonomous institution within the plan period. The Fund will provide financial support through polycentric institutions for the targeted programmes and it will take up monitoring this programme in totality.

Table 27.1: Targeted Programmes under various sectors

SN	Agency/sector	For targeted areas	For targeted group:				People with disabilities
			Poor	ethnic class	Oppressed	Women	
1.	Ministry of Agriculture	Various agriculture technologies and production inputs for the poor of remote areas	Easy access to appropriate agricultural technologies and production inputs for the poor. Formation of separate groups by identifying poor	Easy access to appropriate agricultural technologies and production inputs for the ethnic groups. Formation of separate groups by identifying ethnic group	Easy access to appropriate agricultural technologies and production inputs for oppressed class. Formation of separate groups by identifying oppressed class	Easy access to appropriate agricultural technologies and production inputs for the women. Formation of separate groups by identifying women	
2	Ministry of Local Development	Construction of infrastructures, e.g. foot and mule trails in the remote areas where ultra poor live	Food for work	Food for work	Food for work		
3	Ministry of Women, Children and Social Welfare	Provide appropriate training to women by forming groups	Arrange appropriate training by forming groups of ultra poor women. Rehabilitation of street children	Provide appropriate training by forming separate groups of ultra poor ethnic women	Provide appropriate training by forming separate groups of ultra poor women of occupational castes	Increase representation of poor and backward communities in the PCRW programme.	
4	Ministry of Industry, Commerce and Supplies	Support to establishment of small and cottage industries to the poor	Support to establishment of small and cottage industries for ultra poor. At least 50% of the trainees in various cottage training programmes should be the poor	Support to establishment of appropriate small and cottage industries for ethnic community. At least 25% of the trainees in various cottage training programmes should be from ethnic	Support to establishment of small and cottage industries for oppressed class. At least 25% of the trainees in various cottage training programmes should be from oppressed class	Support to establishment of small and cottage industries for poor women. At least 50% of the trainees in various cottage training programmes should be women	

SN	Agency/sector	For targeted areas	For targeted group:				People with disabilities
			Poor	ethnic class	Oppressed	Women	
5	Ministry of Education and Sport	Provide various non formal education and increase female enrolment, establish child care centers for the poor of remote areas.	Provide informal education to poor family whose literacy rate is below 15%. Find out reasons of dropout of children in the schools and solve the problem.	community Provide scholarship to poor and intelligent children of ethnic communities. Find out reasons of dropout of children in the schools and solve the problem	Provide scholarship to the poor and intelligent children of oppressed class. Find out reasons of dropout of children in the schools and solve the problem	Arrange informal education for the w omen whose literacy rate is less than 15%. Find out reasons of dropout of children in the schools and solve the problem.	
6	Ministry of Health	Conduct health camps regularly in the remote areas.	Conduct health camps regularly in the ultra poor area. Healthy sanitation and public awareness Housing facility for homeless poor	Conduct special health camps for ethnic communities in the remote areas. Healthy sanitation and public awareness Housing facility for homeless ethnic communities	Conduct special health camps for oppressed class. Healthy sanitation and public awareness Housing facility for homeless oppressed classes	Provide maternity health care service to poor women. Healthy sanitation and public awareness	Distribution of appropriate means/equipments to the people with disabilities
7	Ministry of Physical Planning and Works						
8	Ministry of Water Resources	Provide grant to micro irrigation in the remotest and arid areas	Provide grant to poor for micro irrigation	Provide grant to poor ethnic communities for micro irrigation	Provide grant to poor oppressed class for micro irrigation		
9	Ministry of Forest and Soil Conservation	Support to appropriate herbal farming in remote areas.	Arrange leasehold forest as well as leasing of community forest for the poor forest users' groups	Arrange leasehold forest as well as leasing of community forest for the ethnic forest users' groups	Arrange lease forest as well as leasing of community forest for the oppressed class forest users' groups	At least 40% should be women in the forest users committee.	
10	National Planning Commission		Establishment of poverty mapping unit				
11	Poverty Alleviation Fund	Financial support to poverty alleviation	Financial support to poverty alleviation	Financial support to poverty alleviation	Financial support to poverty alleviation	Financial support to poverty alleviation	

SN	Agency/sector	For targeted areas	For targeted group:				People with disabilities
			Poor	ethnic class	Oppressed	Women	
12	Non-governmental Organizations (NGOs)	<p>programmes through the NGOs in the remotest and wide spread of poverty areas.</p> <p>Launch poverty alleviation programmes based on social mobilization in the poorest areas</p>	<p>programmes through the NGOs for poor and ultra poor families</p> <p>Launch poverty alleviation programmes based on social mobilization for the poor households</p>	<p>programmes through the NGOs for poor ethnic classes</p> <p>Launch poverty alleviation programmes based on social mobilization for ethnic groups.</p>	<p>programmes through the NGOs for poor oppressed classes.</p> <p>Launch poverty alleviation programmes based on social mobilization for oppressed classes</p>	<p>programmes through the NGOs for poor women.</p> <p>Launch poverty alleviation programmes based on social mobilization for poor women.</p>	
13	Ministry of Finance		<p>Provide loan to poor for foreign jobs</p> <p>Arrange special grant for the poor</p>	<p>Provide loan to ethnic group for foreign jobs.</p> <p>Arrange special grant for ethnic groups</p>	<p>Provide loan to oppressed class for foreign jobs.</p> <p>Arrange special grant for oppressed classes.</p>		

Chapter - 28

Dalits and Neglected Communities

28.1 Background

All-round development is possible only if the multi-ethnic groups, multi-lingual and various groups and communities within the country develop in proportionate manner. Such type of development will help to utilize their inherent skill, ability and knowledge in the nation development process on the one hand, and on the other, assist to uplift the living standard of the *dalits*, neglected, downtrodden and oppressed classes by creating employment opportunities through the mobilization of local resources. Taking note of this fact, various programs are being implemented to uplift of this community. Serious efforts are still needed to bring this class of people who have been back-warded from every aspect of socio-politico-economic issues because of the prevalence of aged old poverty and social deprivation. In number of places, this section of the population could not get social respect in practice due to existence of caste system (though termed illegal) and inhuman behavior because of ineffective enforcement of acts, which categorically has made the caste system punishable. As a matter of fact, the community could not fully-establish its role in the socio-economic development of the country. The reasons behind such scenario are lack of proper coordination among various agencies in the implementation of targeted programs; absence of proper linkage between needs and targeted programs, for they were implemented without adequate study by the center; their backwardness in educational field and awareness level; and failure to mainstreaming such community in development activities as an important stakeholder. Keeping these limitations and weaknesses in mind, in order to identify this class /community, extensive study and research work will be undertaken to explore development possibilities of this community. Also, special steps will be taken to implement the outcome of research and studies for their betterment during the Tenth Plan period. The programs will be initiated from the very beginning of the Tenth Plan to involve them, as co-actors and partners, in the mainstreaming of nation building activities.

28.2 Review of the Ninth Plan:

The Ninth Plan had given major role to the government to create a congenial atmosphere for exploiting inherent potentiality, skill and knowledge with the people of the oppressed and neglected communities for increasing their living standard through their involvement and participation, as co-actors and partners along with other communities of the country. The Ninth Plan had adopted the objectives to end the existing gap between the people of oppressed groups and other communities by abolishing prevailing social discrimination of the country and to eliminate the poverty

and unemployment prevalent among oppressed and neglected community within the next 20 years period as envisaged in long term perspective. The policies and implementation strategies formulated to realize the objectives were to empower these groups economically and socially, to conserve and modernize their professional skill and jobs, to increase access to loan through the creation of social capital, to make obligatory to allocate certain percent of grant-in-aid provided by the government to the local bodies (i.e., DDCs and VDCs) for their economic uplift and development, to expand coverage of scholarship program in the secondary and higher education and to provide this section/class access to technical education. During the period, scholarship was provided to 513 students from oppressed society in higher education and 5,183 in school level under the neglected, dalits and oppressed community upliftment programme. However, Rs.25 per month as scholarship provided to children of oppressed community by the Ministry of Education and the various kinds of support programs lunched by different NGOs and social organizations as well as their achievement has not been accounted. During the period, seven projects were implemented in the areas of health, sanitation and drinking water for the backward ethnic groups. In addition, it is recorded that financial support was made available to various helpless-oppressed-children orphanage homes. The seminars were conducted and weekly radio broadcasting program was operated to increase public awareness about problem of backward ethnic community at the national level for their upliftment. Moreover, 65 income and skill oriented projects were implemented in 37 districts of the kingdom. The employment oriented computer training courses were organized for the unemployed individuals of oppressed classes. The National *Dalit* (oppressed) Commission was constituted for the protection of their rights. The acts and regulations in this area were formulated as well as work related to setting up institutional structure has been undertaken.

28.3 Long term vision:

The long term vision is to raise the living standard of *dalits* and neglected communities by empowering them on the basis of equality, and mainstream them into the development efforts while enhancing their self respect.

28.4 Objectives of the Tenth Plan:

Dalits, who have been lagged behind in the society due to the old social systems and beliefs, will be empowered on the basis of equality, and their access to the development efforts will be enhanced.

a) Strategy

Traditional social systems and beliefs have made some sections of the society socially and economically backward. It is necessary to undertake programs of correcting various human development index related to this section of the population through

targeted programs, since they are generally isolated from the mainstreaming of development. The implementation of programs, such as, making these people capable, for greater representation in the political process, providing access to various income generating activities will not only promote social justice but also contribute to social development. In this context, the strategies of the plan are as mentioned below .

1. By identifying oppressed, downtrodden, neglected communities the social oppression and discrimination against them will be abolished through the economic and social development of this class.
2. Through social and economic empowerment, their knowledge, skill and intelligence will be mainstreamed in the development process, and their possible contribution in the national level will be identified and encouraged to implement.
3. The traditional occupations of the downtrodden and oppressed community will be modernized and the goods produced by them will be made competitive. The institutional arrangement for marketing of such products will be undertaken.
4. The dalits and oppressed's social dignity promoting programs will be emphasized, while appropriating national productive resources and opportunities.

b) Policy and working policy

- ***Socio-economic development (related to strategy 1)***
 - Special measures will be taken to increase access of this group to programs like education, health, sanitation, etc .
 - The programs to ensure the rights and development of downtrodden community will be formulated and implemented under the sectoral ministries and local level bodies (like DDC & VDC).
 - Priority will be accorded to *dalit* (oppressed class) representation in all types of users' committees formed for development works, in the school management committees, local bodies , NGOs and social organizations.
 - Necessary arrangement will be made for coordination by undertaking monitoring and evaluation of the I/NGOs' programs.
 - Efforts will be made from the government, NGOs and private sector to put an end to caste discrimination by identifying discriminatory situation against *dalit* community.
- ***Empowerment (related to strategy 2)***
 - The award of scholarship program will be extended to increase the access of the *dalit* community to education for wide coverage. Likewise, access of *dalit* and neglected community to technical subjects under higher education will also be increased along with the extension of

programs related to educational scholarship for this community will be effectively implemented.

- The idea that the inherent skill, efficiency and specialization traits possessed by the *dalit* community is the asset of the nation will be propagated.
- The *dalit* and oppressed community will be empowered economically and socially by involving them in the development process by implementing targeted programs. In such programs, *dalit* women will be given due priority.
- Emphasis will be given to institutional empowering of the National *Dalit* Commission.
- **Modernisation of traditional skills (related to strategy 3)**
 - The ancestral occupational skills and jobs of the *dalits* and neglected communities will be conserved and modernized. Their traditional occupations will be developed as an alternative as well as a dignified source of employment. Access to institutional credit will be increased through the programs like social savings mobilization and loan.
 - By providing credit and refining their skills, people of the *dalit* and oppressed community will be attracted in foreign employment opportunities.
- **Increase social prestige (related to strategy 4)**
 - The subjects on *dalit* and oppressed community related to their problems, untouchability and existing conservatism in the school level curriculum will be included and topics of discrimination will be taken out to increase public awareness.
 - Major role will be given to local bodies (like DDC & VDC) to formulate as well as implement programs for economic improvement and social upliftment of *dalit* community.

28.5 Programs:

28.5.1 Social Programs:

- Various programs will be undertaken to discourage the religious and social conservatism prevalent in the non-*dalit* community and to wipe out the century old inferiority complex of *dalit* community.
- Decision making capacity and leadership quality in the *dalit* women will be developed by abolishing domestic violence and other types of harassment against women.

28.5.2 Educational Program:

- Free education up to secondary level will be provided to the children of school going age of all *dalit* communities.

- The access to higher education particularly technical and vocational institutions will be made easy for *dalit* communities .
- The participation of the *dalit* communities in the education centers is poor. It will be increased by appointing *dalit* females if available and in case they are not available other male members from that community will be appointed to school teaching posts.
- The stipend received by the students of *dalit* communities will be increased and manage all types of scholarships . The campaign for bringing public awareness in the society will be initiated by mobilizing *dalit* students receiving stipend.
- By preparing curriculum, which develops and promotes skills of *dalit* communities, arrangement will be made to provide technical and vocational education
- I/NGOs will be encouraged to use more service of *dalit* and oppressed communities by recruiting them in the posts to the possible extent as well as in the local level programs related to them .
- Special programs will be launched to educate the people of *dalit* and so called untouchables like Musahar, Batar, Doom, Halkhor and such other who are educationally backward. In such programs, special attention will be paid to women of *dalit* community
- The *dalit* literacy campaign will be made as an important part of the National Development Volunteers Service.

28.5.3 Health Program

- Awareness will be increased through mobilization of social organizations, government institutions and NGOs to improve the life style, balanced diet including dietary habit and sanitary condition of the *dalit* and neglected community.
- Increase access of *dalit* and oppressed community to primary and basic health services.
- By providing safe and pure drinking water to *dalit* and oppressed community, special health care service will be made available to pregnant women and women of maternity stage.
- Health services will be provided with priority to *dalit* community under the programs lunched by the health institutions providing basic and primary health care services, such as the mobile health camps. Like manner, if the training and public awareness related seminars are to be conducted, it will be organized in the localities inhabited by *dalit* communities. Special arrangement will be made to provide drinking water and sanitation in their settlement areas. Also, *dalit* people are encouraged to run programs related to drinking water and sanitation through the ir users community.

- Infant mortality rate, child mortality rate and maternal mortality rate are quite high in the *dalit* community. In this context, this community will be made as the target group of health and family planning programs
- Priority will be given to *dalit* women in the selection of female health workers or female volunteers so long as they are available.
- Awareness programs relating to health care for *dalit* community in the districts particularly maternity health care of *dalit* women will be launched.
- Health care service will be provided on regular basis by identifying the areas where there is major health problem with the young girls and women in *dalit* community.

28.5.4 Economic Program:

- Special priority in land distribution will be given to homeless people of *dalit* communities.
- While providing foreign employment to people of *dalit* community under the government initiatives, their traditional skills and resource will be modernized and training will be provided to make their service suitable to foreign jobs.
- Loan in easy term will be made available to people of *dalit* community to run their traditional businesses. Special training will be provided to modernize their traditional skills.
- There are people of *dalit* community who have skills but have no formal certificate. This is a bottleneck to have jobs. So, measures will be taken to determine the level of skills and provide them certificate by skill testing.
- Priority will be accorded to *dalit* community people in the governmental and non-governmental employment.
- In order to make professional skills of *dalit* community prestigious and to merge them into the mainstreaming, the interest will be created in their occupational skill in the schools.

28.5.5 Study and Research Program:

- Under the government and the non-government sector, people will be encouraged to conduct studies and carry out research works to identify population of different groups of *dalit* communities and different aspects of their life.

28.5.6 Institutional Arrangement:

- The District Development Committee will be asked to formulate the programs for the socio-economic development of *dalit* community of the district at the time of district development plan preparation

- Each District Development Committee will be asked to prepare the document on the status and problems of the *dalit* communities of their district.
- In order to coordinate all types of governmental and non-governmental district level *dalit* development programs and to formulate plan and policy as well as to make responsible of their execution as per local requirement, the responsible person/agency will be pin pointed and focal point will be created in the District Development Committees.
- The process of creating committee at local level to look after the status of *dalit* communities, as watchdog will be initiated. The committee will submit its annual report to its parent organization.
- The agencies of government, non-governmental organizations, social and community based organizations working at grass root level will be activated to identify problems and issues as well as for the solution of the area specific *dalit* community.
- By way of coordination, duplication in programs related to uplift and development of the *dalit* communities of various line ministries, departments and NGOs and INGOs will be avoided. The National *Dalit* Commission and the Committee on uplift of the *Dalit* , oppressed and neglected communities are working separately at present. They will be merged into one single institution for the preparation of appropriate policy and programs in order to implement all the activities relating to them in an integrated manner.

28.6 Monitoring Arrangement:

Arrangement will be made to monitor the implementation of the programs by the users groups and the related local institutions, since these programs prepared for *dalit* communities will be run under the committee represented by local institution, non-government organization and consumers' group. Also, considering the nature of the programs, arrangement will also be made to monitoring and evaluation of such programs at higher level, such as, the District Development Committee, line ministries, the National *Dalit* Commission and the National Planning Commission. The outlay allocated for the proposed programs is included in the local development sector.

Total outlay for the sector is Rs.1,600.00 million, of which Rs.500 million at the minimum will be borne by the Poverty Alleviation Fund and Rs.1,100.00 million will be the grant-in-aid provided to the local bodies (like DDCs), but excluding the resources allocated for the targeted programs of sectoral ministries.

Chapter - 29

Indigenous People and Ethnic Groups

29.1 Background:

Nepal is a country with multi-ethnic, multi-lingual, multi-religious people and diverse culture. This vast diversity is the most unique feature of Nepal as a country. Of total inhabited communities, there are 59 groups belong to indigenous/ethnic communities. Again, 59 indigenous/ethnic groups comprise of minor populated groups like Bankariya, Kusunda, Chhierotan, Kushabadiya, Raote, Sural and groups having more than million populations, for example, Magar, Tharu, Tamang, etc. Majority of indigenous people and ethnic groups are weak economically, socially, educationally and politically. Moreover, these groups are deprived of various types of facilities. The gap in their level of development is still very significant. In such situation, it is felt necessary to have well-balanced progress of each community and ethnic group for the country's all-round development. The special features of the ethnic groups are in fact the asset of the nation. The concept that development of the nation is only possible through promotion of their special features is therefore necessary.

The government with the objective of enabling people of various indigenous and ethnic groups settled all over the kingdom has undertaken, from time to time, different types of programs to improve their socio-economic condition for their living a decent and prosperous life. Among such various programs, the notable one is the Praja and other indigenous people/ethnic group development project. It is implemented under the title of "The Targeted Group Development Program." Despite the fact that the Praja Development Program was implemented in four districts, viz., Gorkha, Dhading, Chitwan and Makwanpur, still the socio-economic progress of these targeted groups has not taken place. The Formation Order of the National Ethnic Group Development Committee 2054 BS was issued as it was felt that institutional and well-managed efforts are to be made in this direction. Although the programs relating to the indigenous people and ethnic groups with the objective of their all-round development were implemented since a long time, noticeable changes have not occurred in them. These targeted groups have not been included in a comprehensive way in the development programs for substantial socio-economic changes. Although after the restoration of multiparty democracy in the country, interest was shown in their institutional active participation and their rights, various development indicators substantiate that the indigenous people and ethnic groups were isolated from merging into the mainstreaming of development and they could not be active partners in the overall development of the country. Motivation is necessary, therefore, to make advancement to conserve and develop indigenous people and ethnic groups in the various fields like, economic, education, social, lingual, culture, etc. in a sensitive manner, by realizing that their contribution is

equally required as of other communities' in the proportionate and balanced development of the nation.

29.2 Review of the Ninth Plan

Since the Eighth Plan period under social welfare various programmes aiming at economically, educationally, socially backward communities were implemented but the indigenous people and ethnic groups scattered all over the kingdom could not reap substantial benefits. Taking note of weakness and limitations in earlier programs, the Ninth Plan (1997-02) had incorporated special policy and programs related to indigenous people and ethnic groups. The programs included in the plan were launched with the objectives of eliminating existing social disparities by improving their socio-economic condition, raising overall cultural status of the nation by undertaking research works on their cultural heritages and also to conserve them, enhance their capability through empowering them economically, socially and communally and lastly, involving them in the nation building task through ensuring their access to resource by promoting knowledge and skill along with the modernization of their traditional occupations.

Over the period of the Ninth Plan, under the institutional arrangement, Indigenous People /Ethnic Group Uplift National Academy was established, however, the committees on indigenous people /ethnic group in all the 75 districts of the country could not be formed as targeted.

Under the human development program, the students of the indigenous people and ethnic group, who studied in the higher education with technical as well as non-technical subjects were encouraged by providing scholarship/stipend.

The traditional knowledge and skill based professions and employment oriented programs have benefited specially to youth, both male and female, as well as women. The public awareness was raised in the highly backward indigenous people and ethnic groups in the fields of education, health, legal matter, sanitation and environment, culture, women awareness and ethnic groups identification. The course books in the ethnic languages / dialects of Bantawa Rai, Kulung Rai, Limbu, Tharu, Tamang, Baramu, Magar, Gurung were written and informal classes were run using those books. Dictionary in the languages of ethnic groups like Bantawa Rai, Gurung, Margar, Yakkha, Serpa, Dura, Majhi and Sunuwar is under preparation. The real status of various indigenous people and ethnic groups was identified and papers were prepared on different aspects of the communities by conducting various research works and studies. Income generating programs had been launched for some ethnic communities for their economic upliftment. Similarly, various programs relating to indigenous people's culture, festivals, pilgrimage conservation are still continuing. Despite the fact, indigenous people and ethnic groups as a whole could not be benefited as envisaged from these programs. The weaknesses of the programs are mentioned below.

- Lack of information and statistics on real status of ethnic groups.

- There are no committees of indigenous people and ethnic group at the local level; hence the targeted programs are directly implemented by the center, which has made difficult to run the programs smoothly, well-managed and effectively. This happened due to lack of timely monitoring.
- Failure to involve highly backward, and virtually no access to indigenous people and ethnic groups in the socio-economic upliftment programs.
- No effective programs on education, health, etc. for endangered and backward indigenous /ethnic communities and no special program of scholarship from the school level was launched.
- No responsibility was given to sectoral ministries for the programs implemented in the area of target groups .
- Lack of policy in respect of development of expertise in the indigenous and ethnic communities. There was no provision of expertise development in the programs implemented by various ministries.
- Incapability of active organizations involved in the task of uplifting indigenous people and ethnic groups.
- Unclear about the national concept on skill, knowledge, technology and capacity of indigenous people and ethnic groups .

29.3 Long Term vision:

The long term vision is to boost up indigenous people and ethnic groups and achieve their all-round development in the areas of economic growth, education, social and cultural upliftment by maintaining ethnic diversity and mainstreaming them into national development on the basis of equality.

29.4 The Tenth Plan:

Objective:

The objective is to provide development opportunities by empowering the backward people and people of indigenous and ethnic groups who are unable to participate actively in the development mainstream.

Strategy:

Some of the indigenous people and ethnic groups are far behind the mainstreaming of modern development because of geographic remoteness, harsh climatic condition and conservative traditional social values . It is possible to make concrete contribution in the promotion of social justice by undertaking the works like capability enhancement, individually and in the group as well as their active participation in the social and political process for mainstreaming them into development process. It will help even to sustain development of social and economic sectors of the country. Against this backdrop, the major strategies of this sector are as follows:

1. Assist to create an egalitarian society by making all-round development of indigenous people and ethnic groups through the programs related to social, educational, economic and cultural development as well as uplift indigenous people and ethnic groups.
2. Protect and promote the language, scripts, culture/literature, art, history of indigenous people and ethnic groups.
3. Protect and promote traditional skill, technology and specialized knowledge and assist to utilize them in commercial purpose.
4. Indigenous people and ethnic groups will be made partners in the mainstreaming of overall development by fostering good relationship, goodwill and respect among the various indigenous people, ethnic groups, castes and communities.

b) Policy and working policy:

- ***All-round development and egalitarian society (Related to strategy 1):***
 - Arrangement will be made to implement the on-going targeted programs of indigenous and ethnic groups, making necessary structural and institutional reforms effective.
 - Priority will be given to persons of highly backward and endangered indigenous people and ethnic groups for admission in technical and non-technical subjects under higher education. Similarly, the scholarship program will be extended for the children of that community in the schools and it will be made effective.
 - Priority will be given to establish schools and health posts for that community and areas to increase their access to education and health care services.
 - In order to make active participation in the development activities, awareness among economically backward indigenous people/ ethnic communities in the matter of education, health, economic and social will be increased. The employment and profession oriented programs will be implemented with the intention of minimizing economic and social imbalances existed between the indigenous people /ethnic groups and the advanced ethnic communities.
 - Women of indigenous / ethnic groups will be empowered by extending women development programs.
 - The capacity of women of indigenous/ ethnic group will be developed by providing legal protection of their traditional development friendly rights.
 - Mandatory arrangement will be made to analyze the status of indigenous people and ethnic groups of the district in the time of formulation of district plan by the local institutions particularly District Development Committee.
- ***Conservation of cultural heritage (Related to strategy 2)***

- Steps will be taken to establish model village or museums to enable the identification of multi-lingual, multi-religious, multi-culture of the country.
- ***Traditional skills and specialization (Related to strategy 3)***
 - Indigenous people and ethnic group will be made partner in the process of national development through conducting research, conservation and promotion of diverse culture, language, knowledge and skills inherent in them.
 - The National Academy for Development of Indigenous Nationalities Act, 2058 BS with the objectives of protecting the rights of indigenous people and ethnic groups as well as protection and conservation of their culture, language and diverse knowledge has been promulgated. The Academy will be established and strengthened.
- ***Mainstreaming (Related to strategy 4)***
 - The indigenous people and ethnic groups will be empowered through decentralization, local community development, human resource development and mobilization, efforts of poverty alleviation and lingual and cultural institutions.
 - The programs of various agencies of His Majesty's Government will be targeted to those groups and to those areas where majority of indigenous people and ethnic groups reside. Special arrangement will be made for monitoring and evaluation of investment programs launched by the non-governmental organizations to uplift indigenous people and ethnic groups.

29.5 Programs

a) Institutional Arrangement :

In order to protect and promote indigenous/ethnic people's rights, language, culture and various knowledge, the Indigenous People/Ethnic People Upliftment National Academy will be strengthened and district based units to monitor indigenous/ethnic programmes will be established in all 75 districts. These units will play crucial role in central policy formulation and implementation by working in close cooperation with DDCs.

Arrangement has been made to submit programs to concerned agency for their approval Such programs are to be formulated by identifying needs of the targeted groups and upon their approval, implementation will be carried out by the respective groups. Likewise, arrangement will be made to program monitoring and supply of technical and expert service as per necessary will be done through district level units.

b) Language and Cultural Development :

- Accepting the diversity of language and culture of the country as an asset, protection, conservation and development of the languages will be

undertaken by categorizing indigenous and ethnic languages into four groups viz. endangered, without traditional scripts, moving towards traditional script and established traditional scripts. System of providing basic education in their own mother tongue, as a medium of instruction, will be initiated by developing curriculum, course books, and support materials in their mother tongues. The teachers teaching in their mother tongues will be produced.

- The cultural heritage of indigenous people/ethnic group, which are important and valuable national cultural heritage will be protected, conserved and developed by identifying, conducting studies and research and documenting them. Support will be provided in the establishment of museums and model villages for the protection of these assets at the center and the local communities.
- Awareness oriented programs emphasizing on health, family planning, maternity and child welfare, environment and sanitation and women empowerment, targeted to indigenous and ethnic communities will be launched for the protection of language, social and cultural system. They will be motivated to participate actively in the development by identifying their needs and problems by themselves.
- Special campaign program will be organized for informal education by mobilizing organizations and NGOs based on institutions, organizations and communities of indigenous people and ethnic groups for the growth of their literacy rate. System of providing informal education in the medium of mother tongue will be started. Priority will be accorded to establish schools and health centers for these group and areas with a view to increase access to education and health care services.

c) Human Resource Development :

- Emphasis will be given to human resource development for overall advancement and empowerment of indigenous people/ethnic groups. The programs, namely, special motivation, from the primary to higher secondary education for the students of highly backward and endangered indigenous /ethnic group, special scholarship arrangement for technical and non-technical higher education, awareness program for education development and literacy campaign will be continued.
- The programs, which protect, conserve and use of the traditional knowledge, skill and technology of indigenous people/ethnic groups will be implemented. Likewise, occupation and the employment oriented training will be arranged to provide employment opportunities. In order to make training more effective, His Majesty's Government will provide necessary policy and technical support.

d) Social and Economic Development :

- Under the poverty alleviation program, the occupations based upon the

interest of indigenous people /ethnic group and their traditional skill, craftsmanship and knowledge will be protected and modernized along with the implementation of programs, targeted to them like market management, social development, rehabilitation of particular indigenous people in order to improve the condition of the people living below absolute poverty line and to reduce the gap existed between indigenous people / ethnic groups and other ethnic communities.

- Indigenous people /ethnic group will be involved to the maximum in the plan formulation process, implementation and management of the development projects with the objective that they could reap the benefits from the development projects.

29.6 Special Arrangement:

Specified percentage of grant-in-aid provided by His Majesty's Government to the District Development Committees and the Village Development Committees will be encouraged to spend in the development programs for indigenous people and ethnic groups.

29.7 Monitoring and Evaluation:

The monitoring and evaluation of the programs implemented categorically for the indigenous people/ethnic group will be carried out by the local indigenous people group in the initial stage. The district level programs will be regularly reviewed and monitored by the district level units in coordination with Ministry of Local Development and the National Academy for the Development of Indigenous Nationalities. The central secretariat/ office will coordinate all programs implemented in the kingdom and monitor and evaluate them. Report will be made available to the Ministry of Local Development. The National Academy will also conduct evaluation study on the effectiveness and sustainability of investment provided by His Majesty's Government.

The total outlay for the sector is Rs.1,600.00 million, of which Rs.500 million at the minimum will be borne by the Poverty Alleviation Fund and Rs.1,100.00 million will be the grant-in-aid provided to the local bodies (like DDCs), but it excludes the resources allocated for the targeted programs by the line ministries.

Chapter - 30

Local Development

30.1 Background

The major aspect of local development is to explore and identify the development programs, mobilize local resources in a coordinated manner, and run these programs using local skills and technology for meeting the needs of local people. The main concept of local development is to sustain local development through the active participation of local people in project selection, formulation, implementation, repair and maintenance of local level projects.

30.2 Review of the Ninth Plan

- Rural Community Infrastructure Work (RCIW) implemented in 20 districts in the beginning of the Ninth Plan has been extended to 35 districts including remote districts of the Far and Mid Western Development Region of the kingdom. This program has constructed 2,361 km rural roads, 1,532 km mule track, and irrigation channel for irrigating 253 ha, 148 km river control, and 53 ha fishpond. Similarly, this program has completed 101 ha of agricultural forest development and 382 ha of community forest development. This program has covered 198,000 households and benefited altogether 296,000 laborers including 207,000 male laborers and 89,000 female laborers.
- Rural Infrastructure Development Program (RIDP) undertaken with the loan of Asian Development Bank in Baglung, Kavre, and Tanahu altogether in three districts has completed construction of 161 km rural roads and 21 community buildings.
- Rural Infrastructure Program (RIP) implemented with the loan of The World Bank in eight districts has completed the regular maintenance of 829 km roads and rehabilitation and periodic maintenance of 288 km roads.
- Agricultural Road (AR) Program has completed construction of 326 earthen roads; in addition, 47 District Development Committees have prepared District Transport Master Plan (DTMP) under this program. Local Development Work Program has completed construction of 1,619 km rural roads and 536 km mule track.
- Suspension Bridge Program has constructed 75 suspension bridges along the main track, and has been constructing six suspension bridges. Local Trail Suspension Bridge Program has constructed 133 suspension bridges and has been constructing 174 suspension bridges. Similarly, BBL has constructed 793 suspension bridges.

- Similarly, District Road Support Program (DRSP) implemented with the assistance of the Swiss Government has constructed 41 km roads in six districts, and has rehabilitated and repaired 109 km roads.
- Rural Access Program (RAP) has initiated the first phase of work in six districts.
- Poverty Alleviation Project implemented in eight Terai districts of Western Nepal with the loan assistance of International Fund for Agricultural Development (IFAD) has provided 9,841 persons with agriculture and livestock development training, 394 with farmers' study tour, 2,676 with skill training, 131 trainers' training, 561 with community forest nursery training, 3,833 with community health and sanitation education and people's awareness training. Similarly, it has constructed 24 vegetable production demonstration plots, 25 community forest nurseries, 340 culverts, 224 community hand pumps for drinking water, 10 community fishponds, 267 group shallow tube wells, 9 lift pumps, and 10 rower pumps. In addition, during the plan period, it has distributed 38,281 fruit saplings and has provided the under Freed house construction grants to 3,149 families Bonded Labourer Rehabilitation Program. During the plan period, it has invested Rs. 131.4 million in loans benefiting 18,424 women.
- Remote and Special Area Development Program implemented by the Remote Area Development Committee in 22 remote districts of mountain and hill areas especially of the northern part of the kingdom and other three districts altogether in 25 districts has completed 18 micro-hydro projects, 65 suspension bridges, 126 drinking water projects. Similarly, it has constructed 236 km mule track, surface irrigation facility for 1,122 ha; and has provided 416 persons with income generating and skill training.
- In course of identifying indigenous/ethnic people 59 nationalities have been listed. Indigenous and Ethnic Peoples' Development National Academy Act of 2058 (2001) has been enacted to set up a separate academy with the objective of bringing them to the mainstream of development. Publication of books on the disappearing languages of nationalities, making of two documentary films on preservation and promotion of the culture of indigenous people and nationalities, awareness programs through various organizations, leadership development training and various income generating programs for the development of Tharu people in the Terai area have been implemented. Similarly, literacy training, capacity building and agricultural skill trainings have been conducted for the Chepangs living in Dhading, Chitwan, Gorkha and Makwanpur districts. *Gomba* Management and Development Board has repaired and maintained various *Gomba* (Buddhist monastery) throughout the kingdom. It has published a Himali Children Text Book and a souvenir, and conducted a study tour for program Lamas from different parts of the country.
- National *Dalit* (under privileged people) Commission has been set up for development of downtrodden, oppressed and under privileged people. A

work on preparing a *Dalits'* Rights Preservation Bill is ongoing. Programs targeted at the development of this class of people are implemented through Downtrodden, Oppressed and Under Privileged Peoples' (*Dalits*) Development Board. Such programmes particularly the programmes on providing scholarships for the intelligent students belonging to this class of people, health services and income generating training have been ongoing. During the Ninth Plan period, 7,431 students at schools and at the higher educational institutions have received scholarships through the *Dalit* Development Board.

- Elected representatives to the local bodies have received the training on the Local Self-governance Act and the orientation training on the related subject matters. In addition, the program on institutional development of the Local Development Training Academy has been implemented.
- Thirty-five District Development Committees have prepared their periodic district development plans.
- Project monitoring and management capability of all District Development Committees and municipalities has increased.
- The tradition of handing over the development projects implemented by the line agencies at the local level to the local bodies has been initiated.
- The responsibility for solid waste management in municipalities has been delegated to the concerned municipalities since the beginning of the Ninth Plan. Short-term and long-term policies on landfill sites have been adopted to resolve the issues of landfill sites. In this context, eight-kilometer approach road out of the 12 km long approach road to the Okharpauwa landfill site has been graveled during the Ninth Plan period; one bridge was completed out of two to be constructed; short-term site is under construction, and efforts are being made to mobilize the private sector for the solid waste management.
- The entire population of the Padampur VDC affected by the National Park in the Chitwan district has been allocated 1,600 bigha (1,088 ha¹) land. Seven hundred and twenty two (722 bigha = 491 ha.) bigha land out of the total land has been delineated for distribution; compensation for 381 bigha (259 ha.) has been paid; 1,204 households have been transferred; forest land of 1,455 bigha (989 ha) has been cleared and made a plot, and other construction work such as 11 buildings, drinking water system, 25 km road and culvert has been completed.

Issues and challenges

The major problems in the field of local development have been seen as lack of clarity on the role and the structure of Ministry of Local Development as required by the changed situation, lack of clear definition of local level programs, and lack of having clear vision of local bodies about their long-term and immediate development.

¹ Computed at one bigha = 0.6799 ha.

The challenges relating to local development are inability to prioritize projects based on local needs and locally available resources, continued tradition of the central decision making on even small projects, inability to effectively mobilize local users' groups, inability to complete projects on schedule and in the appropriate quality, unavailability of necessary manpower for implementing local development programs at the local level, unable to make anticipated institutional development of local bodies for management, implementation and monitoring of programs, unable to introduce financial discipline and so on.

Other challenges are lack of internalization of the programs related to local development and the programs implemented with assistance of the government, non-governmental organizations and donor agencies; donor agencies setting up their own parallel structures for implementation of their programs; and implementation of local level pilot projects non-coherent to the local conditions. In addition to this implementation of programs without evaluation and identification of the local ability; duplication of local level programs; not conducting feasibility study on the programs related to rural infrastructure development; and implementation of projects beyond the monitoring ability of local bodies are some other challenges in this sector.

30.3 Long-term vision

The long-term vision of local development is to provide the people of different classes and community with an equal opportunity of access to basic services, benefits and resources, and to create flourishing civil society with their active participation, and to make improvement in the living standard of the local people with the coordinated efforts of the well organized local bodies.

30.4 The Tenth Plan

(a) Objective

Minimize poverty by making available local people particularly the people of socially and economically backward areas, caste, nationalities and groups an easy access to services and benefits made locally available.

(b) Quantitative target

Local resources, means, and ability will be utilized at maximum for meeting the basic needs. The goal of local development will be to support the national goal of poverty eradication by implementing development programs at the local level through mobilization of local bodies and civil societies so that local people particularly the people of the socially and economically backward class will have increasing access to development, operation and use of social, economic, institutional and physical infrastructures. The following quantitative progresses in local development will be made during the Tenth Plan period:

- Periodic plans of all districts and municipalities will be prepared and implemented.

- Information center (including Geographical Information System, GIS) will be set up and strengthened at all DDCs and municipalities. Information system will gradually be set up and operated at VDCs too. Poverty mapping will be implemented in selected districts.
- District Transport Master Plan will be prepared in all districts.
- Local Development Fund will be set up at local bodies (DDCs, VDCs and municipalities).
- Various village development programs and other target programs will be implemented by coordinating with all programs implemented through social mobilization in all VDCs.
- Every year 1,200 km rural and agricultural roads, and 600 km earthen roads will be constructed, 250 km gravel roads will be rehabilitated, 5,000 km will be regularly repaired and 600 km will be periodically repaired; altogether 20,000 km roads will be operational at the end of the Tenth Plan.
- Similarly, 500 new suspension bridges will be built; 1,200 bridges will get comprehensive repair and maintenance; 2,000 suspension bridges will get minor maintenance.
- A labor-intensive and environment friendly technology training center will be set up and operated for making the local infrastructure development work qualitative and effective.
- Training will be provided to 1,200 DDC office holders, 50,000 VDC office holders and 1,500 municipal office holders (including women representatives) in the first year and the second year of elections. In addition, study tour and orientation training will be provided to 52,600 persons.
- Training suitable to their responsibility will be provided to assistant level staffs of the second grade working at the local bodies.
- Poverty alleviation, social mobilization and self-employment programs will be implemented at all Village Development Committees and municipalities benefiting the households concerned with these programs.
- A computerized accounting system will be introduced at all DDCs and municipalities, and at some VDCs.

(c) Strategy

The local bodies can play an important role in mobilizing locally available resources and manpower for fast and high economic growth of the country as shown by the effectiveness of the locally implemented programs. Similarly, poverty among the backward classes and in the target areas can be reduced through the local development by implementing various development programs in a planned manner based on the nature of poverty and on the area specific poverty. This will contribute to the social development too. Small-scale rural infrastructure development, social capital mobilization, skill development and various income generating activities can make special contribution to it. Similarly, programs on institutional development and

strengthening of various concerned agencies will be equally important in making local development more effective. In this context, the main strategies of this sector will be:

1. Direct involvement of stakeholders will be in every phase of plan formulation implementation, monitoring and evaluation of development programs to be implemented at the local level;
2. Focus of local development programs will be on the people of neglected and oppressed caste and nationalities, backward groups, and on backward geographical areas identified based on locally available resources and on a development indicator; implementation of special programs will be done targeting the area and the community having the incomes below the national average;
3. Continuous enhancement of coordination and cooperation among the programs implemented at the local level.
4. Use of environmental friendly and labor-intensive technology for implementation of development programs at the local level.

(d) Policy and working policy

- *Local development plan and involvement of stakeholders (related to strategy 1)*
 - During the plan period, all District Development Committees, Municipalities and Village Development Committees will complete their periodic plans, make sure their work areas and will effectively prioritize their plans and implement them in cooperation with non-governmental organizations, civil societies and private sector.
 - A mechanism will be developed and expanded for making effective inter-relationship between rural urban partnerships.
 - Responsibility for formulating and implementing programs on the construction of rural infrastructure will be delegated to the local bodies. Local level development work will strictly follow the periodic plan and the sector wise master plan of a concerned agency. Such a plan will be applicable in the areas where a master plan has been introduced.
 - Programs on rural infrastructure construction will be categorized; then the programs to be implemented by the central agency will be included in the implementation list only after the feasibility study. Ongoing programs will be prioritized; and then the prioritized programs will be provided with necessary resources. A tradition will be set for implementing small-scale programs at the local level pursuant to a master plan. Provision will be made for integration of population management, environmental protection and development through spatial planning in the plans prepared by the local bodies.

- Norms will be prepared and implemented for construction of roads, buildings and other physical work in municipalities, surrounding VDCs and urbanizing areas.
- A single policy will not be adopted at all level on formulation of the policy on allocation of natural resources for the use of local bodies, and on formulation of any other policies too, and policy formulation will be coordinated with the local bodies for making policies suitable to local conditions.
- Local level projects and programs implemented with the assistance of donor agencies will be internalized within local bodies.
- "Fund" set up for the purpose of repair and maintenance of rural infrastructures will be effectively implemented.
- A policy provision will be made for using the knowledge and skills of retired service men, police, civil servants, teachers and so on. Local bodies will be encouraged in using such manpower to offset the shortage of skilled manpower at the local level.
- A process will be initiated for considering remittances as local resources for mobilizing resources.
- A provision will be made for integrating vital registration program with the family statement, and will be implemented effectively.
- Users' groups will be formed for implementing programs at the local level, and priority will be given to the users' groups already formed.
- ***Implementation of target programs at the local level (related to strategy 2)***
 - Target programs will be implemented through "Local Development Fund" at the local level in an integrated manner; and linkage with the Poverty Alleviation Fund at the center will be established. During the Tenth Plan period, various poverty alleviation programs will be implemented in each VDC area through social mobilization; these programs will create self-employment opportunities at the local level, and will increase income of local people. Currently, poverty alleviation programs such as Bisheswor among the poor, women's awareness, micro-credit and village development are scattered in various parts of the kingdom; they adopt various social mobilization process; special attention will be paid to bring them together to agree on a basic process of social mobilization for uniformity and for avoiding duplication of programs. Provision will be made for evaluation of these programs based on certain criteria of its effectiveness and performance. To this end, poverty mapping will be done, and programs will be prepared based on it. Supplementary programs will be implemented in coordination with basic programs. Local bodies will play a decisive role in avoiding duplication of programs, and in making programs effective.

- Evaluation of the investment made in the remote areas and of its progress so far will be done; the definition of remote area will be revised based on the certain norms; and then strategy and programs will be prepared accordingly. An appropriate new institutional structure will be set up for this purpose. Remote areas will be considered, as the source of resources and a plan will be formulated and implemented accordingly.
- A handbook of local infrastructure construction particularly roads, drinking water system, and rural electrification and irrigation system will be prepared and implemented. The community auditing of these infrastructures will be done.
- ***Coordination and network (related to strategy 3)***
 - District Development Committee will be made more capable and responsible for effective monitoring and evaluation of projects implemented at the local level. Relation between the regional office of National Planning Commission and the local bodies, VDC/municipalities and District Development Committee will be further strengthened for effective plan formulation, monitoring and evaluation work.
 - Devolved function and services will be carried out with due effectiveness at the local level.
- ***Use of environment friendly and labor-intensive technology (related to strategy 4)***
 - A handbook of Green Road Concept will be prepared and implemented for paying attention to the preservation of greenery at the time of constructing local infrastructures in a sustainable way.
 - The concept of systematic settlement will be put into practice by preparing and implementing a land-use plan appropriate to the geographical feature of rural areas.

(e) Program

During the Tenth Plan period, local development programs will be implemented in the following priority order:

1. Policy and institutional reform program

During the Tenth Plan Period, organization of Local Development Ministry will be developed and improved; inter-ministerial coordination will be established for strengthening the local level planning system; technical assistance will be provided to the local bodies for formulating and implementing programs; improvement in information management system and monitoring system will be done; categorization of district, municipal and village level programs will be done, and monitoring of local development program will be implemented.

2. Local body strengthening program

Participatory District Development Program, Local Governance Program, Rural Urban Partnership Program, Urban Development through Local Efforts, Local Governance Strengthening Program and so on will be implemented in a coordinated manner to set up necessary modern information management system, planning process management and to conduct other sectoral activities for strengthening local bodies pursuant to Local Self-governance Act and Rules. Assistance for these programs will be available from various donor agencies. Various economical, social and capacity building programs will be implemented for protection of privileges and rights of women and children to development; Decentralized Action for Children and Women (DACA) program will be implemented with the financial and technical assistance of UNICEF in 25 districts of the kingdom. These programs will be implemented with the cooperation of all stakeholders at the local level.

3. Financial resource management program

Local bodies Development grant program, improvement in accounting system and auditing program and programs on local body financial institutions will be implemented during the Tenth Plan period in course of implementing recommendations made in the report of the Local Body Fiscal Commission 2057 (2000). It is expected that these programs will make important contribution to the management of the financial sources of the local bodies.

4. Human resource development program

Programs on seminar, training and study tour will be conducted for office holders and staff of the local bodies and for increasing the ability of the local bodies. Institutions such as Nepal Agricultural Research Council (NARC) and Council of Technical Education and Vocational Training (CTEVT) will be linked with local bodies to provide training for the office holders and staff of local bodies, and for meeting the demand for skilled and technical manpower at local level and for increasing their ability. Necessary initiative will be taken to strengthen Local Development Training Academy and to set up Labour-intensive Technical Training Center.

5. Integrated reproductive health and population education program

This program implemented with the assistance of United Nations Population Fund has remained an integral part of the local development training program. This program includes training on reproductive health, training on population education and gender equality, and other training. This program will be conducted in six districts during the Tenth Plan period too.

6. Local Infrastructure Development Program

Local infrastructure development programs such as road transport, river/landslide control, suspension bridge, small-scale irrigation, drinking water and sanitation, rural hydro-electricity and so on will be implemented in the rural hill areas.

Ongoing infrastructure programs implemented by Local Development Ministry are as follow:

- ***Rural Community Infrastructure Works Program***

Rural community infrastructure works program implemented with the assistance

of the World Food Program includes: construction of rural roads in 45 districts of the kingdom in a phase wise manner; construction, repair and maintenance of small-scale irrigation canals and ponds in terai districts, construction of mule track, protection of river bank and small-scale flood control in the mid hills. This program has been initiated since the FY 2052/53 (1995/96). During the Tenth Plan, it has a target of constructing 440 km rural roads in 30 districts.

▪ ***Rural Infrastructure Development Program***

Low cost environment friendly rural road construction program implemented with the loan assistance of Asian Development Bank and with the people's participation in three districts such as Baglung, Kavre and Tanahu has been ongoing since the FY 2052/53 (1995/96). During the Tenth Plan, it has a target of constructing 500 km rural roads.

▪ ***Rural Infrastructure Project***

This project has been implemented with the loan assistance of the World Bank using labor-intensives cost effective technology in the kingdom's eight districts such as Dhading, Kaski, Shyangja, Palpa, Nawalparasi, Rupandehi, Sankhuwasabha and Kapilbastu since the FY 2055/56 (1998/99). During the Tenth Plan, it has a target of constructing 400 kms rural roads and repairing and maintaining 1,000 kms of rural road.

▪ ***District Road Support Program***

This program has been ongoing with the grant assistance of the Swiss Government in eastern and central region's six districts such as Kavre, Sindhupalchok, Dolkha, Ramechhap, Sindhuli and Okhaldhunga. This program has been constructing, repairing and improving rural roads. During the Tenth Plan, it has a target of constructing 400 kms rural roads and of repairing and maintaining 300 kms.

▪ ***Rural Access Program***

This program has been implemented with the assistance of the British Government in hill and remote districts since FY 2057/58 (2000/01). The objective of this program is to develop physical infrastructures and to improve the living standard of the poor through the rural transport infrastructure development. This program has a target of constructing 500 km of rural roads in Bhojpur, Sankhuwasabha, Khotang, Accham, Doti and Dailekh districts.

▪ ***Rural Agricultural Road and Local Development work program***

The Agriculture Perspective Plan has the provision for connecting agricultural production pocket areas with the nearest road to increase the private sector economic activities for supporting the marketing of the agricultural products produced in the important agricultural production pocket areas. This program has been implemented since FY 2054/55 (1997/98) to connect such pocket areas with the nearest road. During the Tenth Plan, it has a target of constructing 500 km earthen roads and 600 kms gravel road.

Similarly, the local development work program has a plan to provide assistance in

constructing rural road, mule track and other smaller tracks in various districts according to the local demand.

▪ ***Large and local level suspension bridge repair and maintenance***

Construction of large suspension bridges on main trails of various districts, and of local level suspension bridges according to the local people's demand, has been ongoing with the grant assistance of the Swiss Government. During the Tenth Plan, it has a target of constructing 500 new suspension bridges, conducting large-scale repair and maintenance of 1,200 suspension bridges, and of doing general repair and maintenance of 2,000 suspension bridges.

▪ ***Rural drinking water and sanitation programme***

The third phase of this program implemented with the grant assistance of the Government of Finland has been ongoing in six districts of Lumbini Zone, and Parbat and Tanahu districts. This program will continue during the Tenth Plan.

▪ ***Local Development Fund Programme***

The Local Development Fund program implemented with the assistance of the United Nations Capital Development Fund (UNCDF) has been ongoing in eight districts such as Udayapur, Tehrathum, Dhanusha, Dolkha, Kavre, Kaski, Rupendehi and Accham. During the Tenth Plan, this program will continue. This program will construct small-scale infrastructures such as drinking water system, rural road, irrigation system, school building, small hydro-electricity, and health post. This program will be extended to additional districts depending on its effectiveness. In addition, local bodies will directly implement small-scale infrastructure development programs and various other activities. This will increase the ability of local bodies.

7. Economically backward area and economically backward people's upliftment and development program

Remote and special area development program has been ongoing in 25 districts of the northern part of the kingdom particularly the districts of Himalayan area and the districts of special areas. During the Tenth Plan period, remote areas will be redefined based on certain norms; and programs will be prepared accordingly. Remote areas will be considered as the sources of resources, and programs will be prepared and implemented using locally available natural resources at maximum. This program will run activities such as capacity improvement of community and of institutions working in community, income generating, social sector development, infrastructure development, herbs preservation and promotion, employment and skill training focusing on remote and backward areas.

During the Tenth Plan, special programs will be implemented on uplifting backward indigenous people, people of backward nationalities, neglected, oppressed and under privileged (*Dalit*) people. These programs will pay special attention to preserve languages and culture of indigenous people and nationalities, and the vanishing nationalities; in addition, these programs will modernize the occupation of the *Dalit* people and make it honorable and respectable. These

programs will be made effective by coordinating with other agencies, as they need multi-sectoral coordination.

8. Social mobilization and self-employment program

Various targeted programs will be implemented for creating income generation and employment opportunities, and for assisting in sustainable poverty alleviation by mobilizing local resources with direct involvement of local people, and by using local skills and technologies. To this end, the Local Development Fund gets institutionally strengthened at the local level. The Tenth Plan will continue implementation of the Western Terai Poverty Alleviation Programme with the assistance of International Fund for Agriculture Development (IFAD). The Western Upland Poverty Alleviation Program will be implemented as a new programme. Similarly, Tenth Plan will expand and implement special social mobilization programs such as village development program, Bisheswor among the poor and so on.

Rural development projects will be implemented in various districts of the country with the objective of improving the living standard of local people through economic and social development in rural areas. Tenth Plan will continue various programs such as drinking water, irrigation, agriculture, forest, livestock health, education and infrastructure development particularly in Gorkha, Lamjung, Bhojpur, Sankhuwasabha, Gulmi and Agharkhanchi districts. German Government and European Union will provide necessary support for these programs.

9. Other Programs

▪ Solid waste management

The volume of solid waste have considerably increased in Kathmandu and in other towns due to population growth, rapid urbanization, and expansion of industry, trade and commerce, and economical, social and cultural activities. The problem of solid waste management in municipalities has been challenging to the concerned authorities for some time due to the lack of appropriate landfill sites. In the past, despite various efforts made to find landfill sites, there had been no success in finding an appropriate landfill site in the Kathmandu Valley. Work on solid waste management in the Kathmandu Valley is ongoing. During the Tenth Plan period, priority will be given to the infrastructure development for building a long-term landfill site on the Okherpauwa-Banchare hill. Other municipalities will be encouraged in formulating and implementing appropriate program on solid waste management.

▪ Padampur Resettlement Program

The government set up Padampur Resettlement Development Board in 2052 (1995) with the objective of resettling the population of Padampur VDC to Jutepani VDC in Chitwan after clearing the forest in Jutepani and then to include Padampur VDC in the area of Royal National Park. This Board has been working on distribution of compensation for land, plotting of land and then turning it over to the displaced people, and on resettlement of households, construction of

necessary drinking water system, public building, paths and culvert in the new settlement area.

▪ ***Environment management***

Environment management program will be implemented in 15 districts in order to enable the people living in the industrial area live a healthy life. In addition, Environment Management Program will be implemented at the local level with the assistance of the Government of Finland. This program will be implemented in three municipalities and seven VDCs.

30.5 Policy-legal-institutional improvements and provision for their implementation

The government will make necessary policy, legal and institutional improvements in order to implement or to get implemented local level development activities effectively, and to make available benefits from the development to the economically and socially backward area and community, and thus alleviate the poverty.

a) Policy improvement

- In case periodic plans prepared by local bodies with local resources and resources provided by the center cannot deliver basic services or plans prepared with the resources received from the center according to the norms to be provided for the backward area and community cannot deliver basic services, then the center will provide required resources for making available basic services at the local level.
- Criteria for selecting and prioritizing local development programs after the categorization of various areas based on scientific norms will include a regional development indicator, and locally available resources and people's participation to be made available.
- Savings mobilized by community organizations will be considered as local resources.
- Coordinated role of local bodies will increase in mobilizing local development fund.
- The current provision for local infrastructure development strategy, local road maintenance planning and local infrastructure repair-maintenance fund will be reviewed and improved.

b) Legal improvement

- *Dalit* Uplift Bill will be prepared and implemented.
- Necessary improvement will be made in other laws and rules.
- Provision will be made for enabling VDCs/municipalities to use legal authority for the benefits of the people.

c) Institutional improvement

- The role and the responsibility of Local Development Ministry and concerned departments and agencies will be made clear; their structural improvement will be done according to the concept of decentralization; and planning management sector will be strengthened. This ministry will be developed as a cooperating ministry at the center for enhancing the capabilities of local bodies.
- Local Development Training Academy will have institutional improvement and timely changes; it will be developed as an institution of local bodies. The role of the training centers under it will be reviewed, and a mechanism will be developed for making them enable to run on their own resources. The role of this academy will be made clear in improving the capability of local level office holders and staffs; and the relation between the similar non-governmental organizations will also be made clear.

d) Implementation provision

- Local bodies will prepare periodic and annual plans consistent with local needs, national policy and priority, and will set monitoring and evaluation indicators at the time of preparation of these plans. These periodic local level plans will be integrated with the central plan and the annual district development budget.
- Stakeholders will directly participate in every phase of plan identification, formulation, implementation, monitoring and evaluation at the local level.
- A list of areas and communities deprived of basic services will be made, and then will be made resources available to them based on priority for their development.

30.6 Programs and policies for gender equality

Sustainable and balanced development of society will not be possible without men and women having equal opportunity for their development and behavior except for the natural difference. Women's population is the half of the total population. Gender equality is possible only with equal economical, social, political and legal provision for development of women and men equally, and accordingly putting it in practice. During the Tenth Plan period, attempts will be made to achieve gender equality through the following local development programs:

- Increase in active representation of women representatives;
- Provision for training women representatives;
- Increase in women's participation in policy decision making, plan formulation, implementation and monitoring of local development programs;
- Women's empowerment for implementation of local development programs; creation of opportunities for women's access to employment and assets

- through the integration of skill and capability development programs;
- Selection of programs that will increase women's access to services and benefits;
 - Increase in women's awareness of prevention and control of domestic violence;
 - Increase in women's access to institutional improvement and management of local level periodic plan implementation, it will contribute to gender equity;
 - Independent monitoring and evaluation of contribution made by the distribution of available resources to gender equality will be done; results of such monitoring and evaluation will be the feedback for formulation and implementation of policy and programs on gender equality, and for resource allocation and for comparative evaluation of achievement of these programs.

30.7 Possible obstacles and risks regarding the implementation of programs and achievement of progress

The following subject matters might influence the achievement of progress of the local development programs:

- Institutionalization of and improvement in organization of local bodies, and availability of staff;
- Devolution of local development programs to concerned local bodies in a phase wise manner;
- Implementation of programs and budgets of periodic plans of local bodies in coordination with the central plan;
- Assistance of donor agencies.

30.8 Progress monitoring indicators

30.8.1 Detailed description of progress monitoring indicators of local development programs is given in the program log frame

30.8.2 Progress monitoring indicators of policy improvement, and Institutional development

- Implementation of Local Self-governance Act and Rules;
- Implementation of periodic plans of local bodies;
- Construction, repair and maintenance of rural roads pursuant to the Agriculture Perspective Plan.
- Local bodies' decision making process and implementation.

30.9 Program and budget

Summary of programs and budgets of the local development sector is given in the following priority order. Detailed programs and estimated budgets are given in the Appendix 30.1

(Rs in million)

Priority order	Number of programs	Expected growth rate		General growth rate	
		Amount	%	Amount	%
A (P1)	10	5894.9	23.9	4501.4	23.9
B (P2)	9	16453.0	66.6	12563.4	66.6
C (P3)	7	2352.1	9.5	1796.1	9.5
Total	26	24700.0	100	18861.0	100

30.10 Log frame

The log frame of this sector is as follows:

*Policy and Program Log Frame- Local Development **

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Comprehensive sector objective: Reduction in poverty due to the easy access of local people particularly of the economically and socially backward area, caste, nationalities and class to the services made locally available.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective Reduction in poverty due to the access of local people particularly of the economically and socially backward area, caste, nationalities and class to the services made locally available.</p>	<ul style="list-style-type: none"> • Stakeholders will directly participate in every phase of development plan preparation, implementation, monitoring and evaluation at the local level. • Focus local development programs on the people of neglected and oppressed caste and nationalities, backward class and backward geographical area based on development indicators and resources available at the local level. • Continuously increase coordination and cooperation among the programs to be implemented at the local level. • Implement development programs at the local level using environment friendly and labor-intensive technology. 	<ul style="list-style-type: none"> • Creation of 300,000 self employments • Creation of 40 million (400,000x100) man - days of employments due to construction work including the construction of infrastructures. • Increase in internal resources of local bodies by at least 50%. • Beneficiaries of the program will be at least 30% people of the backward caste, nationalities and class. • Women's participation in the program will be 40% 	<p>Report of Local Development Ministry and Department. Studies and reports made by the local bodies. Report on target group and on nationalities' academy. Report on regional and infrastructure work program</p>	<ol style="list-style-type: none"> 1. Organizational strengthening of local bodies 2. Increase in the resource mobilization ability of local bodies. 3. Improvement in the standard of delivering services by local bodies. 4. Durability of, construction/repair, maintenance of, and use of physical infrastructures at the local level. 5. Implementation of income generating programs at the local level. 6. Social and economical capital formation and social transformation due to social mobilization at the community level. 	<p>Donor agencies will keep up committed assistance.</p>

**Quantitative targets based on growth rate of 6.2% (Details given in Annex 3)*

Appendix 30.1: Program and estimated budget

(Rs million)

S. No.	Name of project	Expected growth rate	General growth rate
First priority			
1	Indigenous people, nationalities development national academy (including <i>gomba</i> and <i>praja</i>)	122.2	93.3
2	Solid waste management program	137.1	104.7
3	Rural community infrastructure work program (RCIW/WFP)	1708.5	1304.6
4	Rural drinking water and sanitation project (FINNIDA)	866.8	661.9
5	Western Terai poverty alleviation project (IFAD)	593.7	453.3
6	Large and local level suspension bridge construction and repair	737.7	563.3
7	Padampur resettlement development board	135.5	103.5
8	Rural approach program (RAP/DFID)	1003.1	766
9	District road support program (DRSP/SDC)	412.3	314.8
10	Western high hill area poverty alleviation project (IFAD)	178.1	136
	Total	589.50	5895
	Percentage	23.87	23.87
Second priority			
11	Manpower, communication, environment management and project monitoring	17.8	13.6
12	Downtrodden, oppressed and <i>Dalit</i> development board	55.6	42.5
13	District infrastructure development offices	493.9	377.1
14	Grants to District Development Committees	4002.5	3056.3
15	Grants to municipalities	988.3	754.6
16	Grants to VDCs	9528.9	7276.3
17	Local development work and agricultural road project	890.7	680.2
18	Local level environmental management program (FINNIDA)	228.2	174.3
19	Local self-governance strengthening program	247.1	188.7
	Total	1645.30	16453
	Percentage	66.61	66.61
Third priority			
	Total	2352.1	1796.1
	Percentage	9.52	9.52
20	Population education program (UNFPA)	-	-
21	Local Development Training Academy	-	-
22	Remote and special area development program	-	-
23	Rural infrastructure development program (RIDP/ADB)	-	-
24	Rural infrastructure project (RIP/WB)	-	-
25	Rural development program	-	-
26	Rural road repair and maintenance fund	-	-
	Total	24700.0	18861.0

Note: Out of the grants that go to the local bodies (District Development Committees, municipalities and Village Development Committees) Rs 1.1 billion will be used for uplifting indigenous people and nationalities; and Rs 1.1 billion for implementing neglected, oppressed and Dalit uplifting program, thus total Rs 2.2 billion will be used for uplifting the under privileged people.

Chapter - 31

Good Governance, Development Administration and Human Rights

31.1. Background

In the past, the State had made many efforts to deliver public services, materials and benefits according to the demand by improving the public administration. However, the task of making the public administration productive, efficient, cost-effective, service-oriented, transparent, and initiative taking, and developing it as a responsible and effective institution has been a challenge yet. Currently, the concept of delivering public goods and services to the entire people in joint efforts of the state, the private sector and the civil societies effectively, timely and easily has been prevailing throughout the world. In this context, Nepal also has initiated an improvement process for putting this concept into practice through the governance improvement program. Various efforts have been ongoing to increase the women's participation in the public administration in Nepal.

The entire population needs to have the sense of good governance by creating an environment by ensuring human rights as provided by the Constitution, by making the public service distribution process cost-effective, qualitative, effective and responsive using the available resources at maximum.

Many efforts have been made to effectively protect and promote the fundamental rights and basic human rights of the people as provided in the Constitution of Nepal of 2047 (1990), according to the commitments made in various international forums, and according to the principles and policies of the State.

Reform efforts initiated in the good governance, development administration and human rights sector have to be effectively continued during the Tenth Plan period by implementing programs on the entire governance improvement, on the improvement of capacity and the efficiency of civil and judicial administration, on the increase in the financial efficiency of public expenditure, and on the institutional capacity development and so on for establishing good governance, for improving the development administration and for strengthening the human rights sector.

31.2. Review of the Ninth Plan

a) Progresses in comparison with the targets of Ninth Plan

The following progresses have been made during the Ninth Plan:

- 1 **Structural design of administrative reform:** Administrative Reforms Coordination and Monitoring Committee was set up under the chairmanship

of the Prime Minister to institutionalize the administrative reform, and to provide necessary guidance and coordination with other agencies for it; and Administrative Reform Committee was constituted under the chairmanship of the Minister for General Administration for coordinating with administrative reform tasks, policy formulation and implementation to regularize the administrative reform process.

- 2 ***Preparation of a master plan:*** A 25-year public administration master plan was prepared; actions plans and necessary strategy of the administrative reform with the assistance of Asian Development Bank have been explicitly formulated based on the important points identified in the master plan; in course of undertaking this task, the governance improvement program was initiated in the final year of the Ninth Plan.
- 3 ***Legal and procedural reform for good governance:*** The following tasks have been undertaken for further regulating the good governance procedure:
 - a) Amendments to Anti-corruption Act, and Commission for Investigation of Abuse of Authority Act have been made to make the corruption control and abuse of authority control tasks effective. After the amendments of the Acts, the Commission has intensively and effectively conducted investigations into corruptions and abuse of authority.
 - b) Expediting services provided by His Majesty's Government of Nepal Directives 2056, (1999), Internal Management Directives 2058 (2001), Civil Servant Management Directives 2058 (2001), Promotion Directives 2058 (2001), and Duties and Code of Conduct Directives 2058 (2001) have been prepared and implemented. A Bill concerning rights to information has been prepared for making the administrative management transparent.
 - c) A preliminary study on formulation of Governance Act has been completed.
 - d) Preparation has been completed to implement Service Contract Directives for contracting out the services of peon, gardener, security, and cleaners.
 - e) Local Self-governance Act and Rules have been implemented to balance the role of local bodies and the private sector in development pursuant to the concept of good governance and decentralization. Taxes levied by the central level agencies have been turned over to local bodies for making necessary resources available.
- 4 ***Morale and motivation of employees:*** Salaries of government employees have been increased by 50% to 80% since the FY 2057/58 (2000/01). Civil Service National Training Policy of 2058 (2001) has been implemented to make up-to-date improvement in the training management. The practice of awarding the best employee among the civil servants has been initiated.
- 5 ***Management auditing:*** The first amendment to the Civil Service Act of 2055 (1998) has made the provision for management auditing to make the civil

administration effective; accordingly the Ministry of General Administration has been conducting management auditing regularly.

- 6 **Functional structure:** Functional review and organizational strengthening of central level government institutions have been done to make the administrative units clean and efficient. The 1,045 positions that were deemed unnecessary have been cut off. Similarly, voluntary retirement benefits have been given to 2,220 staffs; an arrangement has been made to cancel these vacant staff positions.
- 7 **Creation of networking of civil servants:** Preparation of a civil service database by computerizing the record of civil servants kept at the Civil Servants' Registration Office has been almost completed. Improving the standard of this database for converting it into a report, as required, and coordinating staff positions with the staff position management, and creating networking of staff positions have been ongoing.
- 8 **Examination system and curriculum :** Public Service Commission has made timely improvement and refinement especially in the examination system and the curriculum of the section officer (non-technical) position with the objective of appointing qualified persons to the civil services as required.
- 9 **Human Rights:** Main aspects of human rights concerning children, women, nationalities, minority and *dalits*, labor, education and culture, environment and development, health and so on were included in the Ninth Plan under various headings of the program implementation although a separate chapter of human rights was not included in it. During this period, Human Right Commission Act of 2053 (1996) was enacted; and National Human Right Commission was set up pursuant to this Act.

b) Problems of and challenges faced in the implementation of the Ninth Plan

During the plan period, major problems had been: no coordination with the agencies implementing policies and programs; no clarity of detailed procedure and process of implementing the approved programs; and lack of norms and indicators of measuring the achievements of targets. Main problems had been: no prioritization of programs, no sufficient homework done for managing implementation of programs; unable to deliver services and materials easily to the people; and unable to give the sense of good governance during the period of Ninth Plan. An additional problem had been: unable to conduct the monitoring and evaluation of program implementation effectively. Quick transfer of project chiefs and development program managers had contributed to the delay in implementation.

31.3. The Tenth Plan

a) Objective

- 1 The objective of the good governance and development administration sector is to support sustainable economic development and poverty alleviation creating an environment for good governance by making timely improvement in the judicial administration, and by making the public administration competitive, cost-effective, transparent, service-oriented, responsible and gender sensitive.
- 2 The objective of the human right sector is to support the poverty alleviation task by linking the national development program with the human right development and by using the limited resources available for ensuring fundamental human rights of Nepalese people as provided in the Constitution of Nepal of 2047 (1990), and pursuant to the commitments made in various international forums, and various international conventions endorsed by Nepal

b) Strategy

It is necessary to give the entire population the sense of good governance by creating an environment for the people to easily enjoy the human rights provided by the Constitution, by making the delivery of goods and services cost-effective, qualitative, efficient and responsible, by using the available resources at maximum. In this context, the State's guiding principles, policies, and various commitments made in international forums are also important.

Making the public administration effective will yield maximum results of public resources invested in various sectors due to their proper use; it will control corruption, abuse of authority and leakage of revenues, it will contribute to the development of a system of the people keeping watch on development work and on delivering services and benefits; this will make possible to complete development work and to deliver services and benefits at less cost and time; all these things will make significant contribution to the high economic growth and fast social development. The effective and efficient public administration will create an environment for all people to participate in development, for enhancing the ability of local bodies and then for turning over power to them, and it will develop the culture of respecting human rights; consequently the target people will benefit from all these things; and then people will have the sense of good governance. In this context, the main strategies of this sector are as follow:

- ***Strategies concerning the objective No. 1***
 - 1 Identify the competitive advantage of the government, the civil society and the private sector for delivering services to the people; improve qualitative and quantitative services and materials to be delivered by the government to the people by using such advantage.
 - 2 Prepare a transparent plan on the career development of civil servants from the appointment to the retirement in order to increase the efficiency of the entire civil service. Encourage women's participation in the civil service.
 - 3 Give a proper shape to the civil service for making it clean and prompt. Increase the financial efficiency of the civil service.

- 4 Increase the institutional ability of agencies engaged in controlling corruption and abuse of authority.
 - 5 Strengthen the system of evaluating and monitoring development policies, programs and projects
- ***Strategies concerning the objective No. 2***
 - 6 Develop the culture of respecting human rights effectively preserving, promoting, and honoring fundamental human rights provided by the Constitution of 2047 (1990), and the human rights mentioned in various international conventions endorsed by Nepal.
 - 7 Make the task of preparing and refining laws, modern, transparent and standard. Place emphasis on reforming the judiciary.

c) Policy and work plan

- ***Leadership and capacity enhancement with qualitative and quantitative improvement of the services and materials provided by the government (Concerning the strategy No. 1).***
 - Interact and co-work with various stakeholders and civil societies in order to make the political and high managerial leadership aware of and committed to the reform process.
 - Initiate the process of improving performances of certain ministries; in addition, involve civil society in the performance evaluation of agencies that deliver public services.
 - Prepare an individual civic charter of each administrative units working at the central and at the local level.
 - Encourage non-governmental organizations, community organizations and institutions, users' groups and the private sector in delivering services and materials to the people.
 - Turn over the tasks performed by the central level agencies to the local bodies as many as possible. Adopt the policy on contracting out non-core services.
 - Set the service standard of and the annual performance improvement plan of the agencies that directly deliver services to the people.
 - Adopt the policy on promoting transparency in and responsibility for the performances of the government agencies.
- ***Enhancing the efficiency of the civil service (Concerning the strategy No.2)***
 - Adopt the further effective policy on recruiting and promoting civil servants based on their merits in order to make the civil service effective, in addition to making training job-oriented. Implement a transparent policy on the transfer of civil servants for making the civil servant transfer system effective.

- Adopt the policy on implementing an Affirmative Action Plan for increasing the women's participation in the civil service.
- Make improvement in the technique of examinations given to recruits for increasing the job efficiency of Public Service Commission.
- Prepare a long-term policy on the salary of civil servants making structural changes in it.
- ***Enhancing financial efficiency of the civil service (Concerning strategy No. 3)***
 - Adopt the policy on proper sizing of the civil service reviewing the number of civil servants required and cutting off the unproductive staff positions for making the civil service clean and prompt.
- ***Curtail corruption and abuse of authority (Concerning strategy No. 4)***
 - For the total system of good governance, legal provisions will be developed against currency laundering, and anti-corruption strategy will be formed. The institutions like Commission for Investigation of Abuse of Authorities and National Alertness Centre will be strengthened.
- ***Monitoring and evaluation of development efforts (Concerning strategy No. 5)***
 - Strengthen the monitoring and evaluation system for monitoring and evaluating the implementation of policies, programs and projects to complete them at the estimated cost and time, and to achieving the anticipated results in quantity and in appropriate quality.
- ***Promotion of human rights (Concerning strategy No. 6)***
 - Link the human right program with the national development program based on the available resources for implementing the commitments made to human rights in various international forums, and for effectively protecting and promoting human rights mentioned in various international conventions and ratified by Nepal, and fundamental rights provided by the Constitution of Nepal of 2047 (1990).
- ***Institutional improvement in judiciary (Concerning strategy No. 7)***
 - Place emphasis on development of necessary basic services, institutional aspect and manpower for making the quality jobs of preparing new human rights laws and refining the prevailing human rights laws, and for making these laws pursuant to the international standard.

- Develop physical infrastructures and institutional capacity of law courts, and develop manpower required for them.

d) Program

1 Good governance program

The government has initiated the governance improvement program focusing on the following five main activities :

▪ Develop ability and leadership of the reform process

- Launch programs on developing job efficiency of civil servants in addition to developing an expert based system of increasing the job efficiency of management.
- Place emphasis on launching people' awareness programs in addition to involving civil society in making the political leadership aware of the technical aspects of the governance improvement process and in developing the commitments of the political leadership to the governance improvement process.
- Make sustainable changes in and development of dedicated managers and experts required for the government units selected for governance improvement.
- Increase the participation of stakeholders and civil society in the governance improvement process by creating people's awareness of the improvement process.

▪ Increase the financial efficiency of civil administration

Cut off the unnecessary and unproductive expenditures; make effective use of limited resources; and increase the financial efficiency of the development work, of the materials and services delivered to the entire population, by launching the following activities :

- Make provision for procuring basic services on contract and for turning over the tasks that can be undertaken by local bodies, non-governmental organizations, users' groups and private sector to them.
- Manage the temporary vacant staff positions transferring the temporary staffs working at development projects to the new projects of similar nature, and do not fill up the vacant staff positions in such projects.
- Do not set up new offices pursuant to the Development Board Act.
- Link the records of civil servants at the Civil Servants Registration Office with the staff position management system and the pay roll of civil servants at the Ministry of Finance; minimize the expenditures on salary and other operations; and thus achieve the financial efficiency.

▪ ***Enhance efficiency and motivate civil servants***

Launch the following activities for increasing motivation and job efficiency of entire civil servants :

- Increase the work efficient of staffs by adopting the modern methods of human resources development in the required sectors identified by the studies and research conducted under the governance improvement programs.
- Prepare a new policy on salary based on the study of various theoretical and practical aspects of it; set salary scales based on this policy to motivate even managers; set up a system of having a wide range of salary scales, and of giving additional financial benefits based on the performance.
- Make necessary legal reforms for promoting a system of recruiting and promoting staffs based on their merits.
- Prepare an action plan on manpower development at every ministry; link staff training with the skill development of staffs and with the achievement of an institutional objective.
- Make legal provision for making responsibilities and authorities of managerial staffs clear.
- Adopt an affirmative action plan on increasing the participation of women in the civil service.
- Prepare and implement human resource development program after conducting necessary studies and researches on performance development of civil servants.
- Strengthen Nepal Administrative Training Academy; and integrate other training centers with it based on their ability.
- Test and streamline the disciplinary actions for reducing delay in the process of delivering services, and for increasing work performance of civil servants; prepare transparent criteria for rewarding civil servants, and strictly implement the punishment provision too.
- Strengthen Public Service Commission; and continuously improve the examination system and curriculum.
- Make provision for the persons wishing to join the gazette third class positions of His Majesty's Government of Nepal compulsory to take pre-service training. Make provision for the Public Service Commission giving an examination to the persons after they have received the pre-service training, and then publish the list of successful candidates for the job in a merit order.

▪ ***Honesty, corruption control and transparency***

Launch the following activities for preparing a strong legal structure for controlling corruption and developing the strong tradition of its effective implementation:

- Increase consciousness of corruption and be on the alert against corruption.
- Develop a mechanism for watching the assets earned by the high level managers and the political leaders, and their conduct.
- Launch activities of increasing the advocacy skills at anti-corruption, and activities of research on anti-corruption.
- Increase the ability of agencies involved in corruption control.
- Create a favorable environment for controlling corruption by providing physical facilities and by providing professional training to officers and staffs that conduct investigation into corruption.
- Prepare a national anti-corruption strategy, and prepare action plans of every ministry and of central level administrative units on implementing it.
- Make additional legal provision for stopping money laundering, and for taking actions against the people earning assets through various illegal sources and means.
- Make necessary legal provision for safeguarding staffs or officials who give information on irregularities and corrupt actions taking place at their offices.

▪ ***Improve job performances of government agencies***

Launch the following activities for strengthening a job-oriented management system by adopting a most recent technology of the public management for improving the quality of services and materials delivered to the people:

- Set up and implement a Performance Incentive Fund for improving the standard of performances of ministries.
- Prepare and implement an annual job performance improvement plan of the ministries that deliver services; set the norms of services.
- Initiate the review process for improving the financial efficiency of the civil service; use the money thus saved for developing the ability of staffs, for improving this process and for procuring the experts' services.
- Provide managerial training and training on analyzing problems on the job-site; launch activities of developing skills in designing the possible professional solutions of problems under this training program; make publication of results of the annual plan mandatory.
- Make provision for regularly publishing the cost and the quantity of services delivered to the people by the government units responsible for delivering services and materials.

2 *Monitoring and evaluation*

Launch the following activities for strengthening the monitoring and evaluation system for achieving anticipated benefits of development policies, programs and projects at the estimated cost and time by making their implementation effective:

- Activate and make effective the National Development Action Committee and the Ministerial Development Action Committee on Monitoring and Evaluation and other concerning agencies.
- Develop and refine indicators concerning the monitoring and evaluation at various levels, and conduct regular monitoring and evaluation based on these indicators.
- Regularly monitor progresses of and expenditures on projects; link the budget release with the progress.
- Make provision for regularly monitoring the programs targeted at the poverty alleviation.

Detailed policy, program concerning monitoring, and evaluation are given in a separate chapter.

3 *Decentralization*

Implement programs on increasing the people's participation in development work through decentralization for creating the people's sense of ownership of and responsibility for local development work and for using local resources properly by involving common people in plan preparation, implementation, monitoring and evaluation. To this end, place emphasis on the institutional development and ability development of local bodies.

Detailed policy, program concerning decentralization are given in a separate chapter.

4 *Human rights protection and promotion program*

Launch the following programs on protecting and promoting human rights:

- Prepare and implement a national action plan on human rights.
- Implement programs on subjects such as children, women, nationalities, minority and *dalit*, labor, education and culture, environment and development, health, jail, judicial administration, law and legislation and conflict management and so on concerning human rights staying within the limit of available resources.
- Implement various awareness programs on increasing people's concern for implementation of the national action plans and other programs concerning human rights, and for effectively implementing various international conventions on human rights endorsed by Nepal.
- Make timely improvement in the prevailing laws based on the international norms of human rights.


- Conduct programs on the institutional strengthening of National Human Rights Commission, Women's Commission, *Dalit's* Commission, Nationality Academy and other institutions concerning human rights.
- Gradually include a course on human rights in the curriculum of educational institutions, and governmental training centers and training academies for developing the culture of respecting human rights.

5 *Judicial reform program*

- Prepare and implement programs on the institutional development of Ministry of Law, Justice and Parliamentary Affairs, and on development of the ability of its staffs for making the job of preparing and refining laws high quality.
- Develop manpower and improve physical facilities of law courts for enabling them to deliver justice promptly, fairly, easily and transparently; and use the modern information technology for making the record system more orderly. Make the institutional reform of judicial academy for increasing the skills of the manpower engaged in the law and justice sector.

31.4. Anticipated achievement

- People will have the sense of receiving services, benefits and products from the governmental service providers as they have anticipated.
- Informing the people about services and benefits to be delivered by the government will ensure people's access to such services and benefits.
- Corruption, abuse of authority and revenue leakage will be under control.
- A system of people watching the development work, and the flow of services and benefits will be in place; so completion of development work will be at less cost and time; flow of services and benefits will also be at less cost and time.
- Abuse of authority will be under control due to reduction in the discretionary authority.
- Maximum benefits of public expenditure will be due to the proper use of it.
- Women's participation in the civil service will increase.
- People's trust in the politics and in the administration will increase.
- Laws and procedures will be sincerely followed.

- 
- A blurred background image of a mountain landscape. In the foreground, there are several tall, thin poles with colorful prayer flags (red, blue, yellow, green, white) attached to them. The flags are slightly out of focus. In the lower-left corner, there is a small wooden structure with a dark roof. The background shows a hazy mountain range under a light sky.
- An incentive to work hard will increase, and morale will be high in administration.
 - An environment for developing the ability of local bodies, for delegating authority and for creating the participation of all people in development, will be in place.
 - Fundamental rights provided by the Constitution of Nepal of 2047 (1990) and the international conventions concerning human rights endorsed by Nepal will be effectively implemented.
 - Culture of respecting human rights will develop.

3.20.1 Policy and Program Log Frame- Good Governance and Development Administration*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective Provide support for achieving the poverty alleviation & sustainable economical & social development by creating the sense of good governance in the minds of people making the public management /administration competitive, cost effective, transparent, service-oriented, result-oriented, responsible & gender equality oriented.</p>	<ul style="list-style-type: none"> • Improve quantity & quality of the services and materials to be delivered by the government. • Increase the performance capability of the entire civil service. • Encourage the involvement of women in the civil service. • Make the civil service of an appropriate size for clean & prompt services, & increase the financial efficiency of the civil service. • Increase the institutional capacity of the institutions involved in control on corruption and abuse of authority. • Strengthen the system of monitoring and evaluation of development policies, programs and projects. 	<ul style="list-style-type: none"> • Increase in the percentage of the progresses of development projects. • Number of economical and administrative irregularities. • Cost and time required for delivering services to the people. • Monitoring and evaluation indicators at various levels. • Provision for linking the budget release with the progress of project. • Number of women in the civil service. 	<ul style="list-style-type: none"> • Auditor General's report • Various parliamentary committees' reports • National Human Right Commission's report • Public Service Commission's report • Annual report on staff vacancy positions. 	<ol style="list-style-type: none"> 1. Leadership and capacity development program 2. Civil servants' performance capacity & motivation building program. 3. Setting up good conduct, corruption control and transparency expansion program 4. Performance improvement of the government agencies program. 5. Monitoring and evaluation strengthening program 	<p>Political commitment to the reform efforts will not have continuity.</p>

* Quantitative targets based on growth rate of 6.2%

3.20.2 Policy and Program Log Frame- Human Rights*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective: Support the poverty alleviation task by ensuring the fundamental human rights of Nepalese people, and by linking the human rights development task with the national development program</p>	<ul style="list-style-type: none"> • Develop the culture of respecting human rights by effectively protecting, promoting and honoring the fundamental human rights enshrined in the Constitution of Nepal of 2047 (1990) and in the international conventions ratified by Nepal. • Make the job of preparing and amending laws modern, transparent and qualitative. • Place emphasis on institutional improvement in the judiciary. 	<ul style="list-style-type: none"> • Improvement in the human rights situation. 	---	<ol style="list-style-type: none"> 1. Promotion of human rights. 2. Institutional improvement in the judiciary. 	---

* Detailed quantitative targets based on 6.2% growth rate are given in the annex 3

Chapter - 32

Decentralization

32.1. Background

The decentralization is considered as the backbone of the democratic exercise in Nepal, and is based on the basic principles of people's participation and empowerment. In order to take the benefits of democracy to the people particularly the weakest at all levels, it is necessary to make them socially and economically strong to enable them to enjoy their rights. To this end, it is necessary to further develop the concept of local self-governance for creating an environment for effectively implementing programs useful to the people by evenly involving the governmental, non-governmental organizations and the private sector in various aspects of planned development. On the one hand, it is necessary to limit the government's role in the development to monitor and facilitate development work and formulate policies on development, and on the other hand, it has been indispensable to adopt the policy on inspiring the people for their participation in development, and to strengthen the local self-governance system and make it strong, receptive and responsible to the people.

The Tenth Plan will adopt policy on institutionalizing decentralization and on increasing investment in creating an opportunity for making local bodies capable and equipped with resources, and in creating an environment for involving them in policy formulation and implementation at the local level, and for making them responsible and accountable.

32.2. Review of the Ninth Plan

In the course of strengthening the decentralization process, Local Self-governance Act, 2055 (1999), Local Self-governance Rules, 2056 (2000), Local Body (financial administration) Rules, 2056 (2000) have been implemented during the Ninth Plan period. The government, civil society, private sector and donors from the same platform have prepared a detailed draft outline of action plans on the preparation of decentralization action plans. Necessary amendments have been made to some Acts and Rules conflicting with the Local Self-governance Act and Rules as required for implementing the development work in a more coordinated manner. Local Body Fiscal Commission has been set up for making necessary improvement in the fiscal decentralization; and it has prepared a report on it. Permanent Fiscal Commission has been set up for overseeing its implementation aspect from the institutional point of view. The concerned ministries of His Majesty's Government of Nepal, civil society, local bodies and donors have been making efforts to prepare a directive to strengthen local bodies and make them active in a decentralized manner; a focal point has been set up at the ministry level for watching over matters concerning decentralization.

Devolution of small-scale infrastructure program and programs such as basic education, primary health care, and agricultural extension to local bodies has been initiated. Periodic plans have been prepared in 35 districts, and district transport master plans have been prepared in 47 districts. The process has been initiated in 19 districts. Programs such as Participatory District Development Program (PDDP), Local Governance Program (LGP), District Partner Program (DPP) and Decentralization Advisory Support Unit (DASU) have been implemented for enhancing the capability of local bodies.

Problems and challenges

Unable to have immediate amendment of the Acts conflicting with the Local Self-governance Act, 2055 (1999) despite various efforts; lack of action plans; unable to meet the manpower required at the local level with the setting up of Service Commission; unable to adopt concrete policies on the fiscal decentralization; and the lack of feasibility study on increasing internal resources at the local level etc. are some of the major problems in decentralization process. Main problems at the central level have been: unable to have sufficient action-oriented commitment to decentralization; unable to internalize the local development programs implemented with the assistance of donor agencies, and unable to make them sustainable; and unable to have clear concept of and programs on delegating authority and handing over programs to the local bodies. Other prevailing problems have been: non-governmental organizations and civil societies have been implementing programs independently at the district level without swapping knowledge and transparency of their work because of not having clear categorization of jobs to be done by them; local bodies have not identified their resources and have not been able to share these resources among themselves; local bodies have been institutionally weak; no healthy transparency has been seen in the implementation of their programs; and targeted programs have not totally reached the target people.

32.3. Long-term vision

The long-term vision of decentralization is to devolve authority, accountability, resources and manpower to the local bodies; develop and create a mechanism for institutional development and an action-oriented structure of the local bodies, mobilize and collect resources at the local level; set up civil societies with the people's participation; develop an effective mechanism for developing local leadership accountable to the people; encourage the private sector participation in delivering services for sustainable development and fully set up a local self-governance system.

32.4. The Tenth Plan

a) Objective

The objective of the Tenth Plan is to alleviate poverty by involving majority of the people in the decision-making process and in the governance system, and empowering them for implementing the development process.

b) Strategy

Development benefits will reach majority of the people if the decision-making process is made as desired by the people and if they are empowered. Decentralization will actively involve all people in the development process, and will make the development fast, and will more proportionally distribute benefits of development to all concerned. Pursuant to the decentralization policy, mobilization of local resources will be done primarily at the local level; local bodies will make decision on and take leadership of the local level development work; all these things will bring transparency in the implementation of development work, and will support good governance. In this context, the main strategies of this sector will be as follow :

1. Give autonomy to the local bodies for performing duties pursuant to the objective of the Local Self-Governance Act, 2055 (1999).
2. Enhance the institutional capacity of local bodies for enabling them to deliver services to the people, and for enabling them to function responsibly.
3. Enhance the people's participation in the local development process extensively.
4. Make local bodies capable of mobilizing internal and external resources.

c) Policy and working policies

During the Tenth Plan period, policies and action policies concerning the decentralization sector will be as follow:

- ***Autonomy of local bodies (related to strategy 1)***
 - Implement the provisions made for delegating authorities in the Local Self-governance Act, 2055 (1999) in a timely order. Pursuant to the provision made in this Act, categorize responsibility and programs to be implemented at the central level and at the local level, and devolve the local level programs and the responsibility to the local bodies.
 - Revise the Local Self-Governance Act and Rules effectively and timely; and amend other Acts conflicting with this Act. Prepare and implement decentralization implementation action plans on the tasks and resources to be developed by various agencies of His Majesty's Government of Nepal to the local bodies .
 - Make improvement in the structure of the Ministry of Local Development for making its responsibility clear and for playing its role as a facilitator in implementing and in getting implemented the provisions made in the Local Self-Governance Act at the local level.
 - Implement the recommendations made by the Local Body Fiscal Commission for fiscal decentralization as scheduled.
 - Implement the action plans on the tasks to be delegated by various central agencies of His Majesty's Government of Nepal to the local bodies as scheduled. Make job responsibility of local bodies and line agencies of His Majesty's Government of Nepal clear at various levels.

- Strengthen the regional offices for enabling them to prepare programs, coordinate implementation of programs, and then to monitor and evaluate the programs because the regional offices need to coordinate neighboring districts with each other for local development program. In the context of decentralization at the regional level, make explicit the responsibility and authority of the regional administrator and the regional level offices, and make institutional development of these institutions for preparing and implementing development activities, for periodic monitoring and evaluation of these activities and for delivering services effectively.
- Make effective improvement in policies, laws and institutions, and make their implementation process effective.
- ***Institutional capacity development (related to strategy 2)***
 - Local Service Commission will be set up and local bodies will be provided with efficient and skilled manpower .
 - Categorize all local bodies; and increase their financial management, plan preparation and monitoring, and internal management capacity.
 - Review the structure and the number of local bodies, and the number of elected office holders as required.
 - Review the role of Local Development Training Academy and other training centers under it; develop a mechanism for enabling it to run on its own resources by increasing the participation of local bodies in it and their ownership on it. In addition, link agencies such as Nepal Agricultural Research Council (NARC) and Council of Technical Education and Vocational Training (CTEVT) with the local bodies for supplying manpower such as local level officers, staffs and other manpower required at the local level, and increase their capacity.
- ***People's participation (related to strategy 3)***
 - Increase the local people's participation in the decision-making and implementation process.
 - Place special emphasis on women's empowerment and on their access to the participation in management for increasing gender equality at the local level.
 - Make special provision for women's leadership training.
- ***Internal and external resource mobilization (related to strategy 4)***
 - Gradually increase the resources to be made available by the center to the local bodies based on their need, absorption capability and practicality.
 - Increase the internal resources at the local level based on the feasibility of internal resource mobilization; and make the expenditure process effective.
 - Encourage the local bodies in mobilizing the resources of non-governmental organizations and international non-governmental organizations for the local level development programs.

During the Tenth Plan period, following policy improvement, legal improvement and institutional improvement will be made for the poverty alleviation by making decentralization efforts effective, and by providing the benefits of decentralization to the economically and socially backward areas and communities:

▪ ***Policy reforms***

- Make improvement in the policies of the line agencies that conflict with the provisions made in the Local Self-Governance Act and Rules.
- Decentralization is not the responsibility of any single ministry or agency but a national policy to be adopted by the nation as a vehicle for delivering services and as a means of all-round development of the nation; so, accordingly devolve activities implemented by the center to the local bodies.

▪ ***Legal reforms***

- Amend all Acts and Rules conflicting with the Local Self-governance Act and Rules .
- Reforms and amend the Local Self-governance Act and Rules as required for making them practicable.
- Make improvement in the Local Self-governance Act, 2055, the Local Self-governance Rules, 2056, Local Body (financial administration) Rules, 2056 and other local body regulations for development of the local self-governance system; simplify procedures and make them transparent for making the people's representatives responsible and accountable to the people.
- Make explicit the role of people's representatives in the local bodies; prepare and implement their code of conduct.
- Prepare and implement a Local Service Act.

▪ ***Institutional reforms***

- Review the level wise structure and the institution wise structure (political and administrative) of local bodies, and their number; accordingly make improvement in and development of their organization.
- Review the number and the structure of local bodies .
- Increase the institutional capacity of local bodies for enabling them to perform the tasks as prescribed by the Local Self-governance Act. The Ministry of Local Development will play the facilitating role in this matter.
- Eliminate the practice of implementing parallel programs by line agency offices; gradually increase the number of programs implemented through a local body.

▪ ***Implementation***

- All concerned responsible agencies will implement the programs

according to the decentralization implementation plan

- Decentralization Implementation and Monitoring Action Committee will monitor policy reform and implement reform programs.
- Adopt the policy on devolution of the activities implemented by the line ministries/agencies at the local level to the local bodies pursuant to the Local Self-Governance Act; and include the monitoring and review activity in their regular activities; and inform about it to the Decentralization Implementation and Monitoring Committee.
- Develop local bodies into self-reliant and automatically self-propelling viable institutions.

d) Programs

During the Tenth Plan period, the concept of decentralization will be practiced in such a way that the local bodies can have the sense of it. To this end, following programs will be implemented:

1. Policy and institutional reform program

This program includes the following: Local Development Ministry's organizational development and improvement, Inter-ministerial coordination, preparation of code of conduct for controlling the abuse of authority of local bodies, provision for setting up a human resource development unit at the local level, local body monitoring, E-governance program, categorization of district, town and village level programs and so on.

2. Financial resource management program

This program includes the following: grant distribution to the local bodies, handing over of financial sources, strengthening the local body tax system, setting up an audit board, preparing and implementing a computerized package of accounting system, making institutional provision for settling irregularities in the accounts of local bodies, and setting up a Local Development Fund at all districts.

3. Local body strengthening program

This program includes the following: review the boundary/structure/number of local bodies, review the functions, duties and authority of local bodies and office holders, make improvement in and amendment to the Local Self-governance Act based on these reviews, enact a law for setting up a Local Service Commission, prepare rules and regulations for simplification of procedures of local bodies, take necessary initiatives for categorization and institutional improvement of local bodies and for gradually setting up branches of line agencies.

4. Strengthening the planning system of local bodies

This program includes the following: setting up and managing a modern information system (GIS, MIS), strengthening a planning system, preparing a periodic plan and conducting mid-term evaluation of it at the local level, and monitoring, reviewing and evaluating an annual district development plan.

5. Manpower development program

This program includes: orientation of local people's representatives, and study tour/orientation/training of local people's representatives, and study tour/orientation/ training of staffs of all levels performing tasks concerning decentralization

Although the Local Self-governance Act, 2055 has the provision for the functions, duties and authority of local bodies, they have not been able to fully perform functions, duties and enjoy authority. Therefore, attempts will be made for the local bodies to enjoy authority and perform duties pursuant to the Act. To this end, the following activities as a single package program will be implemented:

- Identify and categorize the tasks at each level to be devolved to the local bodies and then handover the tasks to the concerned body.
- Make budget available to the local bodies for the tasks devolved to them, and let the local bodies implement the budgets.
- Make fiscal decentralization effective for making local bodies self-reliant, for strengthening the accounts and the accounting system of local bodies and for making them transparent, and for running the local bodies responsibly.
- Make provision for essential staff and budget expenditures required for performing the delegated tasks. Encourage the local bodies in procuring services on contract.
- Develop a system of making the people's representatives directly or indirectly accountable to the people, and the staffs to the local body for strengthening a local development system and making it competent, participative and transparent, and for ensuring the local good governance.
- Make the monitoring and evaluation system effective; make the decentralization and local self-governance system competent, strong and accountable based on the feedback received from the monitoring and evaluation.

32.5. Possible obstacles and risks regarding the implementation and achieving benefits

- If, the center's investment becomes insufficient in the periodic plans of local bodies.
- If, the line ministries cannot prepare and implement concrete programs on the decentralization sector.
- If, the high level Decentralization Implementation and Monitoring Committee becomes weak in taking responsibility, becomes less capable and less effective.

32.6. Progress monitoring indicators

The policy of the Tenth Plan will be to make decentralization as a medium of good governance, to make the local self-governance system accountable to the people, service-oriented, result-oriented, transparent and just. To this end, the need for policy reform is recognized. Two aspects of policy reform are: institutional provision and provision for monitoring indicators.

Institutional provision: Decentralization Implementation and Monitoring Committee will be the institution responsible for the policy reform in decentralization.

Indicators: Policy reform will be possible only if the Decentralization Implementation and Monitoring Committee and line ministry/line agencies work for making the monitoring work dynamic. So, policy will be formulated on making the central level agencies focusing more on policy work, on facilitating and monitoring work than on implementing programs. Accordingly, indicators will be prepared and monitoring will be done.

Decentralization: Policies and programs log frame*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sector objective : Increase the capacity of local bodies in delivering services effectively at the local level

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Implementation of decentralized procedures at the local level	<ul style="list-style-type: none"> • Provide local bodies with autonomy to perform tasks pursuant to the objective of the Local Self governance Act, 2055. • Enhance the institutional capacity of local bodies. • Increase people's participation in the local development process extensively. • Make the local bodies capable of mobilizing internal and external resources. 	<ul style="list-style-type: none"> • Local Self-governance Act, 2055 will be fully implemented. 	<ul style="list-style-type: none"> • Annual report of Decentralization Implementation and Monitoring Committee. • Annual reports of the Local Development Ministry/Report on the final evaluation of the Tenth Plan 	<ol style="list-style-type: none"> 1. Local body strengthening program 2. Strengthening the planning system of local bodies. 3. Financial resource management program. 4. Human resource development program 5. Policy and institutional reform program 	Stakeholders will keep up their commitments.

* Quantitative targets based on the 6.2% growth rate details are given in annex 3.

Chapter - 33

Monitoring and Evaluation

33.1. Background

The Tenth Plan is a poverty reduction strategy manifesto of Nepal. Monitoring and evaluation of the poverty reduction strategy should not only be limited to the monitoring of the progress of development programs and projects but also should cover the monitoring and evaluation of the impact of these programs and projects on the poverty alleviation. The monitoring and evaluation of the impact of these programs and projects on the poverty alleviation will make it possible to evaluate the strategies of the poverty alleviation and then make necessary improvement in and refinement of these strategies. The monitoring and evaluation have the following two aspects:

- a) Monitoring and evaluation of the progress of programs and projects at the implementation level.
- b) Monitoring and evaluation of the impact of these programs and projects on the poverty alleviation.

On the one hand, we have the experiences of not being able to complete various development projects and programs implemented annually with the objective of achieving economic and social development targets at the estimated cost and time. On the other, we have the problems of repeatedly having the same weaknesses in the implementation of programs and projects. From the above, it is clear that the implementation of programs and projects has been weak. Therefore, the entire population has been deprived from reaping the benefits of the huge investments made in development. One of the main reasons for the weakness in the program and project implementation is that the current monitoring and evaluation system has not been as effective as required. In this context, it is necessary to strengthen the current monitoring and evaluation system and make it result-oriented for effectively implementing the programs and projects pursuant to the approved policies to achieve the objectives and the goal set in the Tenth Plan.

There has not been clear provision for the monitoring and evaluation of the impact on the poverty reduction as yet. However, data and indices required for it are available in the reports on the national household surveys conducted with various objectives from time to time. A poverty monitoring and evaluation system is set up by providing continuity to these data and indices with a view to make these data and indices available at district level.

33.2. Review of the Ninth Plan

In the course of strengthening the progress monitoring and evaluation system, Project Performance Information System (PPIS) based on computer software has been set up at the Central Monitoring and Evaluation Division (CMED) of the National Planning Commission Secretariat (NPCS). The computer software has been installed on experimental manner in order to collate up to date information of projects and programs in an integrated manner. Provision has been made for project documents compulsorily having log-frames for improving the project preparation, implementation, monitoring and evaluation. In addition, provision has been made for categorizing the projects and programs that need to be effectively implemented as core projects/programs and monitor them on monthly and trimester basis, respectively. In course of evaluating the completed projects and providing feedback to the planning process, nine completed projects were studied for their effectiveness during the Ninth Plan period. Similarly, provision has been made under which the Ministry of Women, Children and Social Welfare is responsible to monitor and evaluate programs of non-governmental organizations, and then to prepare an annual report on them. Under a different provision, joint team of the Ministry of Women, Children and Social Welfare, Social Welfare Council and National Planning Commission have to inspect programs implemented by international non-governmental organizations.

The Ninth Plan had no provision for an independent monitoring of poverty under the assumption that the broad monitoring and evaluation system would cover it; however, household surveys with the objective of indicating the status of poverty had been conducted during this period. The Nepal Living Standard Survey (NLSS) conducted before the implementation of the Ninth Plan had been the main source of the poverty indicators. Nepal Population and Health Survey, Between Census Household Information Monitoring & Evaluation System (BCHIMES), a Labor Force Survey and many other important surveys have been done during the Ninth Plan period. An objective has been set to conduct a Second Nepal Living Standard Survey in the first year of the Tenth Plan. As reliable data have not been available at the district level yet; some studies have been done during this period for establishing poverty monitoring system by making data available at the district level.

Problems and Challenges

Monitoring and evaluation system has not been strong and institutionalized. Ministerial Development Action Committee (MDAC) and National Development Action Committee (NDAC) set up at the ministerial level and at the national level, respectively, have not met as scheduled. In addition, the mechanism for implementing and monitoring the decisions made by these committees have not been institutionalized yet. Similarly, availability of data on time has not been effective too. On the whole, this task has not received due attention. Similarly, a system of the poverty monitoring has also not been set yet. Previous household surveys were not conducted in an integrated manner. Hence, various surveys could not be complementary to each other. There is a problem in comparison of indices as such

indices are estimated on different definitions.

33.3. Long-term Vision

Public sector development activities will be implemented at both central and local levels. Local bodies will play an increasingly important role in the implementation of development work at the local level. Hence, there will be diversification in the implementation. The long-term concept of the Plan is to implement a systematic and modern monitoring system that covers monitoring the implementation of the targeted programs on the poverty alleviation and of the programs implemented at all levels.

33.4. The Tenth Plan

a) Objective

1. Render program and project monitoring and evaluation effective
2. Develop a poverty monitoring system
3. Conduct evaluation of policies

b) Strategy

The Plan preparation and implementation system alone cannot ensure quality results. The monitoring and evaluation will help to ascertain whether projects and programs have been heading towards right direction. It will also assist in determining the contributions made by the programs in achieving the national objective of poverty reduction, and in ascertaining the progresses in regard to high economic growth, social development, target programs and good governance. Eventually, it also helps in preparing future plans and policies. It is necessary to set up a strong information system, and then introduce it for making public the reports on monitoring and evaluation of projects at the project level, of programs at ministerial and departmental level, of the poverty measurement at the national level. This will contribute to the promotion of transparency and good governance. This will also contribute to effectively implement the projects and programs that will achieve a sustainable high economic growth rate, and to provide future guidance to the social development programs and the targeted programs. The major strategies in this regard will be as follows:

▪ *Strategies concerning the objective No. 1*

1. Develop a monitoring and evaluation system for monitoring and evaluating the physical progresses and qualities of progress vis-a-vis the cost and time used
2. To carry out expenditure tracking in prioritized sectors with special priority.

▪ ***Strategy concerning the objective No. 2***

- 3 Set up a system capable of conducting the monitoring of poverty at the levels from the center to the districts in order to ascertain the impact on the poverty.

▪ ***Strategy concerning the objective No. 3***

- 4 Carry out evaluation of the poverty reduction strategy and other various policies in terms of their impact in poverty alleviation and bring about reforms in policy aspects accordingly.

c) Policies and Operational Policies

▪ ***Development of effective monitoring and evaluation system (concerning strategy No. 1)***

- A system will be developed to identify the achievement indicators of projects and programs in addition to their physical progresses in order to compare such the indicators against the resources spent on them. Such a monitoring system will not be limited to the center but will also be introduced at the local level so that local bodies could make use of it.
- The progress monitoring has become a problem as data could not be collected on time. Emphasis will be placed on the use of information technology for supplying data to the monitoring units without delay and a computerized global network will be developed for making the current system up-to-date.
- The Policy Action Matrix used in the formulation of the Tenth Plan helps in establishing linkages between objectives, strategies and programs and ultimately facilitates policy evaluation. Hence, guidelines will be developed in this regard and concerned personnel will be trained on it.
- The log-frame concept initiated for the effective monitoring of projects at implementation level will be broadened with regular training.
- As the responsibility for implementing development projects is being gradually transferred to the local bodies, it is important that their monitoring ability be strengthened. A system will be set up to make such monitoring reports available at the center.
- At the district level, District Development Committees will monitor and evaluate local level development projects to be implemented during the plan period. Review mechanism existing at the ministerial level will be utilized not only to monitor projects and their performance indicators, but also to see their impact in poverty alleviation. NDAC will place emphasis on priority projects and programs. To supplement monitoring and evaluation system institutional arrangements will be made to carry out quality audit of construction works.

- A provision will be made under which each member of the National Planning Commission will be given the responsibility of monitoring development activities in each development region
- ***Special monitoring of appropriated budget expenditure (concerning strategy No. 2)***
 - National Planning Commission will monitor regularly and intensely a number of projects that have been identified as priority one projects.
- ***Poverty monitoring (concerning strategy No. 3)***
 - Priority will be accorded for evaluating the plan in terms of its impact on the lives of general public in general and poverty reduction in particular.
 - A strong system of monitoring poverty from the national level to the district level will be developed. Various household surveys will be made supplementary to each other. As the poverty monitoring system has not been institutionalized, the description of provision made for it in the Tenth Plan is given below in a separate section.
 - A policy of publicizing reports at various levels will be applied. Under this provision, a report on poverty measurement as well as on economic growth, social development, targeted programs and good governance will be publicized at the national level. The reports will also be publicized at project and department/ministry level, the latter focusing on programs.
- ***Impact evaluation of the policies on the poverty alleviation (concerning strategy No. 4)***
 - The system of research, monitoring and evaluation of economic, social and other policies will be strengthened.

33.5. Progress monitoring

Although there have been institutional arrangements for monitoring development projects and programs, there are still some weaknesses in achieving expected benefits from such arrangements. Right Honorable Prime Minister is the chairperson of the NDAC, the apex body of such structure. NDAC resolves the problems that cannot be resolved at the ministerial level committee and the ones that involve cross-ministerial and policy issues. The CMED submits monthly monitoring reports on the core projects to the office of the Prime Minister.

At the ministry level, there is MDAC to be headed by concerned minister/state minister. This Committee the progress projects/programs under the ministry and resolve the problems. This committee submits the problems that cannot be resolved at the ministerial level to the NDAC for discussion. This Committee receives information, data and reports from the Monitoring and Evaluation Division/Section of

ministries for this purpose.

The CMED monitors priority one projects and concerned sectoral divisions monitor other projects. Regional Planning Offices of National Planning Commission are also involved in monitoring and evaluation of development projects and programs.

Various efforts have been made to process and integrate information required by manuals, performance indicators and to simplify and clarify monitoring and evaluation process. The mandatory log frame attached to the projects at the time of their preparation will be the basis for monitoring. The policy and program matrix of the Tenth Plan will form the basis for monitoring. Necessary improvement will be made in the current formats and manuals based on these policy and program log-frames.

The progress monitoring will be associated with the poverty monitoring by further strengthening the current institutional mechanism of monitoring. This will help in regularly evaluating the poverty reduction strategy. Modern information technology will be extensively used in progress monitoring and poverty monitoring and effective system of information flow will be developed as well.

33.6. Poverty monitoring

The poverty monitoring system has not been systematically set up yet; so, the following poverty monitoring system will be developed and implemented during the Tenth Plan:

It is necessary to evaluate the strategies of achieving the poverty reduction goal set by the Tenth Plan, and to monitor the status of the poverty for timely improvement in these strategies. To this end, a strong system of poverty monitoring is essential. A strong monitoring system will be put in place by ascertaining institutions to be responsible for identifying the indicators of measuring the poverty, for identifying the data collecting methodology and for processing and analyzing the collected data.

It is necessary to monitor the results, achievements and the benefits and impacts of the achievements, and the resources spent on monitoring poverty and of the poverty alleviation efforts. In totality, resources spent means the resources allocated to various programs. These data are available in the progress reports of the Ministry of Finance. Progresses and achievements of programs are available in the concerned ministries. In addition to this, it is necessary to make clear provision for monitoring benefits and impacts of development programs.

Extensive discussions have been held on identifying poverty indicators at the people's level at various times. District level, regional level and national level discussions, and consultation programmes were organized for identifying poverty monitoring indicators. National Planning Commission, non-governmental organizations and other institutions have participated in these discussions. Poverty comprises human development indicators and social evils indicators in addition to income-poverty indicators; so, poverty-monitoring indicators have been identified taking into

consideration of all these indicators. The long-term goal set by the Ninth Plan based on the poverty indicators are also taken into account for identifying and preparing the poverty indicators. United Nations has identified millennium development goals and indicators, and has set the worldwide goal for monitoring these indicators. Those indicators are also included in the indicators for poverty monitoring. The following indicators are identified and prepared for monitoring poverty pursuing the appropriate process and based on the criteria. Work is ongoing for finalizing the nomenclature of these indicators.

Poverty monitoring indicators

Goal	Physical progress/ achievement indicators	Poverty indicators	Sources of information
Make improvement in the extreme poverty; and reduce the number of people living below the poverty line to 30%	<ul style="list-style-type: none"> • Access to production resources (micro credit, income-generating training, entrepreneurial training) • Access to market • Time required to reach the nearest road • Employment opportunity • Macro economic indicators: economic growth rate, inflation rate, revenue growth rate, revenue to gross domestic product ratio 	<ul style="list-style-type: none"> • Population below poverty line, poverty incidence and poverty gap (intensity and depth) • Income distribution & the very poor people's share of national consumption • Unemployment & under employment • Percentage of household income spent on food 	<ul style="list-style-type: none"> • Nepal Living Standard Survey (NLSS) • Other household surveys • Records of various agencies • Employment and labor survey • National population census • National agricultural census • Industrial census • Report on poverty monitoring prepared by NPC
Make improvement in human development index (education)	<ul style="list-style-type: none"> • Population growth rate • Number of schools • Time required to reach school • Ratio of students to teacher • Physical facilities at schools • Budget allocated to and expenditure on education 	<ul style="list-style-type: none"> • Literacy rate • Net enrolment rate • School dropout rate • Percentage of children of the age group 6-14 never attending school • Percentage of expenditure on education used for basic education 	<ul style="list-style-type: none"> • NLSS • Household survey • Records of Ministry of Education • National population census • MOF
Make improvement in human development index (health)	<ul style="list-style-type: none"> • Number of children immunized • Time required to reach the nearest health center • Ratio of health workers to the population • Number of family planning devices distributed • Number of people provided with maternity services • Number of people benefited from drinking water and number of projects • Children benefited from malnutrition reduction program • Time required for fetching drinking water • Budget allocated to & expenditure on health & 	<ul style="list-style-type: none"> • Infant mortality rate • Child mortality rate • Maternal mortality rate and percentage of maternity services received from skilled health workers • Reproductive health and family planning device use rate • Life expectancy • Total fertility rate • Percentage of population enjoying drinking water facility • Percentage of children affected by malnutrition • Percentage of expenditure 	<ul style="list-style-type: none"> • NLSS • Nepal population and health survey • Household survey to be conducted in between two population censuses • Records of concerned agency • MOF

Goal	Physical progress/ achievement indicators	Poverty indicators	Sources of information
Make improvement in gender equality	<ul style="list-style-type: none"> drinking water Scholarship to women Reservation provided by political parties for women Women officers working at the institutions of the government & the non-governmental sector Provision for training women specially for promotion in administration Women teachers will be 50% at the primary education 	<ul style="list-style-type: none"> on basic health & drinking water Ratio of women's literacy to men's literacy Ratio of boy's enrollment to girls' enrollment at primary & secondary schools Ratio of women active in political parties to men Percentage of women holding positions at the political and various organized sectors Percentage of women teachers at the primary education 	<ul style="list-style-type: none"> NLSS Records of concerned agencies Other contemporary studies
Make improvement in the poverty and human development indicators of backward group/caste/area	<ul style="list-style-type: none"> Number of scholarships Number of teachers belonging to <i>Dalit</i>/backward class Percentage of students' enrollment belonging to <i>Dalit</i>/backward people Number of <i>Dalit</i>/backward students at technical schools Number of <i>Dalit</i>/backward female health volunteers Provision for a mobile health team at the <i>Dalit</i> settlement. 	<ul style="list-style-type: none"> Income/consumption status of <i>Dalit</i>/backward people Literacy rate Percentage of children of the age group 6-14 never attending school. Infant mortality rate Child mortality rate Maternity services received from skilled health workers Lie expectancy Total fertility rate 	<ul style="list-style-type: none"> NLSS Household survey Records of the Department of Education Nepal Population and Health Survey

Such indicators are prepared for monitoring disaggregated figures by district level and for monitoring the status of people belonging to the backward group and area so that monitoring of the success made in reducing the poverty of the people belonging to the backward group and area can be done.

a) Data collection

The data and information on benefits and impact are generally collected in course of the program implementation but not collected from the stored database hence; a separate survey is required for it. Conceptually, agencies other than the implementing agencies conduct such surveys for unbiased evaluation of programs. So, separate budget allocation of is required for such surveys. Generally, such statistics can be divided into quantitative and qualitative. Indicators of the income-poverty are quantitative and so collection and processing of data for these indicators is very expensive. Human development indices are qualitative for which data collection is easy and cheap. Large sample size is required for collecting the statistics on some indicators; such a large size sample group may not be available in a small area; in addition, collection of data is difficult and expensive. For example, number of sample groups required for collecting statistics on the maternal mortality rate has been insufficient at the district and the village level; even if sufficient number of sample

groups is available in some areas the collection and processing of data will be costly in comparison to the national level survey of the maternal mortality rate. In view of all these, the following arrangements are made for collecting data:

Poverty mapping: The population census conducted every 10 years provides various data on population and the description of population engaged in various economic activities based on caste and ethnicity. The data generated by the population census and other social and economical statistics generated by the NLSS will be used for poverty mapping in the country.

Nepal Living Standard Survey (NLSS): National household surveys were conducted in various time with special objective and income-poverty were estimated based on the data generated by such surveys. The NLSS was conducted in 1995/96 with the objective of measuring the living standard of the people by using the living standard measuring methodology developed by the World Bank. The second phase of this survey is being conducted in 2002/03. This survey will provide various data on income-poverty, human development and on some aspects of social evils; so, this survey will be conducted in every five years. This survey is heavy and costly. This survey will provide the estimated data on the nation and of the main ecological regions in every five years. This survey will not generate statistics at the district level.

Household survey for collecting data in the years between the Nepal population health survey and the population census: The NLSS conducted in every five years alone will not be able to meet the data required for monitoring and evaluation. Therefore, a household survey will be conducted in coordination with the Nepal population health survey and the population census every two years to collect more detailed data on the social sector than that of the Nepal population health survey. These surveys will provide data on the nation and the main ecological zones in every two years. In addition, a feasibility study on the possibility of conducting an integrated survey on collecting data on social and economical indicators together will also be done by these surveys.

District level household survey for quality data: In the context of a district level periodic plan and the Local Self-governance Act, the need for the social and economic data at the district level has been felt. The grant provided by the center to districts cannot be distributed according to their needs in the absence of good quality data. Therefore, conducting a district level household survey has been necessary for the district level data. However, a district level household survey is done for collecting qualitative data because conducting a survey like NLSS for collecting district level data in all districts becomes heavy and expensive. Mobilizing resources for conducting a district level household survey in all 75 districts in one year will be difficult; therefore, a plan is prepared to conduct a district level household survey in some districts every year so that such a district level household survey will cover all 75 districts every four year in between two NLSS. Enumerators will visit each household once for collecting necessary data, and then process the data in districts. District Development Committees will participate in these tasks.

Such a district level household survey will not collect quantitative data. Hence, thinking is underway on computing household consumption statistics based on the data collected by the district level household survey and the data collected by the NLSS taking the survey year as the base year. Efforts will be made to integrate the national level NLSS and the district level household survey for making them supplementary to each other.

b) Ecological and administrative areas that will have statistics

The statistical indices will be available at various levels in view of the nature of poverty, improvement in it and the geographical boundaries of the plan formulating bodies.

Comprehensive economic indicators and sector-wise government expenditures will be available at the national level only. Statistics on employment, incomes and their distribution and level of consumption and other human development indicators will be available at the national level and at some main ecological zones too. The NLSS and other surveys will provide such data.

Statistics on the access of the people to the basic services concerning human development at the local level, human development indicators suggesting the sense of the availability of basic services, and qualitative indicators concerning poverty will be available at the district level. To this end, provision will be made for conducting a household survey that will assist in estimating district level data.

c) Institutional requisite

Statistics on resources spent on poverty alleviation and on the benefits from them will be available at the Ministry of Finance, at the concerned Ministry and at other agencies of HMG/N in their regular MIS. Central Bureau of Statistics (CBS) and District Statistics Offices will collect data and process them. Services of experts are required to scientifically and reliably collect data, and process them. The CBS will be strengthened and mobilized for this purpose. DDCs will assist the district level offices of the CBS in the district level household survey if districts need to collect specific district database, and in processing the data as required by districts.

The NPC will prepare and publish the report on the poverty monitoring and the efforts made to alleviate the poverty. Comprehensive economic statistics and other statistics received from various surveys will be used for preparing this report. Nepal will prepare its millennium development progress report based on this report too.

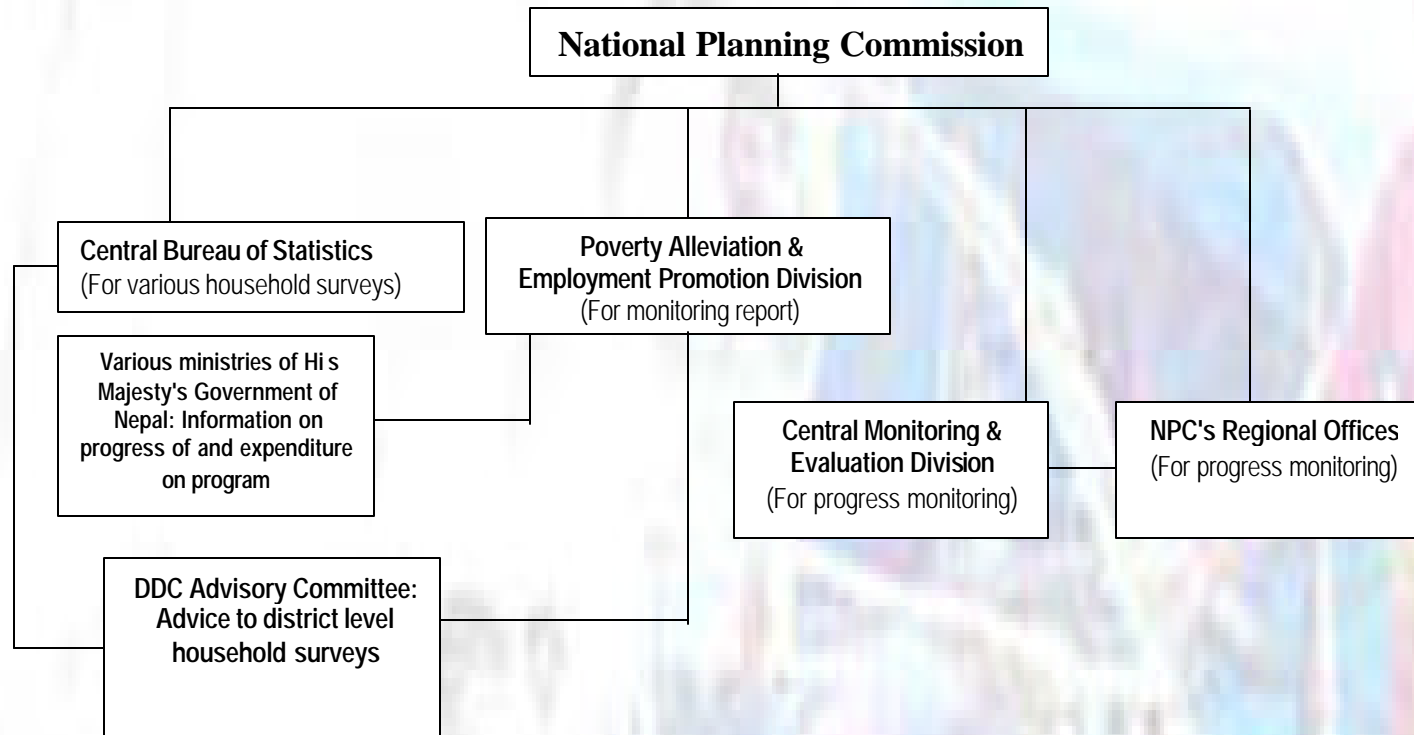
A regular survey or a system has not been set to conduct the poverty monitoring yet. The current monitoring system is structured for evaluating the progresses of development projects and programs. Improvement in its objectives and in its implementation is necessary. The NPC will prepare and publish reports on the poverty alleviation and on the evaluation of the programs and policies implemented for poverty alleviation.

33.7. Policy monitoring and evaluation

Evaluation of usefulness and effectiveness of the action plans and policies implemented for poverty alleviation will be done two times during the plan period based on analysis of the data received from the monitoring of poverty. The first evaluation i.e. evaluation of the four major strategies adopted for the poverty reduction along with the progress evaluation of the plan will be done at the time of mid-term evaluation of the plan. Evaluation studies on sustainable and high economic growth, development of social sector, targeted programs and good governance will be done, and reports on them will be prepared. Similar evaluation studies will be done in the last year of the plan before preparing the approach paper for the next plan. These studies will provide important feedback to future plans for their policy improvement. The provision for conducting an annual assessment of the action plans will be strengthened in addition to performing such periodic evaluations.

The Tenth Plan has set the target for some main income-generating and human development indicators, accordingly has estimated the economic growth rate, sector-wise growth rates, availability of resources and their growth rates, investment rate, ratio of revenue and investment to GDP, inflation and it has also allocated resources sector-wise. The monitoring of these indicators will make the monitoring and evaluation of poverty alleviation strategies easy; hence, targets for these indicators are as follow:

Institutional Structure of the poverty alleviation monitoring¹



¹ Finalizing this institutional structure of the poverty monitoring is ongoing

Overall economic indicator

Description	2058/59 (2001/02)	Tenth Plan
Economic growth rate (%)	-0.6	6.2
Agricultural growth rate (%)	2.2	4.1
Non- agricultural growth rate (%)	-2.3	7.5
Ratio of investment to gross domestic product (%)	24.4	29.0
Ratio of national savings to gross domestic product (%)	17.4	23.1
Revenue growth rate (%)	-2.6	9.5
Consumer price increase (%)	2.9	5.0
Allocation of government sector capital investment (x Rs 10 million)	-	-
Agriculture	-	3180.6
Industry and mines	-	141.9
Trade, hotel, restaurant	-	201.2
Electricity, gas and water	-	3333.7
Transport and communication	-	3436.6
Finance and property (house and land)	-	269.2
Social service	-	6410.4

Poverty and human development indicators

Description	2058/59 (2001/02)	2063/64 (2006/07)
Population under the poverty line (%)	38	32
Literacy (%)	49.2	63
Women's literacy (%)	35.6	55
Enrollment at the primary education (%)	80.4	90
Enrollment at the lower secondary education (%)	58	65
Infant mortality (per 1000)	64.2	45
Child mortality (per 1000)	91	72
Life expectancy (years)	61.9	65
Maternity service provided by skilled health worker (%)	13	18
Family planning device users (%)	39.3	47
Population having drinking water service (%)	71.6	85
Total fertility rate (%)	4.1	3.5
Population growth rate (%)	2.25	2.1

33.8. Poverty monitoring framework

A detailed poverty-monitoring framework containing institutional structure of the poverty monitoring and sources of information, action plans on household surveys, indicators for poverty monitoring and participative methods to be adopted in this process will be published in the first year of the Tenth Plan.

33.9. Projection of development expenditure

The monitoring and evaluation program will be given the first priority. Necessary development budget for this program is included in the Planning and Statistics. Budgets for regional monitoring and evaluation will be included in the concerned regional programs.

Chapter - 34

Development of Planning and Statistics

34.1. Background

Development planning process is dynamic. So, it is necessary to study continuously and analyze it, and explore new techniques of it. We will be able to set the national goal, and prepare long-term and periodic plans, and be able to choose correct programs if we are able to timely analyze the international development sequences and have the knowledge of its direction then the development process in the country may take a specific direction.

It is necessary to prepare, assess, monitor and evaluate development policies, programs and projects based on the up-to-date and reliable statistics to achieve the targets and objectives set in the periodic plan. To this end, plan preparation, policy analysis, project evaluation system and data collection, processing, analysis and presentation need to be made more scientific, standard and practical. In addition, it is necessary to avoid duplication of data collection, to collect necessary statistics on all aspects of the economical and social sectors, to maintain the standard of collected statistics comparable to the international standard, to maintain coordination with collected statistics, to analyze them properly, and to make them easy to use and useful to the users.

34.2. Review of the Ninth Plan

The mid-term evaluation of the Ninth Plan has been completed; and the approach paper for preparing the Tenth Plan has been prepared based on the results of the mid-term evaluation, and endorsed by the National Development Council; and the Tenth Plan has been prepared based on the approach paper. Preparing a poverty map and compiling statistics using the geographical information system have been initiated under the planning strengthening program. A computer network has been set up at the National Planning Secretariat; the website design of the National Planning Commission has been up-dated. An Interim Poverty Reduction Strategy Paper (IPRSP) has been prepared and used for preparing the Tenth Plan in view of making the planning process participative, fact based and effective.

The National Population Census of 2058 (2001), the National Agricultural Census of 2058 (2001) and the pilot work of the National Industrial Census have been completed during the Ninth Plan period. In addition, estimations of the national accounts have been published annually.

34.3. Problems and challenges

The following problems and challenges have been observed in the planning and statistics sector during the Ninth Plan period:

1. Prioritization of development programs and projects has not been done based on their economical and social impact analysis and on the resource availability yet; and the project completion rate has been minimum due to the weakness of the monitoring and evaluation of programs and projects.
2. Some sectors lack the statistics but other sectors have multiple statistics and even duplication of statistics required for the development and planning process. In addition, the reliability of statistics has been questionable.
3. Economic planning group has not been set up for strengthening the economic planning and statistics services yet.

34.4 The Tenth Plan

a) Objectives

1. Explore the ways and means of alleviating the poverty of the people in general, and of making improvement in the living standard of the entire population including the people of the backward class and the backward area; coordinate the preparation of long-term and periodic plans, policy formulation, resource projection, selection and approval of development projects and programs with the monitoring of implementation of, and evaluation of development programs.
2. Make the development planning process standard and reliable; make it effective based on statistics and information; make periodically available up-to-date, qualitative and reliable statistics on the status, tendency and condition of every aspect of the national life.

b) Strategies

Development of an appropriate and strong data base will contribute to the comprehensive monitoring and evaluation of various aspects of the plans on economic growth and social development, and contribute to the effective preparation of future programs. Plan preparation is a dynamic process. So, it is necessary to be familiarization with the contemporary national and international planning process. It is necessary to pay attention to the aspects such as resource mobilization for the poverty alleviation of and improvement in the living standard of the entire population, coordination of an appropriate process for identification of programs and policies, and development of capacity of analyzing and prioritizing plans.

The following strategies for planning and statistics sector have been set to make the data system coordinated, authentic and reliable, to carry out the institutional strengthening of the sectors concerned with the planning and statistics sector and to develop the manpower required for them, and thus, develop the capacity of implementation and monitoring of the entire national strategy.

▪ *Strategies concerning objective No. 1*

1. Develop the project and program selection and approval process in such a

way that it will be transparent and participative, and it will be based on the economical and social analysis, and resource availability, and it will assist in achieving the objective and the goal of the periodic plan.

2. Carry out institutional strengthening of agencies involved in the planning and statistics sector, and develop manpower for them .

▪ ***Strategies concerning objective No. 2***

3. Make statistics authentic, qualitative, reliable and user-friendly by making data collection, survey, processing and analysis of data effective.

4. Prepare and implement a specific action plan on conducting poverty survey, living standard survey, labor power survey, environment survey, reproductive health survey, economical and social survey, and household survey regular, periodic and comparable.

c) Policy and action policy

▪ ***Plan strengthening program (related to strategy 1)***

• Set up an Analysis and Research Unit at the National Planning Secretariat for increasing its ability and effectiveness, for its institutional strengthening, and for prioritizing, selecting and approving development projects and programs based on the economical and social analysis.

• Make provision for timely informing the public about the achievement and progress of the periodic plan by developing the poverty monitoring system.

• Make provision for standardizing and regularizing the policy and project monitoring process for evaluating the impact of a specific policy or project on the concerned beneficiaries .

• Strengthen the Regional Planning Offices for effectively monitoring and evaluation of the usefulness and effectiveness of the programs turned over to District Development Committees.

▪ ***Institutional Strengthening (related to strategy 2)***

• Implement necessary programs on professional and capacity development of the manpower involved in the planning process, and on retaining high quality manpower in the planning process for making the economic planning service/group effective and action-oriented.

▪ ***Statistics development program (related to Strategy 3)***

• Institutionally strengthen the Central Bureau of Statistics transforming it into a focal point and authentic agency for making the statistics build-up process more useful, reliable, timely and high quality; and also make necessary amendment to laws, and implement the program on developing the manpower and the capacity of the staffs engaged in this department to this end.

• Gradually implement the entire subject matters contained in the National Statistics Plan as required.

- ***Implementation of specific action plan (related to Strategy 4)***
 - In addition to implementing program on strengthening a National Accounting System, prepare and implement an integrated action plan on providing necessary information in the specified time about the indicators concerning the objectives of the millennium development goal and the indicators set in the Tenth Plan, and on avoiding the duplication of various surveys to be done for getting information on social and economical indicators.

34.5 Anticipated achievement

The following are the anticipated achievements of the implementation of all these policies and programs:

1. The program and project completion rate will increase due to the effective, participative and qualitative development planning process in addition to providing support for achieving the goal of the plan.
2. The development of statistics and the survey process for statistics will be regular, credible and reliable.
3. The institutions involved in the planning and statistics will be strengthened; and continuity of the services of quality manpower in this sector will be insured too.

Annex



Annex One
Summary of the Tables of the Ninth Plan

Table No.	<u>Contents</u>	Pages
1	Gross Domestic Product (at Current Price)	A-1
2	Gross Domestic Product (at constant price at 1996/97)	A-2
3	Total and Sectoral Economic Growth Rate	A-3
4	Sectoral Contribution in Gross Domestic Product	A-4
5	Total Fixed Capital Investment by Sectors and Growth Rate	A-5
6	Total Fixed Capital Investment by Sectors and Growth Rate (Constant price at 1996/97)	A-6
7	Consumption, Saving and Investment	A-7
8	Regular Expenditure	A-8
9	Development Expenditure	A-9
10	Target and Achievements of Development Expenditure by Economic Sector (Constant price at 1996/97)	A-10
11	Achievement in Development Expenditure by Economic Sectors (at current prices)	A-11
12	Achievement in Development Expenditure by Economic Sectors (Constant prices at 1996/97)	A-13
13	Revenue (at current price)	A-15
14	Revenue (Constant price at 1996/97)	A-17
15	Composition of Revenue	A-19
16	Position of Government Finance (at current price)	A-20
17	Position of Government Finance (Constant price at 1996/97)	A-21
18	Deficit Finance	A-22
19	Deficit Budget	A-23
20	Financial Target and Achievements of the Ninth Plan (Constant prices at 1996/97)	A-24
21	Share of Foreign Aid in Development Expenditure (Percentage)	A-25
22	Monetary Survey	A-26
23	Factors Affecting on Money Supply	A-27
24	Sources and Uses of Resources of Commercial Banks	A-28
25	Credit Flow of Commercial Banks by Purposes	A-29
26	National Urban Consumer's Price Index (Base year 1996/97 =100)	A-30
27	Situation of Balance of payment (at current price)	A-31
28	Situation of Balance of payment (Constant Prices at 1996/97)	A-32
29	Export of Major Commodities to India (In Current Price)	A-33
30	Export of Major Commodities to Other Countries (In Current Price)	A-34
31	Balance of Payment (In current Price)	A-35
32	Balance of Payment (Constant Price at 1996/97)	A-36
33	Foreign Exchange Holding of Banking System	A-37
34	Some Major Economic Targets and Status of Achievements of the Ninth Plan	A-38
35	Some Major Physical Targets and Status of Achievements of the Ninth Plan	A-39

Table 1: Gross Domestic Product (at Current Price)*(Rs. in million)*

Sectors	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual average growth (%)
Agriculture, Irrigation and Forestry	10875	112495	132373	145131	151059	158439	7.9
Non-agriculture	160785	177303	197645	221130	242490	244513	8.8
Industry, Mining and Quarrying	26311	28540	32022	35365	37419	34859	6.0
Electricity, Gas and Water	4457	4383	4632	5942	6987	8114	13.2
Construction	29263	30483	33262	37382	39584	42232	7.7
Trade, Hotel and Restaurant	30551	33687	39313	42895	44572	40391	6.0
Transportation and Communication	19315	22598	24631	29336	33297	34664	12.5
Finance and Real Estate	27157	29778	33203	36919	41634	43494	9.9
Social Services	23731	27834	30582	33281	38997	40759	11.5
GDP (at factor cost) with Banking services	269570	289798	330018	366251	393549	402952	8.4
Less Imputed Value of Banking Services	7009	7896	9438	10708	11912	12269	12.0
GDP (at factor cost) without Banking Services	262561	281902	320580	355543	381637	390683	8.3
Plus Indirect Taxes (Net)	17952	18943	21456	23945	28637	29580	10.7
Total GDP (at Producer's price)	280513	300845	342036	379488	410270	420263	8.5

* Revised Estimates, Source: Central Bureau of Statistics

Table 2: Gross Domestic Product (at constant price at 1996/97)*(Rs. in million)*

Sectors	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual average growth (%)
Agriculture, Irrigation and Forestry	108785	109712	112828	118349	124831	127614	3.3
Non-agriculture	160785	168835	178327	190511	198730	194237	3.9
Industry, Mining and Quarrying	26311	27179	28594	30611	31775	28812	2.0
Electricity, Gas and Water	4457	4272	4514	5162	5645	5955	6.1
Construction	29263	29908	31942	35009	35312	35657	4.1
Trade, Hotel and Restaurant	30551	32310	33566	35837	36381	32455	1.4
Transportation and Communication	19315	20875	22294	23860	25337	25774	6.0
Finance and Real Estate	27157	28751	30189	31723	32269	33051	4.0
Social Services	23731	25539	27228	28309	32011	32534	6.6
GDP (at factor cost) with Banking services	269571	278545	291155	308859	323561	321851	3.6
Less Imputed Value of Banking Services	7007	7597	8124	8886	9625	9634	6.6
GDP (at factor cost) without Banking Services	262561	270948	283031	299973	313936	312217	3.6
Plus Indirect Taxes (Net)	17952	17783	18588	20039	21325	21201	3.4
Total GDP (at Producer's price)	280513	288732	301699	320013	335261	333418	3.6

** Revised Estimates, Source: Central Bureau of Statistics*

Table 3 : Total and Sectoral Economic Growth Rate*(in percentage)*

Sectors	Targeted growth rate of Ninth Plan	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual average growth rate of Ninth Plan
Agriculture, Irrigation and Forestry	4.0	0.9	2.8	4.9	5.5	2.2	3.3
Non-agriculture	7.3	5.0	5.6	6.8	4.3	-2.3	3.9
Industry, Mining and Quarrying	9.1	3.3	5.2	7.1	3.8	-9.3	2.0
Electricity, Gas and Water	10.4	-4.2	5.7	14.3	9.4	5.5	6.1
Construction	5.9	2.2	6.8	9.6	0.9	1.0	4.1
Trade, Hotel and Restaurant	7.4	5.8	3.9	6.8	1.5	-10.8	1.4
Transportation and Communication	8.7	8.1	6.8	7.0	6.2	1.7	6.0
Finance and Real Estate	5.8	5.9	5.0	5.1	1.7	2.4	4.0
Social Services	7.0	7.6	6.6	4.0	13.1	1.6	6.6
GDP (at factor cost) with Banking services	-	3.3	4.5	6.1	4.8	-0.6	3.6
Less Imputed Value of Banking Services	-	8.4	6.9	9.4	8.3	0.1	6.6
GDP (at factor cost) without Banking Services	6.0	3.2	4.5	6.0	4.7	-0.6	3.6
Plus Indirect Taxes	-	-0.9	4.5	7.8	6.4	-0.6	3.4
Total G DP (at Producer's price)	6.5	2.9	4.5	6.1	4.8	-0.6	3.6

** Revised estimates, Central Bureau of Statistics*

Table 4 : Sectoral Contribution in Gross Domestic Product

(in percentage)

Sectors	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*
Agriculture, Irrigation and Forestry	40.4	38.8	40.1	39.6	38.4	39.3
Non-agriculture	59.6	61.2	59.9	60.4	61.6	60.7
Industry, Mining and Quarrying	9.8	9.8	9.7	9.7	9.5	8.7
Electricity, Gas and Water	1.7	1.5	1.4	1.6	1.8	2.0
Construction	10.9	10.5	10.1	10.2	10.1	10.5
Trade, Hotel and Restaurant	11.3	11.6	11.9	11.7	11.3	10.0
Transportation and Communication	7.2	7.8	7.5	8.0	8.5	8.6
Finance and Real Estate	10.1	10.3	10.1	10.1	10.6	10.8
Social Services	8.8	9.6	9.3	9.1	9.9	10.1
GDP (at factor cost)**	100.0	100.0	100.0	100.0	100.0	100.0

* *Revised estimates*

** *Including banking service*

Table 5 : Total Fixed Capital Investment by Sectors and Growth Rate*(Rs. in million)*

Fiscal Year	Total Fixed Capital Investment			Change in Stock (Rs.)	Total Investment (Rs.)	Growth Rate (%)
	Private sector (Rs.)	Public Sector (Rs.)	Total (Rs.)			
1996/97	41402	19392	60794	10290	71084	-
1997/98	42802	22573	65375	9353	74728	5.1
1998/99	41381	23888	65269	4792	70061	-6.2
1999/00	46873	26436	73309	18333	91642	30.8
2000/01	46801	31268	79069	19442	97511	6.4
2001/02*	49159	32085	81244	21309	102553	5.2
Total of the Ninth Plan	227016	136250	363266	73229	436495	8.3

** Revised estimates*

Table 6 : Total Fixed Capital Investment by Sectors and Growth Rate (Constant price at 1996/97)#

(Rs. in million)

Fiscal Year	Total Fixed Capital Investment			Change in Stock (Rs.)	Total Investment (Rs.)	Growth Rate (%)
	Private sector (Rs.)	Public Sector (Rs.)	Total (Rs.)			
1996/97	41402	19392	60794	10290	71084	-
1997/98	41077	21663	62740	8976	71716	0.9
1998/99	36491	21065	57556	4226	61782	-13.9
1999/00	39522	22290	61812	15458	77270	25.1
2000/01	38236	25546	63782	15884	79666	3.1
2001/02*	39015	25464	64479	16912	81391	2.2
Total of the Ninth Plan	194341	116028	310370	61455	371825	3.5

* Revised estimates

Used GDP deflator at (1996/97=100).

Table 7 : Consumption, Saving and Investment*(Rs. in million)*

Fiscal year/Description	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual average growth (%)
(at current prices)							
Gross Consumption	241351	259407	295473	322526	350080	371517	9.0
Gross Domestic Saving	39162	41438	46563	56962	60190	48745	5.4
Gross National Saving	44831	48621	58649	71406	77818	73178	10.8
Gross Investment	71084	74728	70061	91642	97511	102553	8.3
(constant price at 1996/97)##							
Gross Consumption	241351	248951	260558	271944	286013	294855	4.1
Gross Domestic Saving	39162	39768	41061	48029	49175	38687	0.6
Gross National Saving	44831	46661	51719	60207	63577	58078	5.7
Gross Investment	71084	71716	61782	77270	79666	81391	3.5
Ratio in Gross Domestic Product							
Gross Consumption (%)	86.0	86.2	86.4	85.0	85.3	88.4	
Gross Domestic Savings (%)	14.0	13.8	13.6	15.0	14.7	11.6	
Gross Investment (%)	25.3	24.8	20.5	24.1	23.8	24.4	
Ratio of Gross National Saving and Gross National Product (%)	15.7	15.8	16.6	18.2	18.2	16.5	
Proportion of Gross Domestic Savings in Gross Investment (%)	55.1	55.5	66.5	62.2	61.7	47.5	
Proportion of Gross National Saving in Gross Investment (%)	63.1	65.1	83.7	77.9	79.8	71.4	

* Revised Estimates,

Used GDP a deflator at (1996/97=100)

Table 8 : Regular Expenditure*(Rs. in million)*

Fiscal Year	At current prices	Percentage Growth	At 1996/97 prices**	Percentage Increase
1996/97	24181	-	24181	-
1997/98	27174	12.4	25092	3.8
1998/99	31048	14.3	25744	2.6
1999/00	34523	11.2	27685	7.5
2000/01	42769	23.9	33466	20.9
2001/02*	49150	14.9	37376	11.7
Total of the Ninth Plan	184664	15.3	149363	9.3

* Revised estimates

** Used National Consumer Price Index as a Deflator at (1996/97=100)

Table 9 : Development Expenditure*(Rs. in million)*

Fiscal Year	At current prices	Percentage Growth	At 1996/97 prices	Percentage Increase
1996/97	26543	-	26543	-
1997/98	28944	9.0	26726	0.7
1998/99	28531	-1.4	23658	-11.5
1999/00	31749	11.3	25460	7.6
2000/01	37066	16.7	29003	13.9
2001/02*	31900	-13.9	24258	-16.4
Total of the Ninth Plan	158190	4.3	129105	-1.1

* Revised estimates

** Used National Consumer Price Index as a Deflator at (1996/97=100)

**Table 10 : Target and Achievements of Development Expenditure by Economic Sectors
(Constant price at 1996/97)**

(Rs. in million)

Sectors	Target of the Ninth Plan		Achievements of the Ninth plan		Achievement in percentage
	Rs.	%	Rs.	%	
<i>Economic Service</i>	55789	29.4	29329	22.7	52.6
Agriculture, Irrigation and Forestry	51284	27.1	24847	19.2	48.4
Industry and Mining	1588	0.8	2033	1.6	128.0
Trade, Hotel and Restaurant *	2917	1.5	2449	1.9	84.0
<i>Infrastructure</i>	68801	36.3	46070	35.7	67.0
Transportation and Communication	33340	17.6	22685	17.6	68.0
<i>Electricity and Energy</i> **	35461	18.7	23385	18.1	65.9
<i>Social Services</i> ***	63388	33.4	51540	39.9	81.3
Miscellaneous****	1602	0.9	2166	1.7	135.2
Total	189580	100.0	129105	100.0	68.1

* *Included Commerce, Tourism and Labour include d.*

** *Alternat e energy included.*

*** *Expenditure in Financial Sectors (Finance and Real Estate) by Ministry of Finance and Expenditure for Control on Drug Abuse by Ministry of Home included.*

**** *Public Finance and Economic Administration, General Administration, Planning and Statistics, Supply and Constitutional Organs also included.*

Table 11 : Achievement in Development Expenditure by Economic Sectors (at current prices)

(Rs. in million)

S.N.	Description	Ninth Plan						Total	Proportion of Expenditure (%)	Annual Average growth rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02			
1	Economic services (1.1+1.2+1.3+1.4)	17055	17900	17324	18649	21114	18819	93806	59.3	2.3
1.1	Agriculture, Irrigation and Forestry (1.1.1-1.1.4)	5353	5228	5650	5917	7103	6617	30515	19.3	4.7
1.1.1	Agriculture	1890	2144	1926	2090	2329	2595	11084	7.0	6.9
1.1.2	Irrigation	2727	2438	2941	3045	3953	3176	15552	9.8	4.8
1.1.3	Forestry	464	410	481	519	479	564	2453	1.6	4.7
1.1.4	Land reform and survey	273	236	303	264	342	282	1426	0.9	2.8
1.2	Industry and Mining	264	477	289	834	367	522	2489	1.6	43.2
1.3	Commerce, Tourism, Labour, Supplies and Hydrology (1.3.1-1.3.5)	590	682	996	1382	1232	1053	5345	3.4	15.0
1.3.1	Commerce	34	199	410	360	360	89	1416	0.9	100.5
1.3.2	Tourism	204	160	154	222	384	318	1237	0.8	15.0
1.3.3	Labour	56	58	53	61	74	117	363	0.2	17.9
1.3.4	Supplies	258	225	200	505	250	406	1585	1.0	28.1
1.3.5	Hydrology	39	41	180	235	164	123	743	0.5	63.2
1.4	Infrastructure (1.4.1-1.4.2)	10848	11513	10389	10516	12413	10627	55457	35.1	0.2
1.4.1	Transportation and Communication (1.4.1.1-1.4.1.2)	6401	6808	5577	4978	5599	4473	27435	17.3	-6.0
1.4.1.1	Road Transportation	5006	5002	4681	4278	4846	3738	22544	14.3	-4.9
1.4.1.2	Civil Aviation	299	618	431	418	509	371	2347	1.5	13.6
1.4.1.3	Communication	1096	1188	466	283	244	364	2545	1.6	-11.2

S.N.	Description	Ninth Plan						Total	Proportion of Expenditure (%)	Annual Average growth rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02			
1.4.2	Electricity and Energy	4447	4705	4811	5538	6814	6154	28022	17.7	7.3
2	Social Services (2.1-2.5)	9281	10324	10265	12406	12873	11079	56947	36.0	4.3
2.1	Education	2356	2037	1641	2574	2784	1966	11002	7.0	0.5
2.2	Health	1621	2076	1677	2127	1972	2143	9995	6.3	7.4
2.3	Drinking Water	1327	1670	1867	2423	2407	2123	10490	6.6	11.0
2.4	Local Development	3623	3679	3969	4137	4626	3644	20054	12.7	0.9
2.5	Other Social Services (2.5.1-2.5.5)	354	862	1111	1146	1083	1203	5405	3.4	36.2
2.5.1	Population and Environment	13	20	24	28	34	37	142	0.1	25.2
2.5.2	Women and Social Welfare	11	9	93	153	180	190	626	0.4	194.7
2.5.3	Youth, Sports and Culture	135	581	828	346	240	260	2255	1.4	58.5
2.5.4	Housing	191	220	96	415	348	307	1386	0.9	52.8
2.5.5	Others	5	32	71	204	280	409	996	0.6	179.5
3	General Administration (3.1-3.2)	52	66	100	137	323	310	936	0.6	49.6
3.1	Administration Reform	35	46	79	108	24	107	365	0.2	80.6
3.2	Economic Administration and Planning	17	19	21	29	299	203	570	0.4	194.1
4	Constitutional Organs	0	4	29	27	61	74	194	0.1	-
5	Miscellaneous	155	651	813	531	2695	1618	6308	4.0	135.6
	Total Development expenditure	26543	28944	28531	31749	37066	31900	158190	100.0	4.3

Table 12 : Achievement in Development Expenditure by Economic Sectors (at 1996/97 Constant prices)

(Rs. in million)

S.N.	Description	Ninth Plan						Total	Proportion of Expenditure (%)	Annual Average growth rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02			
1	Economic services (1.1+1.2+1.3+1.4)	17055	16528	14365	14955	16521	14311	76681	59.4	-3.0
1.1	Agriculture, Irrigation and Forestry (1.1.1-1.1.4)	5353	4827	4685	4745	5558	5031	24847	19.2	-0.8
1.1.1	Agriculture	1890	1980	1597	1676	1823	1973	9049	7.0	1.5
1.1.2	Irrigation	2727	2251	2438	2442	3093	2415	12639	9.8	-0.8
1.1.3	Forestry	464	379	398	416	375	429	1997	1.5	-0.8
1.1.4	Land reform and survey	273	217	251	212	267	214	1162	0.9	-2.8
1.2	Industry and Mining	264	441	240	669	287	397	2033	1.6	36.3
1.3	Commerce, Tourism, Labour, Supplies and Hydrology (1.3.1-1.3.5)	590	630	826	1108	964	801	4329	3.4	8.4
1.3.1	Commerce	34	183	340	289	281	68	1160	0.9	86.2
1.3.2	Tourism	204	147	128	178	300	242	995	0.8	9.5
1.3.3	Labour	56	53	44	49	58	89	293	0.2	12.2
1.3.4	Supplies	258	208	166	405	196	309	1282	1.0	22.2
1.3.5	Hydrology	39	38	149	189	129	94	598	0.5	51.1
1.4	Infrastructure (1.4.1-1.4.2)	10848	10631	8614	8433	9713	8081	45472	35.2	-4.9
1.4.1	Transportation and Communication (1.4.1.1-1.4.1.2)	6401	6287	4625	3992	4381	3402	22686	17.6	-10.9
1.4.1.1	Road Transportation	5006	4618	3881	3430	3792	2843	18564	14.4	-10.0
1.4.1.2	Civil Aviation	299	571	357	335	398	282	1943	1.5	7.3

S.N.	Description	Ninth Plan						Total	Proportion of Expenditure (%)	Annual Average growth rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02			
1.4.1.3	Communication	1096	1097	386	227	191	277	2178	1.7	-15.4
1.4.2	Electricity and Energy	4447	4344	3989	4441	5332	4680	22786	17.6	1.7
2	Social Services (2.1-2.5)	9281	9532	8512	9949	10073	8425	46491	36.0	-1.2
2.1	Education	2356	1881	1361	2064	2178	1495	8979	7.0	-4.4
2.2	Health	1621	1917	1391	1705	1543	1630	8186	6.3	1.9
2.3	Drinking Water	1327	1542	1548	1943	1884	1614	8531	6.6	5.0
2.4	Local Development	3623	3397	3291	3317	3620	2771	16396	12.7	-4.6
2.5	Other Social Services (2.5.1-2.5.5)	354	795	922	919	847	915	4398	3.4	28.1
2.5.1	Population and Environment	13	18	20	23	27	<u>28</u>	115	0.1	18.3
2.5.2	Women and Social Welfare	<u>11</u>	9	77	123	141	144	494	0.4	170.8
2.5.3	Youth, Sports and Culture	135	536	<u>687</u>	277	188	198	1886	1.5	47.8
2.5.4	Housing	191	203	79	333	272	233	1121	0.9	46.4
2.5.5	Others	5	30	59	164	219	311	782	0.6	162.3
3	General Administration (3.1-3.2)	52	61	83	110	253	236	742	0.6	42.0
3.1	Administration Reform	35	43	66	87	19	81	296	0.2	71.5
3.2	Economic Administration and Planning	17	18	17	23	234	154	446	0.3	183.9
4	Constitutional Organs	0	3	240	21	48	56	152	0.1	-
5	Miscellaneous	155	601	674	426	2108	1230	5040	3.9	123.4
	Total Development expenditure	26543	26726	23658	25460	29003	24259	129105	100.0	-1.1

Table 13 : Revenue (at current price)

(Rs. in million)

S. No	Description of Revenue	Ninth Plan						Ninth Plan		
		1996/97	1997/98	1998/94	1999/00	2000/01	2001/02	Total	Proportion of description (%)	Annual – Average growth rate (%)
1	Custom Duties	8309	8502	9518	10813	12552	13641	55026	25.9	10.5
1.1	Import Tax	7093	7019	7698	8960	10392	10851	44921	21.2	9.1
1.2	Export Tax	168	217	378	433	492	961	2481	1.2	45.4
1.3	Indian Excise Refund	1009	1102	1206	1332	1456	1511	6607	3.1	8.4
1.4	Others	39	164	235	89	212	318	1017	0.5	97.7
2	Tax on Consumption and Product of Goods and Services	10775	11250	11719	13387	16514	15992	68502	32.3	8.5
2.1	Excise Duty	2298	2886	2953	3128	3771	3797	16525	7.8	11.0
2.2	Sales Tax	7127	7123	7882	9855	12048	11890	48798	23.0	11.3
2.3	Others*	1351	1241	884	405	335	315	3180	1.5	-22.9
3	Land Revenue and Registration	1015	1004	1003	1016	613	928	4564	2.1	2.3
3.1	Land Revenue	6	4	1	5	5	0	15	0.0	7.9
3.2	Real Estate and Registration	1010	1001	1002	1011	608	928	4549	2.1	2.6
4	Property, Profit and Income Tax	4325	5184	6513	7936	9546	9837	39015	18.4	18.1
4.1	Income Tax	3969	4686	5851	7006	8650	8799	34992	16.5	17.6
4.2	Urban Real Estate Tax	95	111	123	119	3	2	357	0.2	-24.4
4.3	Miscellaneous**	261	387	539	811	894	1036	3666	1.7	32.9
	Total Tax Revenue	24424	25940	28753	33152	38865	40397	167107	78.7	10.7

S. No	Description of Revenue	Ninth Plan						Ninth Plan		
		1996/97	1997/98	1998/94	1999/00	2000/01	2001/02	Total	Proportion of description (%)	Annual – Average growth rate (%)
5	Charges, Fees, Fine and Forfeiture	1074	1246	1329	1747	1930	1868	8121	3.8	12.4
6	Government Asset, Services and Sales of Commodities and Service	996	1339	1036	1068	1184	1045	5672	2.7	2.9
7	Dividend	1134	1311	1783	2508	2336	2659	10597	5.0	20.0
8	Principal and Interest Payment	448	565	202	563	950	647	2927	1.4	35.5
9	Royalty and Sales of Government Asset	2221	2461	3928	3751	3497	2761	16398	7.7	7.7
10	Miscellaneous	76	76	103	105	131	1073	1487	0.7	157.6
	Total Non-tax Revenue	5949	6998	8381	9742	10028	10053	45202	21.3	11.5
	Total Revenue	30374	32938	37134	42894	48894	50450	212309	100.0	10.8

* Including Taxes on Vehicles, Interest payment and others.

** Including taxes on entertainment, hotel, civil-aviation, contracts, maintenance of roads/bridges and others.

Table 14 : Revenue (at 1996/97 Constant price)

(Rs. in million)

S. No	Description of Revenue	Ninth Plan						Ninth Plan		
		1996/97	1997/98	1998/94	1999/00	2000/01	2001/02	Total	Proportion of description (%)	Annual – Average growth rate (%)
1	Custom Duties	8309	7851	7892	8671	9822	10373	44609	25.9	4.8
1.1	Import Tax	7093	6481	6383	7185	8131	8252	36433	21.2	3.4
1.2	Export Tax	168	200	313	347	385	731	1977	1.1	37.4
1.3	Indian Excise Refund	1009	1018	1000	1068	1139	1149	5374	3.1	2.7
1.4	Others	39	151	195	72	165	242	824	0.5	86.1
2	Tax on Consumption and Product of Goods and Services	10775	10388	9717	10736	12640	12161	55642	32.3	2.9
2.1	Excise Duty	2298	2665	2449	2508	2951	2880	13454	7.8	5.1
2.2	Sales Tax	7127	6577	6536	7903	9427	9042	39484	22.9	5.6
2.3	Others*	1351	1146	733	325	262	240	2705	1.6	-27.0
3	Land Revenue and Registration	1015	927	832	815	480	705	3759	2.2	-3.0
3.1	Land Revenue	6	3	1	4	4	0	12	0.0	3.4
3.2	Real Estate and Registration	1010	924	831	811	476	705	3746	2.2	-2.8
4	Property, Profit and Income Tax	4325	4786	5400	6364	7470	7480	31501	18.3	11.8
4.1	Income Tax	3969	4327	4851	5618	6768	6691	28256	16.4	11.3
4.2	Urban Real Estate Tax	95	102	102	95	2	1	303	0.2	-29.4
4.3	Miscellaneous**	261	357	447	650	699	788	2942	1.7	25.6
	Total Tax Revenue	24424	23952	23842	23585	30411	30720	135510	78.7	4.9
5	Charges, Fees, Fine and	1074	1151	1102	1401	1510	1421	6585	3.8	69.9

S. No	Description of Revenue	Ninth Plan						Ninth Plan		
		1996/97	1997/98	1998/94	1999/00	2000/01	2001/02	Total	Proportion of description (%)	Annual – Average growth rate (%)
	Forfeiture									
6	Government Asset, Services and Sales of Commodities and Service	996	1236	859	857	927	795	4673	2.7	-13.6
7	Dividend	1134	1211	1478	2011	1828	2022	8550	5.0	13.3
8	Principal and Interest Payment	448	522	168	452	743	492	2376	1.4	29.7
9	Royalty and Sales of Government Asset	2221	2272	3257	3008	2736	2100	13373	7.8	1.1
10	Miscellaneous	76	70	85	84	102	816	1157	0.7	146.4
	Total Non-tax Revenue	5949	6462	6950	7812	7847	7645	36715	21.3	5.3
	Total Revenue	30374	30414	30791	34398	38258	38365	172225	100.0	4.9

* Including Taxes on Vehicles, Interest payment and others.

** Including taxes on entertainment, hotel, civil-aviation, contracts, maintenance of roads/bridges and others.

Table 15 : Composition of Revenue*(In percentage)*

S.No.	Description of Revenue	Ninth Plan						Total in Average
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	
1	Custom Duties	27.4	25.8	25.6	25.2	25.6	27.0	25.9
1.1	Import Tax	23.4	21.3	20.7	20.9	21.3	21.5	21.1
1.2	Export Tax	0.6	0.7	1.0	1.0	1.0	1.9	1.1
1.3	Indian Excise Refund	3.3	3.3	3.2	3.1	3.0	3.0	3.1
1.4	Others	0.1	0.5	0.6	0.2	0.4	0.6	0.5
2	Tax on Consumption and Product of Goods and Services	35.5	34.2	31.6	31.2	33.0	31.7	32.3
2.1	Excise Duty	7.6	8.8	8.0	7.3	7.7	7.5	7.8
2.2	Sales Tax	23.5	21.6	21.2	23.0	24.6	23.6	22.8
2.3	Others*	4.4	3.8	2.4	0.9	0.7	0.6	1.7
3	Land Revenue and Registration	3.3	3.0	2.7	2.4	1.3	1.8	2.2
3.1	Land Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.2	Real Estate and Registration	3.3	3.0	2.7	2.4	1.2	1.8	2.2
4	Property, Profit and Income Tax	14.2	15.7	17.5	18.5	19.5	19.5	18.2
4.1	Income Tax	13.1	14.2	15.8	16.3	17.7	17.4	16.3
4.2	Urban Real Estate Tax	0.9	0.3	0.3	0.3	0.0	0.0	0.2
4.3	Miscellaneous**	0.9	1.2	1.5	1.9	1.8	2.1	1.7
	Total Tax Revenue	80.4	78.8	77.4	77.3	79.5	80.1	78.6
5	Charges, Fees, Fine and Forfeiture	0.9	3.8	3.6	4.1	3.9	3.7	3.8
6	Government Asset, Services and Sales of Commodities and Service	5.9	4.1	2.8	2.5	2.4	2.1	2.8
7	Dividend	3.7	4.0	4.8	5.8	4.8	5.3	4.9
8	Principal and Interest Payment	1.5	1.7	0.5	1.3	1.9	1.3	1.4
9	Royalty and Sales of Government Asset	7.3	7.5	10.6	8.7	7.2	5.5	7.9
10	Miscellaneous	0.2	0.2	0.3	0.2	0.3	2.1	0.6
	Total Non-tax Revenue	19.6	21.2	22.6	22.7	20.5	19.9	21.4
	Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Including taxes on entertainment, hotel, civil-aviation, contracts, maintenance of roads/bridges and others

**Including Taxes on Vehicles, Interest payment and others.

**Table 16 : Position of Government Finance
(At current price)**

(Rs. in million)

S.No.	Description	Ninth Plan						Total	Composition of Government Finance (%)	Annual Average Growth Rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*			
1	Total Expenditure (2+2.1.1.2)	50724	56118	59579	66273	79835	81050	342854	100.0	10.0
2	Development Expenditure (2.1+2.2)	26543	28944	28531	31749	37066	31900	158190	46.1	4.3
2.1	Internal Resources (2.1.1+2.1.2)	11511	12687	12225	14225	18269	12252	69457	20.3	3.6
2.1.1	Revenue Surplus (2.1.1.1-2.1.1.2)	6192	5764	6086	8370	6124	1301	27645	8.1	-13.9
2.1.1.1	Revenue	30374	32938	37134	42894	48894	50450	212309	61.9	10.8
2.1.1.2	Regular Expenditure	24181	27174	31048	34523	42769	49150	184664	53.9	15.3
2.1.2	Other Sources (2.1.2.1+2.1.2.2)	5318	6723	6139	5855	12144	10951	41812	12.2	22.1
2.1.2.1	Internal Loan	3000	3400	4710	5500	7000	10000	30610	8.9	27.8
2.1.2.2	Cash Balance	2318	3323	1429	355	5144	951	11202	3.3	235.9
2.2	External Resources/Foreign Aid (2.2.1+2.2.2)	15032	16457	16306	17524	18797	19649	88733	25.9	5.6
2.2.1	Foreign Grant	5988	5403	4454	5712	6754	8702	31024	9.0	9.6
2.2.2	Foreign Loan	9044	11055	11852	11812	12044	10946	57709	16.8	4.4
3	Total Resources (2.1.1.1+2.2.1)	36362	38340	41588	48605	55647	59152	243333	71.0	10.3
4	Deficit Budget (1-3)**	14362	17778	17991	17667	24188	21897	99521	29.0	10.1
5	Deficit Budget (1-2.1.1.1)***	20350	23180	22445	23379	30942	30600	130545	38.1	9.2

* Revised estimates

** Including Foreign Grant

*** Excluding Foreign Grant

**Table 17 : Position of Government Finance
(at 1996/97 constant price)**

(Rs. in million)

S.No.	Description	Ninth Plan						Total	Composition of Government Finance (%)	Annual Average Growth Rate (%)
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*			
1	Total Expenditure (2+2.1.1.2)	50724	51817	49402	53146	62469	61635	278468	100.0	4.3
2	Development Expenditure (2.1+2.2)	26543	26726	23657	25460	29003	24259	129105	46.4	-1.1
2.1	Internal Resources (2.1.1+2.1.2)	11511	11530	10137	11408	14295	9317	56686	20.4	-1.8
2.1.1	Revenue Surplus (2.1.1.1-2.1.1.2)	6192	5322	5047	6712	4792	989	22862	8.2	-18.8
2.1.1.1	Revenue	30374	30414	30791	34398	38258	38365	172225	61.8	4.9
2.1.1.2	Regular Expenditure	24181	25092	25744	27685	33466	37376	149363	53.6	9.3
2.1.2	Other Sources (2.1.2.1+2.1.2.2)	5318	6208	5090	4695	9502	8328	33824	12.1	16.2
2.1.2.1	Internal Loan	3000	3139	3905	4411	5477	7605	24537	8.8	21.0
2.1.2.2	Cash Balance	2318	3069	1185	285	4025	723	9286	3.3	225.5
2.2	External Resources/Foreign Aid (2.2.1+2.2.2)	15032	15196	13521	14053	14708	14942	72420	26.0	0.1
2.2.1	Foreign Grant	5988	4988	3693	4580	5285	6618	25164	9.0	4.4
2.2.2	Foreign Loan	9044	10207	9828	9473	9424	8324	47256	17.0	-1.3
3	Total Resources (2.1.1.1+2.2.1)	36362	65402	34484	38978	43542	44983	197389	70.9	4.6
4	Deficit Budget (1-3)**	14362	16415	14918	14168	18926	16652	81079	29.1	4.3
5	Deficit Budget (1-2.1.1.1)***	20350	21404	18611	18748	24211	23270	106243	38.2	3.6

* Revised estimates

** Including Foreign Grant

*** Excluding Foreign Grant

Table 18 : Deficit Finance#*(Rs. in Million)*

Fiscal Year	Deficit Finance		Proportion of Deficit Finance in GDP (%)	Proportion of Deficit in Internal Resources (%)
	Current Prices	At 1996/97 price		
1996/97	5318	5318	1.9	46.2
1997/98	6723	6208	2.2	53.8
1998/99	6139	5090	1.8	50.2
1999/00	5855	4695	1.5	41.2
2000/01	12144	9502	3.0	66.5
2001-02*	10951	8328	2.6	89.4
Total	41812	33824	-	62.2

** Revised Estimates**# Deficit Finance = Other sources (Internal Loan and Cash Balance).*

Table 19 : Deficit Budget #*(Rs. in million)*

Fiscal Year	Deficit Budget**				Proportion of deficit budget in GDP (%)		Proportion of deficit budget in Total Expenditure (%)	
	At current prices		At 1996/97 price		Including Grant	Excluding Grant	Including Grant	Excluding Grant
	Including Grant	Excluding Grant	Including Grant	Excluding Grant				
1996/97	14362	20350	20350	20350	5.1	7.3	28.3	40.1
1997/98	17778	23180	16415	21404	5.9	7.7	31.7	41.3
1998/99	17991	22445	14918	18611	5.3	6.6	30.2	37.7
1999/00	17667	23379	14168	18748	4.7	6.2	26.7	35.3
2000/01	24188	30942	18926	24211	5.9	7.5	30.3	38.8
2001-02*	21897	30600	17630	24247	5.2	7.3	26.6	37.1
Total	99521	130546	82057	107221			28.9	37.9

* *Revised estimates*** *Deficit Budget (Including Grant) = Total Expenditure- Total Resources (Revenue + Grant).*** *Deficit (Excluding Grant) = Total Expenditure –Total Resources (Revenue).*

**Table 20 : Financial Target and Achievements of the Ninth Plan
(At 1996/97 constant prices)**

S.No.	Description	Target for Ninth Plan		Achievements of Ninth Plan		Achievements against Targets (in percent)
		Rs. in million	Percentage	Rs. in million	Percentage	
1	Development Expenditure (2+4)	189580	100.0	129105	100.0	68.1
2	Internal Resources (2.1+3)	78034	41.2	56686	43.9	72.6
2.1	Revenue Surplus (2.1.1+2.1.2)	63130	33.3	22862	17.7	36.2
2.1.1	Revenue	210840	111.2	172225	133.4	81.7
2.1.2	Regular Expenditure	147710	77.9	149363	115.7	101.1
3	Other Internal Resources (3.1+3.2)	14904	7.9	33824	26.2	226.9
3.1	Internal Loan	14904	7.9	24537	19.0	164.6
3.2	Cash Balance	0	0.0	9286	7.2	-
4	Foreign Aid (4.1+4.2)	111546	58.8	72420	56.1	64.9
4.1	Foreign Grant	32595	17.2	25164	19.5	77.2
4.2	Foreign Loan	78951	41.6	47256	36.6	59.9

**Table 21 : Share of Foreign Aid in Development Expenditure
(Percentage)**

Fiscal Year	Proportion of Foreign Aid in Development Expenditure	Proportion of Foreign Loan in Foreign Aid
1996/97	56.6	60.2
1997/98	56.9	67.2
1998/99	57.2	72.7
1999/00	55.2	67.4
2000/01	50.7	64.1
2001/02	61.6	55.7
Average of the Ninth Plan	56.3	65.4

Table 22 : Monetary Survey*(Rs in million)*

S. No.	Sectors	As of mid July						Annual Average Growth rate (%)
		1997	1998	1999	2000	2001	2002*	
1	Net Foreign Assets	40191	55573	65028	80468	87798	89287	18.0
2	Total Domestic Credit	10097	115812	134833	158001	187322	205690	15.3
3	Net Claim to Government	29229	31753	34918	38243	48658	59203	15.4
4	Claims on Public Enterprises	7029	7229	9114	10311	11906	12249	12.1
	a) Financial	5432	6170	7547	8503	9683	10073	13.3
	b) Non-financial	1597	1059	1567	1808	2223	2176	10.1
5	Claims on Private Sector	64659	76830	9081	109448	126758	134239	15.9
6	Fixed and Saving Deposits	65260	81299	101738	125141	143877	146566	17.9
7	Unclassified Net Liability	37387	44922	47060	52348	60666	68796	13.1
8	Money Supply (M1)	38460	45164	51062	60980	70577	79616	15.7
	a) Money	27334	30893	34984	42143	48295	55735	15.3
	b) Current Deposit	11127	14271	16078	18837	22282	23881	16.7
9	Money Supply (M2) (M1+6)	103721	126463	152800	186121	214454	226182	17.1
10	Net-domestic Assets (M2-1)	63530	70890	87773	105653	126656	136895	16.7
11	Percentage Change in Money Supply (M1)	5.4	17.4	131	194	157	128	15.7
12	Percentage Change in Money Supply (M2)	120	219	208	218	152	55	17.1

Source: Preliminary estimates, Nepal Rastra Bank.

Table 23 : Factors Affecting on Money Supply*(Rs. in million)*

S.No.	Factors	Annual Change as of mid July					
		1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*
1	Net Foreign Assets	2488	15382	9455	15440	7330	1489
2	Total Domestic Credit	11651	14895	19021	23168	29321	18368
3	Net Claim to Government	1698	2524	3165	3324	10415	10545
4	Claims on Public Enterprises	819	200	1885	1197	1595	343
	a) Financial	1181	739	1377	956	1180	390
	b) Non-financial	-361	-539	508	241	415	-47
5	Claims on Private Sector	9134	12171	13970	18647	17310	7481
6	Fixed and Saving Deposits	9106	16039	20439	23403	18736	2689
7	Unclassified Net Liability	3070	7535	2138	5288	8318	8130
8	Money Supply (M1)	1962	6704	5899	9917	9597	9039
	a) Money	2287	3560	4091	7159	6152	7440
	b) Current Deposit	-325	3144	1808	2759	3445	1599
9	Money Supply (M2)	11068	22742	26338	33321	28333	11728
10	Net-domestic Assets	8581	7360	16883	17881	21003	10239

** Preliminary estimates, Nepal Rastra Bank.*

Table 24 : Sources and Uses of Resources of Commercial Banks

(Rs. in million)

S.No.	Description	1997	1998	1999	2000	2001	2002*	Annual Average Growth Rates (%)
1	Total Deposits (1.1+1.2+1.3+1.4)	81542	102402	126774	154530	181203	185054	18.1
1.1	Current Deposit	12917	16409	17778	20308	24629	25615	15.0
1.2	Savings Deposit	29783	36884	50141	65704	80988	86090	24.1
1.3	Fixed Deposit	36975	47301	56844	66516	73489	70802	14.4
1.4	Margin Deposit	1867	1807	2011	2003	2098	2547	6.8
2	Borrowing form Nepal Rastra Bank	7	6	6	45	6	1044	3899.7
3	Foreign Liability	0	0	22	0	0	229	-
4	Other Liability	36370	43393	44522	52272	64320	72369	14.7
5	Total Source of Resources (1+2+3+4)	118309	145800	171323	206848	245529	258696	17.7
6	Cash and Bank Reserves	24249	31049	37710	45161	50644	45669	14.3
6.1	Cash	2837	2890	3310	3507	4117	4833	11.4
6.2	Reserve in Nepal Rastra Bank	11017	12704	13341	15427	18363	16660	9.1
6.3	Foreign Currency in Cash	628	751	693	632	666	748	4.2
6.4	Reserve in Foreign Countries	9766	14704	20366	25595	27498	23428	21.5
7	Credit and Investment	78512	93798	111969	136185	160919	172353	17.1
7.1	Claims on Government	7746	10281	12659	18177	25393	29361	31.0
7.2	Claims on Public Enterprises	5533	5607	7463	8684	10225	10594	14.4
7.3	Claims on Private Enterprises	63170	75644	89433	107343	123417	131012	15.8
7.4	Purchase Foreign Bill	2063	2266	2414	1981	1884	1386	-6.6
8	Other Assets	15549	20954	21644	25502	33965	40672	21.8
9	Total Uses of Resources (6+7+8)	118309	145800	171323	206848	245529	258694	17.1

* Preliminary estimates, Nepal Rastra Bank.

Table 25 : Credit Flow of Commercial Banks by Purposes

(Rs in million)

Sectors	As mid of July						Annual Average Growth Rates (%)
	Ninth Plan						
	1997	1998	1999	2000	2001	2002	
1 Agriculture (Percentage Share)	1063 (1.8)	1424 (2.1)	1803 (2.2)	2136 (2.2)	2667 (2.4)	2771 (2.4)	21.6 (2.3)
2 Industry (Percentage Share)	24703 (42.3)	29750 (43.4)	35796 (43.8)	45206 (46.9)	48057 (44.1)	51031 (44.2)	15.9 (44.5)
3. Services (Percentage Share)	2338 (4.0)	2732 (4.0)	3374 (4.1)	4604 (4.8)	6635 (6.1)	7043 (6.1)	25.4 (5.0)
4. Trade (Percentage Share)	21641 (37.1)	25659 (37.4)	28478 (34.8)	32199 (33.4)	37456 (34.4)	38677 (33.5)	12.4 (34.7)
5. Consumption (Percentage Share)	8363 (14.3)	8752 (12.8)	11877 (14.5)	11216 (11.6)	13323 (12.2)	15009 (13.0)	13.2 (12.8)
6. Miscellaneous (Percentage Share)	270 (0.5)	301 (0.4)	431 (0.5)	965 (1.0)	884 (0.8)	1039 (0.9)	37.5 (0.7)
Total (Percentage Share)	58378 (100.0)	68618 (100.0)	81759 (100.0)	96325 (100.0)	109022 (100.0)	115570 (100.0)	14.7 (100.0)

* Preliminary Estimates, Nepal Rastra Bank.

Table 26 : National Urban Consumer's Price Index
(base year 1996/97=100)

Group and Sub-group of Commodities	Fiscal Year					Annual Percentage Change					Annual Average Growth Rate (%)
	1997/98	1998/99	1999/00	2000/01	2001/02*	1997/98	1998/99	1999/00	2000/01	2001/02	
Food and Beverages	107.8	125.2	125.8	122.9	127.4	7.8	16.1	0.5	-2.3	3.7	5.2
Restaurant (Drink)	111.7	125.9	135.9	146.8	151.5	11.7	12.7	7.9	8.0	3.2	8.7
Grains and its product	103.1	122.4	132.9	114.7	117	3.1	18.7	8.6	-13.7	2.0	3.7
Rice	103.4	124.8	136.9	116.8	118.1	3.4	20.7	9.7	-14.7	1.1	4.0
Pulses	97.6	116.5	111.9	114.6	116.8	-2.4	19.4	-3.9	2.4	1.9	3.5
Vegetables and Fruits	117.8	141.3	117.4	122.3	130.2	17.8	19.9	-16.9	4.2	6.5	6.3
Spices	107.7	131.8	133.6	144.7	147.7	7.7	22.4	1.4	8.3	2.1	8.4
Meat, Fish and Eggs	108.6	115.7	120.6	124	129.2	8.6	6.5	4.2	2.8	4.2	5.3
Milk and Milk products	107.7	117.9	122.2	129.2	130.7	7.7	9.5	3.6	5.7	1.2	5.5
Oil and Ghee	108.3	139.7	108.2	103.1	111.7	8.3	29.0	-22.5	-4.7	8.3	3.7
Sugar and Sweets	108.3	113.2	108.8	121.3	128.4	8.3	4.5	-3.9	11.5	5.9	5.3
Beverages	114.7	124.7	129.3	131.9	138.5	14.7	8.7	3.7	2.0	5.0	6.8
Non-Food Items and Services	109.1	115.4	123.5	133.5	136.3	9.1	5.8	7.0	8.1	2.1	6.4
Cloths and Clothing	106.9	113.3	118.6	121.2	124.1	6.9	6.0	4.7	2.2	2.4	4.4
Cloths	102.6	107.2	114.6	117.6	119.6	2.6	4.5	6.9	2.6	1.7	3.7
Cloths and Tailoring	107.5	113.6	117.6	120	122.1	7.5	5.7	3.5	2.0	1.7	4.1
Shoes and Slippers	110.2	115.3	117.4	119.2	121.1	10.2	4.6	1.8	1.5	1.6	4.0
Housing Services	106.2	110.5	118.3	132.2	134	6.2	4.0	7.1	11.7	1.4	6.1
Fuel, Electricity and Water	107.6	110.5	125.2	153.1	169.6	7.6	2.7	13.3	22.3	10.8	11.3
Transportation and Communication	111.5	116.5	131	141.7	145.3	11.5	4.5	12.4	8.2	2.5	7.8
Medicinal and Personal Care	111.5	121.9	129.7	137.1	145.6	11.5	9.3	6.4	5.7	6.2	7.8
Education and Recreation	111.9	119.8	131.6	150	148	11.9	7.1	9.8	14.0	-1.3	8.3
Cigarettes	116.7	121.9	128.7	131	137	16.7	4.5	5.6	1.8	4.6	6.6
All Goods and Services	108.3	120.6	124.7	127.8	131.5	8.3	11.4	3.4	2.5	2.9	5.7

* Revised estimates, Nepal Rastra Bank

Table 27 : Situation of Balance of Payment
(Current Prices)

(Rs. in million)

S.No.	Description	1996/97	1997/98	1998/99	1999/00	2000/01*	2001/02**	Annual Average Growth Rates (%)
1	Export (F.O.B)	22637	27514	35676	49823	55654	47540	17.6
1.1	India	5226	8794	12531	21221	26030	28865	42.7
1.2	Other Countries	17410	18719	23146	28602	29624	18675	4.3
2	Import (C. I. F.)	93553	89002	87525	108505	115687	106731	3.3
2.1	India	24853	27331	32120	39660	45211	45364	13.1
2.2	Other Countries	68700	61671	55406	68845	70476	61367	-1.3
3	Trade Balance	-70917	-61489	-51849	-58682	-60033	-59191	-3.0
3.1	India	-19627	-18537	-19589	-18439	-19181	-16499	-3.1
3.2	Other Countries	-51290	-42952	-32260	-40243	-40852	-42692	-2.1
4	Total Trade	116190	116516	123202	158328	171341	154271	6.6
4.1	India	30080	36125	44650	60881	71241	74229	20.3
4.2	Other Countries	86110	80390	78551	97447	100100	80042	-0.4
5	Proportion in Total Trade (%)	100.0	100.0	100.0	100.0	100.0	100.0	
5.1	Export	19.5	23.6	29.0	31.5	32.5	30.8	
5.1.1	India	17.4	24.3	28.1	34.9	36.5	38.9	
5.1.2	Other Countries	20.2	23.3	29.5	29.4	29.6	23.3	
5.2	Import	80.5	76.4	71.0	68.5	67.5	69.2	
5.2.1	India	82.6	75.7	71.9	65.1	63.5	61.1	
5.2.2	Other Countries	79.8	76.7	70.5	70.6	70.4	76.7	
6	Ratio of Export and Import (%)							
6.1	Total Export Trade	24.2	30.9	40.8	45.9	48.1	44.5	
6.1.1	India	21.0	32.2	39.0	53.5	57.6	63.6	
6.1.2	Other Countries	25.3	30.4	41.8	41.5	42.0	30.4	

* Revised estimates, ** Preliminary Estimates Nepal Rastra Bank.

Table 28 : Situation of Foreign Trade
(at 1996/97* constant prices)

(Rs. in million)

No.	Description	1996/97	1997/98	1998/99	1999/00	2000/01**	2001/02***	Annual Average Growth Rates (%)
1	Export (F.O.B)	22637	25405	29582	39954	43548	36152	11.1
1.1	India	5226	8120	10390	17017	20368	21951	34.9
1.2	Other Countries	17410	17284	19192	22937	23180	14202	-1.6
2	Import (C. I. F.)	93553	82181	72575	87013	90522	81164	-2.1
2.1	India	24853	25236	26633	31804	35376	34497	7.0
2.2	Other Countries	68700	56945	45942	55208	55146	46667	-6.4
3	Trade Balance	-70917	-56776	-42993	-47059	-46974	-45012	-7.8
3.1	India	-19627	-17116	-16243	-14787	-15008	-12547	-8.4
3.2	Other Countries	-51290	-39660	-26750	-32272	-31966	-32465	-6.8
4	Total Trade	116190	107586	102157	126967	134070	117316	1.0
4.1	India	30080	33357	37024	48822	55744	56448	13.8
4.2	Other Countries	86110	74229	65134	78145	78326	60868	-5.6
5	Proportion in Total Trade (%)	100.0	100.0	100.0	100.0	100.0	100.0	
5.1	Export	19.5	23.6	29.0	31.5	32.5	30.8	
5.1.1	India	17.4	24.3	28.1	34.9	36.5	38.9	
5.1.2	Other Countries	20.2	23.3	29.5	29.4	29.6	23.3	
5.2	Import	80.5	76.4	71.0	68.5	67.5	69.2	
5.2.1	India	82.6	75.7	71.9	65.1	63.5	61.1	
5.2.2	Other Countries	79.8	76.7	70.5	70.6	70.4	76.7	
6	Ratio of Export and Import (%)							
6.1	Total Export Trade	24.2	30.9	40.8	45.9	48.1	44.5	
6.1.1	India	21.0	32.2	39.0	53.5	57.6	63.6	
6.1.2	Other Countries	25.3	30.4	41.8	41.5	42.0	30.4	

*National Consumer Price Index at 1996/97 used as deflator, ** Revised estimates, *** Preliminary estimate, Nepal Rastra Bank.

Table 29 : Export of Major Commodities to India
(at Current Price)

(Rs. in million)

Description	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual Growth Rate (%)
Maize	0	4	0	0	0	0	0.0
Mustard	35	10	19	29	38	10	7.5
Herbs	53	51	31	61	72	72	14.2
Ghee	90	167	39	38	471	13	211.9
Dried Ginger	47	42	41	60	61	68	9.4
Pulses	511	199	281	970	714	999	47.8
Live Animals	183	163	54	72	46	32	-22.3
Flour	4	8	13	0	61	37	0.0
Ginger	141	167	152	162	162	174	4.8
...	104	124	165	222	213	279	22.7
....	55	70	117	199	150	176	31.3
Salseed oil	0	0	4	52	0	2	0.0
Raw Jute	3	5	0	0	114	8	0.0
Jute Material	565	720	872	1104	1294	1630	23.7
...	69	156	153	104	51	45	5.8
...	75	267	298	403	540	609	70.1
Rope	421	297	420	597	703	976	22.1
Total	1791	1730	1789	2968	3394	3500	16.7
Others	3435	7064	10742	18252	22637	23735	51.3
Grand Total	5226	8794	12531	21221	26030	27235	41.5

*Revised estimates

** Preliminary estimate, Nepal Rastra Bank.

Table 30 : Export of Major Commodities to Other Countries
(at Current Price)

(Rs. in million)

Description	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02*	Annual Growth Rate (%)
Pulses	528	858	916	87	501	216	79.4
Cardamom (Large)	0	0	5	0	22	72	0.0
Medicinal Herbs	18	14	10	15	26	23	12.8
Woolen Goods	-	-	-	-	-	-	0.0
Nepalese Paper (Paper made goods)	66	83	122	168	197	201	25.8
Skin and Skin made Goods	289	417	271	182	658	460	41.7
Carpets (Woolen)	8880	8485	9802	9842	8592	6210	-5.8
Garments	5955	7015	9702	13942	13125	7825	10.7
Handicrafts	142	135	174	218	234	217	9.8
Total	15878	17008	21000	24455	23355	15224	1.5
Others	1532	1711	2146	4147	6269	3451	27.3
Grand Total	17410	18719	23146	28602	29624	18675	4.3

* Preliminary estimates, Nepal Rastra Bank.

Table 31 : Balance of Payment
(at current Price)

(Rs. in million)

No.	Description	1996/97	1997/98	1998/99	1999/00	2000/01*	2001/02**	Annual Average Growth Rates (%)
1	Export (F.O.B)	22663	27540	35693	49845	55677	51298	18.9
2	Import (C.I.F.)	93662	89154	87695	108624	115797	105821	3.1
3	Trade Balance	-70999	-61614	-52002	-58780	-60121	-54523	-4.6
4	Service Income (Net)	39361	29128	30201	26446	22239	9070	-22.0
5	Service Income	53181	43496	45967	43085	41615	28817	-10.6
6	Tourism	8523	9882	12168	12074	11717	8654	1.8
7	Investment	1990	2377	3510	4569	5471	4297	19.1
8	Others	42667	31237	30289	26442	24427	15866	-17.0
9	Service Payments	13820	14368	15766	16639	19376	19747	7.5
10	Transfer Income (Net)	15130	17298	22036	23368	26928	30520	15.3
11	Transfer Income	16347	19065	23168	25267	28360	32491	14.8
12	Private Remittances Transfer	5595	6988	10315	12662	15903	20951	30.5
13	Foreign Grants***	9743	10920	11648	11286	11001	9839	0.5
14	Indian Excise Refund	1009	1158	1205	1319	1456	1701	11.1
15	Others	0	0	0	0	0	0	0.0
16	Transfer payment	1217	1767	1131	1899	1433	1971	18.0
17	Current Account Balance (+/-) (a) Grants Included	-16508	-15188	235	-8966	-10954	-14933	-792.9
	(b) Grants Excluded	-27260	-27266	-12618	-21571	-23411	-26473	7.8
18	Foreign Capital (Net)	8390	10370	9101	8485	6977	2963	-14.1
19	Foreign Loans***	11233	14236	13264	12548	11715	8040	-4.7
20	Interest and Principal amount Payment	-2843	-3867	-4164	-4063	-4739	-5077	13.0
21	Foreign Direct Investment	0	0	0	0	0	0	0.0
22	Other Capital and Unclassified Income (Net)	11320	15785	504	14929	9199	9479	553.6
23	Balance of Payment	3202	10966	9840	14448	5221	-2491	13.5

* Revised estimates, ** Preliminary estimate, Nepal Rastra Bank, *** Related with current account payment as a result it can not be compared with annex 1 and table 16.

Table 32 : Balance of Payment
(At 1996/97 constant price)

(Rs. in million)

No.	Description	1996/97	1997/98	1998/99	1999/00	2000/01*	2001/02**	Annual Average Growth Rates (%)
1	Export (F.O.B)	22663	25430	29596	39972	43565	39010	12.4
2	Import (C.I.F.)	93662	82321	72716	87109	90608	80472	-2.2
3	Trade Balance	-70999	-56892	-43120	-47137	-47043	-41462	-9.4
4	Service Income (Net)	39361	26895	25043	21207	17401	6897	-26.4
5	Service Income	53181	40162	38115	34551	32563	21914	-15.5
6	Tourism	8523	9124	10089	9682	9168	6581	-4.0
7	Investment	1990	2195	2911	3664	4281	3268	12.4
8	Others	42667	28843	25115	21204	19114	12065	-21.5
9	Service Payments	13820	13267	13073	13343	15161	15017	1.9
10	Transfer Income (Net)	15130	15972	18272	18740	21070	23209	9.0
11	Transfer Income	16347	17604	19210	20262	22191	24708	8.6
12	Private Remittances Transfer	5595	6452	8553	10154	12444	15932	23.4
13	Foreign Grants***	9743	10083	9659	9051	8608	7482	-5.0
14	Indian Excise Refund	1009	1069	999	1058	1139	1294	5.3
15	Others	0	0	0	0	0	0	0.0
16	Transfer Balance	1217	1632	938	1523	1121	1499	12.2
17	Current Account Balance (+/-) (a) Grants Included	-16508	-14024	195	-7190	-8571	-11356	-770.6
	(b) Grants Excluded	-27260	-25176	-10463	-17298	-18318	-20132	3.0
18	Foreign Capital (Net)	8390	9575	7546	6805	5459	2253	-19.1
19	Foreign Loan***	11233	13145	10999	10063	9167	6114	-10.0
20	Interest and Principal amount Payment	-2843	-3570	-3452	-3258	-3708	-3861	6.9
21	Foreign Direct Investment	0	0	0	0	0	0	0.0
22	Other Capital and Unclassified Income (Net)	11320	14575	418	11972	7198	7208	531.1
23	Balance of Payment	3202	10125	8159	11587	4085	-1894	5.5

* Revised estimates, ** Preliminary estimate, Nepal Rastra Bank, *** Related with current account payment, as a result it can not be compared with annex 1 and table 16.

Table 33 : Foreign Exchange Holding of Banking System

(Rs. in million)

No.	Description	1996/97	1997/98	1998/99	1999/00	2000/01*	2001/02* *	Annual Average Growth Rates (%)
1	Convertible Foreign Exchange	38502	52638	68987	80321	80167	80669	16.9
2	Unconvertible Foreign Exchange	10039	12520	7664	13537	25005	25592	29.9
3	Total Foreign Exchange	48541	65158	76651	93858	105172	106261	17.5
4	Capacity bearing of Import of goods and services (in months)	5.5	7.7	9.0	9.2	9.6	10.5	

* Revised estimates

** Preliminary estimates, Nepal Rastra Bank.

Table 34 : Some Major Economic Targets and Status of Achievements of the Ninth Plan

S.N.	Description	Unit	Targets of the Ninth Plan	Achievements of the Ninth Plan	Achievements (%)
1	Gross Domestic Product (at factor cost)	Annual Average Growth Rate (At 1996/97 constant price)	6.0	3.6	60.6
1.1	Agriculture	"	4.0	3.3	81.5
1.2	Non-agriculture	"	7.3	3.9	53.5
2	Gross Domestic Production (at Producer's price)	"	6.5	3.6	55.4
3	Production of Major Agricultural Crops	"			
3.1	Cereal Crops	"	5.2	2.5	48.1
3.2	Cash Crops	"	6.5	5.3	81.5
3.3	Other Crops	"	4.2	3.1	73.8
4	Major Industrial Production	"	13.0	13.2	101.5
5	Increase in Tourists	"	10.0	-0.8	
6	Increase in National Urban Consumer's Price Index	"	6.5	5.7	
7	Increase in Money Supply (M1)	"	13.0	15.7	
8	Annual Growth Rate of Total Import	"	8.5	3.3	
9	Annual Growth Rate of Total Export	"	11.0	0.5	
10	Current Account Balance Amount				
	(a) Grants Included	"	(-)0.9	(-)762.1	
	(b) Grants Excluded	"	1.7	7.0	
11	Revenue	Rs. in Million	210840	172225	81.7
12	Revenue Surplus	"	63130	22862	36.2
13	Total Public Expenditure	"	337290	278468	82.6
13.1	Regular Expenditure	"	147710	149363	101.1
13.2	Development Expenditure	"	189580	129105	68.1
14	Foreign Aid	"	111546	72419	64.9
14.1	Foreign Grants	"	32595	25164	77.2
14.2	Foreign Loans	"	78951	47256	59.9
15	Internal Borrowings	"	14904	24537	164.6
16	Gross Domestic Savings in Comparison to GDP	Percentage	14.1	11.6	82.3
17	Total Investment in Comparison to GDP	"	24.7	24.4	98.8
18	Foreign Exchange Earnings	"	20	-5.5	

Table 35 : Some Major Physical Targets and Status of Achievements of the Ninth Plan

S.N	Description	Unit	Ninth Plan	
			Targets	Achievements
1	Electricity Install Capacity*	MW	598	585
2	Added Irrigation and Improve farmers channel	Ha	249,400	146703
3	Road **	Km		
3.1	Black Topped	"	740	517
3.2	Graveled	"	1225	843
3.3	Earthen	"	952	749
3.4	Road Improvement and Reconstruction	"	758	1087
3.5	Periodic Repairing	"	2,954	733
4	Connection to More Districts by Road	Number	12	4
5	Bridge Construction	"		
5.1	Motorable Bridge	"	87	99
5.2	Suspension Bridge	"	400	1000
6	Telephone Lines	Per 100 people	2.5	1.4
7	Post Offices	Number	900	895
7.1	Ilaka Post-office	"	100	95
7.2	Extra Post-office	"	800	800
8	Literate (Above 6 years)	Percentage	70	55.5
9	Literate (Above 15 years)	"	70	49.2
10	Net Students Enrollment at Primary Level (above 6 years)	"	90	80.4
11	Net Students Enrollment at Lower-secondary Level	"	55	58
12	Net Students Enrollment at Secondary Level	"	45	37
13	Net Students Enrollment at Higher Secondary Level	"	60	
14	Infant Mortality Rate	Per 1000 live births	61.5	64.2
15	Child Mortality Rate	"	102.3	91
16	Crude Birth Rate	"	33.1	34
17	Crude Death Rate	"	9.6	10
18	Maternal Mortality Rate	Per 100,000 live births	40.0	41.5
19	Total Fertility Rate	Per Woman	4.2	4.1
20	Life Expectancy	Years	59.7	61.9
21	Contraceptive Prevalence Rate	Percent	36.6	39.3
22	Availability of Important Health Services	"	70.0	70
23	Drinking Water Facilities	"	100.0	71.6
23.1	Rural Area	"	100.0	71
23.2	Urban Area	"	100.0	76
24	Sanitation Facilities	"	40.0	25
24.1	Rural Area	"	36.0	
24.2	Urban Area	"	60.0	

* Included Alternative Energy ** Only included Progress of Second-quarterly in 2001/02 and districts of Dolidar of the Ministry of Local. Not included other local roads.

Annex - 2

The Basis of the Formulation of the Tenth Plan

Background

The Tenth Plan is the poverty reduction strategy paper of the country. Attempts have been made to prepare this document on the basis of wide discussion and public participation in order to make the Plan more realistic and create a sense of ownership among all stakeholders. In view of all these aspects the plan formulation process is arranged

Institutional Framework

A Coordination Committee was formed under the Vice-Chairman of the National Planning Commission in order to coordinate the process of the Tenth Plan preparation. Likewise, with the intention of coordinating the planning process of each sector, Steering Committees were formed under the concerned members of the Commission. To assist the above- mentioned committees, technical committees were set up and the plan formulation of the line ministries were coordinated. Under this process, the plan formulation tasks were carried out by the concerned ministries through the task forces headed by the secretaries and comprising the concerned planning officers, and the heads of the Departments. Some ministers hired the services of the outside specialists. Hence, the sectoral plans were formulated with the active involvement of the line ministries .

The National Planning Commission created various other taskforces for other areas related to other different sectors. In order to carry out analytical studies and homework in some areas and prepare the necessary study reports, the donor agencies of concerned sectors assisted in the areas selected by His Majesty's Government. While preparing the study reports and formulating sectoral plans, discussions at the ministerial and departmental levels were held with the concerned specialists and the stakeholders.

Interactions

The formulation of the Tenth Plan is based on its approach paper. While preparing the approach paper of the Tenth Plan, discussions were held with various representatives related to different sectors including the Parliamentary Committees, parliamentarians, and national level intellectuals. Similarly, various discussions were held at the regional levels by involving the representatives of the District Development

Committees, Village Development Committees, and municipalities. The Approach Paper was approved by the National Development Council.

The National Development Council

The National Development Council is the supreme body representing different sectors/areas and classes to guide the planning process. The meeting of the Council was held on 2nd and 3rd of Magh, 2058 (third week of January 2001) to discuss on the draft of Approach Paper. In the meeting which was chaired by Right Honourable Prime Minister, the ministers, state ministers and assistant ministers as well as the leader of the opposition party, Chairpersons of different Committees of the House of Representative, representatives of major political parties, secretaries of the ministries, Vice Chancellors of the Universities, representatives of private sectors, various professional organizations, NGOs, intellectuals and social workers, Chairpersons of some DDCs representing the districts, representatives of the dalits (oppressed castes) and indigenous nationalities, representatives of labour organizations and that of women were present. About 150 persons participated in the above meeting of the Council. Panel reports were presented after discussing in six sectoral groups. National Development Council approved the draft Approach Paper subject to improve the issues surfaced in the discussion. In light of the panel reports and the issues raised in the discussions, the draft of the Approach Paper was finalized.

In the discussion consensus was made after wide interactions on the development policies and strategies presented for the only development objective of poverty eradication.

The main suggestions by the National Development Council on the draft of the Approach Paper

- Both Gross Domestic Product and Gross National Product should be considered for economic analysis.
- An effective institutional arrangement should be made for monitoring the policies.
- National Planning Commission should monitor the implementation of the programmes ascertained by the Agricultural Perspective Plan.
- The task of plan formulation should be made more analytical and systematic.
- Regular expenditure should be tied up with revenues and the regular expenditure should be limited to a specific bound.
- The economic growth rate of 6.2 %, which is lower in comparison to poverty alleviation target, cannot be considered as ambitious.
- The roles of the government agencies, private sectors, local agencies and non-governmental organizations should be fixed on the basis of clear and objective analysis.
- The credit policy should be encouraging to the small industries. The policy of

small and domestic industries should be formulated separately.

- Policies should be adopted to attract the Nepalese people residing abroad.
- The process of privatization should actively be carried forward.
- Export Processing Zones should be set-up.
- The food security stocks should be maintained specifically in remote areas in order to ensure food security.
- Timely amendments should be made in the labour act.
- Construct the second international airport.
- The development of tourism industry should be especially encouraged.
- The decade of agriculture should be observed with the slogan “The base of stable economic development – Agricultural development”.
- The lowest bound of defragmentation of land should be fixed.
- The dual ownership of the land should be abolished in practice as well.
- Institutional arrangements should be made and strengthened in order to enhance the access to rural drinking water.
- Drinking water should be supplied to 100 percent of population as far as possible.
- The cost of hydro-electricity projects should be lowered and leakages should be stopped.
- A “Rural Energy Development Fund” should be created in order to develop alternative energy.
- Arrange institutional mechanism at the district level for the development of alternative energy.
- The surface irrigation system should be constructed by giving priority to only those areas where people are prepared to pay water tariff.
- Rural electrification should be extended rapidly.
- Priority should be given to the projects related to the development of the backward regions.
- In order to enhance the access of any region to rural telecommunication, the subject-matters should be in the local languages.
- Emphasis should be given to develop low-cost housing.
- Prepare necessary documentations relating to intellectual property rights and prepare the documentation of flora in Nepal.
- Primary education should be made compulsory and it should be implemented as a national campaign.
- Higher Secondary Education should be made the final level of school education.

- The higher education should gradually run on the principle of cost recovery and grants should be continued on rational and clear-cut basis.
- Owing to the other responsibilities, Tribhuvan University and Mahendra Sanskrit University are to be made State University.
- Subjects as population, women/gender equality, environment, child rights, and disability should be gradually incorporated in the educational curricula.
- Use system of providing health services through information technology.
- To be set up an effective mechanism for alternative health service.
- In relation to women mainstreaming, all sectoral chapters should include and prepare programmes accordingly.
- Develop appropriate technology that helps enhance the productivity of women in income generation activities and unleash the areas of activities from gender discrimination.
- Honour the rights of the persons with disabilities and children by empowering them.
- Make institutional arrangement from centre to district levels for the persons with disabilities.
- Strengthen the children's bench.
- Classify the local bodies.
- Implement the process of time-bound decentralization.
- Provide employment to the indigenous nationalities.
- Empower the National Foundation for Development of Indigenous Nationalities.
- Make free education to the dalits up to higher education.
- Provide loan without collaterals and exempt taxes if the dalits want to modernize their traditional occupations.
- Special programmes should be introduced for dalit women.
- The programmes such as 'one dalit teacher in each high school' and a Dalit Development Fund in each district as specified in the Ninth Plan should be carried out.
- Necessary information against the practice of untouchability should be incorporated in curricula.
- Provide the identity cards to the poor people.
- Alternative employment arrangements should be made to the labourers who can be displaced by the construction of physical infrastructures.
- Give emphasis to cooperatives.
- Provide loans to the unemployed educated persons on the collective security without collaterals.

- Considering the subsidies extended by the agricultural sector in India, Nepal also should arrange similar provisions in order to enhance competitive capability.
- The government should contribute some money to the Poverty Alleviation Fund and extra taxes should be levied on the luxurious commodities to support the Fund.
- The rural infrastructures should be developed through labour intensive technologies and relate this work with the food programmes.
- In view of its effectiveness social mobilization should be institutionalized and its monitoring and regulation systems should be made effective.
- The national development volunteer service should be mobilized as a movement.

The above-mentioned suggestions were further discussed in the concerned technical and steering committees and accommodated most of the suggestions in the Approach Paper to give the latter its final shape. Accordingly, so as to implement the Agricultural Perspective Plan, emphasis is given to declare Decade of Agriculture, clarify the strategies, formulate development-oriented policies of the private sector and emphasis is given to policy reform to attract the private sector in agriculture-oriented businesses and areas such as industry, tourism, communication and electricity; adoption of transparent process in project prioritization; mainstream the women-related development activities in the concerned sectors; social development and welfare aspects of education, drinking water and health as well as special emphasis is given to targeted programmes to develop the backward and oppressed communities, classes and areas. Furthermore, such aspects as carrying out of primary education as national movement and encouragement of access of backward classes and communities to higher education are more visibly accommodated.

Interactions at the Central, Regional and District Levels:

Before presenting the draft at the National Development Council, discussions on it were held among the stakeholders at different levels. Among them, interactions at the regional, district and central levels and with the parliamentarians are noteworthy.

The regional interactions were held in all five development regions in the last week of June 2001 (11-15 Ashadh, 2058). Chairpersons of all DDCs, representatives of the national level political parties, office heads of the regional and district, representatives of persons with disability, the dalits, indigenous communities participated in these programmes. About 60 to 80 persons participated in the interactions of each programme and panel discussions were held in five sectoral areas.

Similarly, in the process of interaction, a discussion programme involving policy-makers at the centre, representatives of the political parties, former Vice-Chairmen and members of National Planning Commission, heads of educational institutions, secretaries, representatives of financial institutions, former secretaries and former governors of Nepal Rastra Bank, representatives of private sector, intellectuals,

persons with disabilities, indigenous communities and women was conducted.

Similar type of interaction programmes were held while preparing the interim poverty reduction strategy paper (I-PRSP) as a preliminary document of the Tenth Plan. In addition to regional interaction programmes involving the district level leaders and different stakeholders in seventy-five districts two separate regional-level interaction programmes involving only women were held. These kinds of separate programmes for women were held in the anticipation that different views from the women would come up and also avoid hesitation of the women in the joint gatherings. However, while interacting in the regional level programmes, women also equally participated and similar views were presented in the context of mainstream of development.

As the task of formulating district development plan and that of the Tenth Plan are complementary, another interaction seminar was held in the first week of October 2001 (Ashwin 22-23, 2058) jointly with the Federation of District Development Committees on the Approach Paper of the Tenth Plan. In the seminar, chairpersons of all DDCs and representatives of Federation of the Village Development Committees participated.

The suggestions received from the interactions of different levels as mentioned above on the preliminary draft of the Approach Paper of the Tenth Plan centered on such issues as harmonization of the prioritization and budget allocation; market, improved technologies and other complimentary policies should be adopted in order to commercialize agriculture in line with regional viability; special emphasis on the construction of agricultural and rural roads; provision of subsidies on sallow tube well to develop ground water irrigation; stress on tourism development; development of transportation in Mid-Western and Far-Western Regions which are the backward areas in consideration of development; rapid extension of basic services such as electricity, drinking water and health and different approaches to deal with the accessible and inaccessible areas; prioritization of regional potentials in development activities; special arrangement for the income generation of the landless peasants; linkage of the development of forests with the possibility of income generation and poverty reduction; special emphasis on prevention of soil erosion; emphasis in the development of alternative energy in rural areas; transfer of school management responsibility to the local communities; introduction of programmes to make the liberated bonded labourers self-dependent; special initiation should be made to empower the women; awareness programmes against girls' trafficking; tangible programmes should be introduced for the development and educational improvement of the persons with disability, indigenous communities, oppressed people, dalits; policy arrangement for local sanitation programmes; making education more job-oriented and practical.

Along with the above-mentioned suggestions, some other suggestions like the linguistic changes and clarification of the policy matters in the approach paper were also made. In consideration of these suggestions the preliminary draft of the Approach Paper with necessary revisions was presented to the National Development Council.

Major suggestions received on the preliminary draft of the Approach Paper from central, regional and district level interactions

- Budget should be arranged in accordance with the priority.
- Agriculture should be commercialized and made market-oriented based on local potentialities.
- Increase the receptive capacity of all farmers.
- Conserve soil and diversify crops.
- Coordinate among the activities of the government, non-government and private sector.
- Make special arrangements for the landless farmers.
- Provide resource to encourage private forests.
- Protect bio-diversity through active participation of the local communities and develop tourism.
- Give more priority to regional potentialities while formulating the Plan.
- Foreign currency exchange counter should be set up in the Far-Western development region to facilitate tourists.
- Give more emphasis on eco-tourism.
- Emphasize on micro forest products.
- Productive forest should be operated with the partnership of the local communities in terai and inner terai regions and activities should be carried out to conserve ground water.
- Involve the non-governmental organizations in the activities of institutional development and agricultural extension services.
- Develop the pastures for animal husbandry.
- Lay emphasis on control of landslides and that of soil erosion.
- Encourage alternative energy.
- Operate Alternate Energy Promotion Centre under local bodies in order to make it effective.
- District hospitals should be established in all districts.
- Local communities should be handed over the operation of up to secondary level education.
- Investment should be increased in public education.
- Specific standards should be adopted pertaining to the levels and tuition fees of the schools.
- Education should be job-oriented and practical.
- Bring uniformity between the curricula of the government and private

schools.

- Regional universities should be set up and an umbrella act.
- Give importance to the renovation of irrigation system.
- Emphasize to carry out repairs of the canal system.
- Develop simple and easy technology to domestically manage the solid wastes.
- Formulate the district master plans of the roads.
- Expand the rural and agricultural roads.
- Socio-economic aspects should be considered more and more while constructing the strategic road network as per the development strategies.
- Construct additional airports to attract the air services of the private sector in the Himalayan and hilly regions.
- Arrange communication services in the rural areas.
- Make the counselling and other treatments available to the children affected by the violent conflicts.
- Introduce reservation system (for employment, education and other opportunities) to enhance women participation.
- Additional priorities should be extended to the women from the marginalized indigenous and dalit communities.
- In the context of girls trafficking, programmes of rehabilitation, counselling and medical cure along with public awareness should be carried out.
- Arrangement of protection and proper management should be made for the people going abroad for foreign employment.
- Relating to drinking water, practical laws should be drafted/enacted to resolve the disputes about the sources of water.
- Coordination should be made among the drinking water projects carried out by various organizations.
- Institutional participation and responsibility of local bodies in drinking water should be increased.
- The sources of water should be conserved and they should be properly utilized.
- Improve the quality of drinking water.
- Introduce an effective plan in sanitation.
- Set up sewerage treatment centres in the urban and semi-urban areas.
- Launch poverty reduction programmes to the targeted poor people with priority.
- Integrated development programmes along with road construction should be

initiated.

- Stop increasing encroachment in the arable land and forests.
- Continue to take advantage of herbs / medicinal plants in a scientific manner.
- Give priority to construct the link roads to connect the national highways and the roads which join the districts.
- Air transportation should be operationalized in the remote districts inaccessible by road service.
- Necessary actions should be taken to discourage smoking.
- Make toilets compulsorily and provide subsidies to the poor to make toilets.
- Wage rates for the women and the men should be equal.
- Regional and district-wise poverty indicators/measures should be available.
- Policies should be formulated river training.
- Provide grants to install shallow tube-well.
- Emphasize to produce wool for the woollen carpets in the western mountain districts.
- Reduce the operational expenditures for poverty eradication programmes.
- Introduce necessary programmes to make the freed bonded labourers (*kamaiya*) self-dependent.

Project Prioritization

In order to achieve the goal of poverty eradication without delay, it is necessary to enhance the quality of projects and programmes. For this, the process of project prioritization should be implementation from the very beginning of plan formulation. The Public Expenditure Review Commission has also pointed the need of project prioritization to strengthen the implementation and selection aspects of the plans. In comparison to the previous plans, the Tenth Plan has used project prioritization as a new instrument. The projects and the programmes have been prioritized mainly on eight criteria: (1) Direct contribution to the national goal of poverty eradication, (2) Contribution to the sectoral priority, (3) Regional balance (4) Necessity of government's involvement in the programme/project, (5) Situation of public participation, (6) Involvement of the local bodies in line with decentralization, (7) Contribution in enhancing private sector's involvement/ competition, and (8) Achievements in the past in the context of the on going programmes/projects.

As the overarching national goal of the Tenth Plan is poverty eradication, the proposed projects and programmes in all sectors should correspond to the national objective of poverty eradication. In this context, the national goal is taken as the criteria of project prioritization. Like-wise, the next basis for prioritization is how sectoral priorities have contributed to the sectoral objectives adopted by the Plan.

As development has not been balanced throughout all regions and some regions have

especially left behind, this Plan contemplated to prioritize to carry out projects in backward regions by analyzing the question of regional balance in an objective manner. Taking this into consideration, the aspect of regional balance is taken as another criteria for prioritization.

The Tenth Plan has adopted the policy of emphasizing the involvement of the private sector in the national development process. In this context, as the private sector has been involved in various projects and programmes, the involvement of His Majesty's Government may not be necessary at all or may be less desirable. In case of the lesser involvement of His Majesty's Government, the reduced financial liability thereby generates national savings which can be devoted to other important areas. In this light, the concept of reviewing the involvement of His Majesty's Government in carrying out proposed projects/programmes is adopted and the necessity of the involvement of His Majesty's Government is taken as a criteria of prioritization.

It is obvious that projects having more public participation improve their qualities and are more cost effective. Considering the increasing expectations of the general public, public participation is also taken as the criteria of project prioritization as it is necessary to develop analysis of public participation in projects objectively.

Since decentralization is the principal foundation to maintain good governance in the country and effectively implement the projects, it is imperative that the programmes and projects be transferred more and more to the local level. Bearing this in mind, emphasis is given to the local participation aspect in the proposed projects and programmes and this (local participation) is also taken as the criteria of project prioritization.

In order to develop the private sector, the role of His Majesty's Government should be made as the facilitator. In this context, the programmes of enhancing the private sector participation should be emphasized and as it is important to analyse the roles of the proposed projects and programmes to this end, the issue of enhancing private sector participation is also taken as a principal criteria of project/programme prioritization.

Since past performance is also important for the on going activities, progress indicators of such projects or programmes are taken as the bases of project prioritization.

Based on all the criteria presented above, the process of evaluating the qualities of the projects/programmes is adopted by calculating on the basis of the categorization of 'very good', 'good', 'general' and 'poor' (3, 2, 1, 0). Among the eight criteria mentioned above, the first four criteria are used in all sectors and the rest four are used by modifying as per the needs of the sectors in question. The bases used by modifying are limited to in the concerned sectors.

Based on the score derived by evaluating each project/programme on the above bases, the projects and programmes are categorized into priorities I, II and III. If resource does not permit, the projects falling in the second and third priorities are thought to be curtailed.

In consideration of the priorities of the projects and programmes, the evaluations, priority scores and related resource allocations are presented at the chapters of the relevant sectors. The table and the process of the use of prioritization bases are recommended as follows.



Suggestions for the prioritization of projects and programs:

The method to prioritize by assigning scores is suggested below. The suggestions are based on the recommendations of the Public Expenditure Review Commission regarding project prioritization.

1. Direct contribution to the national goal of poverty eradication

- a) Much positive contribution through income and employment generation, improvement of social condition or through targeted programs = Very good = 3.
- b) The direct general contribution = Good = 2.
- c) Ordinary/indirect contribution = Satisfactory = 1.
- d) Zero or negative contribution = Poor = 0.

2. Contribution made to the sectoral priority

- a) The direct contribution to sectoral priorities and much positive contribution = Very good = 3.
- b) The direct general contribution = Good = 2.
- c) Ordinary/indirect contribution = Satisfactory = 1.
- d) Zero or negative contribution = Poor = 0.

3. Regional Balance

- a) Direct contribution to the development of the Far-Western and Mid-Western regions = Very good = 3.
- b) Contribution to the development of the Central and Western regions = Good = 2.
- c) Other general programmes = Satisfactory = 1.
- d) Unnecessary and overlapping activities = Poor = 0.

4. Necessity of the government's involvement in the program

- a) Important activities in which there is no involvement of the private sector at present, nor there seems to be any possibility of their involvement in future = Very good = 3.
- b) Important activities where the private sector has been insignificantly involved and there is no significant attraction in the future too = Good = 2
- c) Important activities where the participation of the private sector has been between 30 % and 50 % and there is some attraction for them in future = Satisfactory = 1.

d) Areas of excessive attraction to the private sector = Poor = 0.

5. Status of the People Participation

- a) Existence of people participation in programme formulation, implementation and cost sharing at present and possibility of complete management by them in the future (as per the standard specified by HMG/N) = Very Good = 3.
- b) Existence of people participation in programme formulation, implementation and cost sharing at present only (as per the standard specified by HMG/N) = Good = 2.
- c) There is people participation only in the formulation and implementation of the program but not in cost sharing = Satisfactory = 1.
- d) People participation in none = Poor = 0.

6. Involvement of the local bodies in correspondence to decentralization

- a) Project/programme with sufficient budget and authority are assigned or proposed to do so to the local level offices = Very good = 3.
- b) Project/programme with normal budget and authority are assigned or proposed to do so to the local level offices = Good = 2.
- c) Project/programme without sufficient budget and authority are assigned or proposed to do so to the local level offices = Satisfactory = 1.
- d) Project/programme suitable to operate by the local level but proposed at the central level = Poor = 0
- e) Any Project/programme transferred to the local level without resource assurance = Poor = 0.

7. Contribution to enhance the private sector's participation/competitiveness

- a) Project/programme that enhance competitiveness or partnership of the private sector = Very Good = 3.
- b) Project/programme carried out jointly with the private sector = Good = 2.
- c) Project/programme that is competing with the private sector = Satisfactory = 1.
- d) Project/programme that contributes to monopoly or subsidy and hinders the entry of the private sector = Poor = 0.

8. Past achievements made in case of on going programmes

- 1) Past physical progress (up to last three years) is more than 90% = Very good = 3.

- 2) Past physical progress (up to last three years) is between 75 % and 90 % = Good = 2.
- 3) Past physical progress (up to last three years) is between 50 % and 75 % = Satisfactory = 1.
- 4) Past physical progress (up to last three years) is less than 50 % = Poor = 0.

Some Clarifications

1. What can be the weights? Should they all be equal?

As we have started this process just recently, it is suggested to use it without any weight. The use of weightage method may bring complications.

2. General fundamental procedures:

The bases of prioritization may be changed (increased/decreased/alterd) based on the nature of the sector. The four bases mentioned below are suggested to be used to prioritize all activities. The other bases can be changed/alterd if it is necessary to do so.

- a) Direct contribution to the national goal of poverty eradication
- b) Contribution made to the sectoral priority
- c) Regional Balance
- d) Necessity of the government's involvement in the program

3. The suggested order of procedure

- a) Prepare the policy matrix/table
- b) Determine priority according to the nature of the sector
- c) Reconciliation between the prioritized programs and available budget ceiling
- d) Present the results at the National Planning Commission
- e) Amend the sectoral plan

Policy and programme log frame

The Tenth Plan has used the policy and programme log frame in order to strengthen the implementation and monitoring aspects of the programmes and to link formulation of the Plan and its programmes to the national goal. The policy and programme log frame are prepared for all sectoral areas of the entire plan. The sectoral log frame are formulated in two parts: (a) as a summary of at the national level and (b) as additional explanation of the major programmes. The first category incorporates such aspects as the overall goal, policies and major activities of the sector whereas the category that follows presents particulars of other policies and activities assuming the major activities incorporated in the former category as the

results.

While preparing the policies and policy and programme log frame, the overall sectoral goals matching the overarching national goal of the Tenth Plan are identified and sectoral policies/operational policies are presented in line with the overall sectoral goals so identified. Attempts have been made to provide the outcome indicators from the implementation of those policies / operational policies and the sources of those indicators (responsible persons/authorities/organizations). Subsequently, major activities to support the policies and operational policies are listed and the risk and assumption aspects are identified. By identifying the risk and assumption factors, it is assumed that the implementers will be cautious to forestall/avoid the same. Hence, six aspects are included while preparing the policy and programme log frame: 1. Goal(s), 2. Policies / Operational policies, 3. Outcome indicators, 4. Sources of information, 5. Major programmes, and 6. Risks and assumptions.

The national level policy and programme log frame are attached with the sectoral chapters and the details of the major programmes are presented in Annex III. The format of the policy and programme log frame is as follows:

Policy and Programme Log Frame

Sector/Name of the Ministry:

Overarching national goal:

Overall goal of the sector:

Goals/Objectives	Strategies	Indicators	Source of Information	Major Programmes	Risks and obstacles
<p>Sectoral objectives: Mention the sectoral goals that can be attained during the Plan period</p>	<p>Mention the strategies / policies adopted to fulfil the sectoral goals.</p>	<p>Mention the attainable and measurable quantitative objectives that gauge the sectoral goals</p>	<p>Disclose the sources of information to monitor the progress made in realizing the indicators</p>	<p>List major programmes in line with the goals and strategies.</p>	<p>Mention the risk factors that can hinder the programme implementation.</p>
<p>Results/outcomes: Explain each of the major programmes listed in the fifth column above.</p>	<p>Policies and Action Plan: State the policies adopted to accomplish each major programme.</p>	<p>Identify the indicators reflecting the results/outcomes and state their quantitative targets.</p>	<p>Disclose the sources of information in order to monitor the progress made in indicators.</p>	<p>Present major activities under each major programmes.</p>	<p>Mention the risk factors that can hinder the programme implementation.</p>

Economic Growth and Investment Analysis:

While projecting the economic growth rate, investment and other major indicators for the Tenth Plan, macroeconomic model analysis, incremental capital-output ratio (ICOR) and input-out (IO) analysis are taken as the key bases. Required indicators are projected by adjusting the proportions of means of production and the production with the macro model.

While analyzing the incremental capital-output ratio, the relations among variables of last ten year are examined by using linear regression analysis method. Similarly, expected investment and sectoral production growth is projected in two scenarios: normal case scenario of 6.2 percent per year and alternative case of 4.3 percent per year. If the internal and external socio-economic environment does not remain favourable, the alternative production growth is expected to attain.

While analyzing the incremental capital-output ratio, impact of the cumulative investment of the past years is used as the basis. For the agriculture, industry,

restaurant and hotel as well as finance and real estate sectors, the impact is measured by a one-year lag investment of the respective sectors; for the transportation and works and communications sectors, the impact is measured by a two-year lag cumulative investment of these sectors; and that for electricity sector three-year lag cumulative investment. These cumulative investments are expected to explain more than 96% the variations of the respective sectors' GDPs.

Likewise, the coefficients related with the concerned variables seem to be statistically significant with high precision. As the figures obtained by the analysis are satisfactory, they are used to project the incremental capital-output ratios. (For detail see the reference notes.)

Altogether 51 equations and identities are used in the macro model. Among them, 8 relating to value added, 5 relating to consumption, money supply and price, 8 relating to employment, 4 relating to import, 6 relating to taxation and 20 relating to other definitional identities were used.

From the analyses of the aforementioned relations, the incremental capital-output ratio, sectoral investments and final demand are projected. The projected demand is adjusted with the input-output analysis to project the realistic sectoral growth rates.

The analysis of productions and their respective factors of production are explored in 25 sub-sectors. Their projections in turn are incorporated in eight major sectors of 1. agriculture, 1. industry and mining, 3 electricity, gas and water, 4. construction, 5. trade, hotel and restaurant, 6. transportation and communication, 7. finance and real-estate, and 8. social service respectively to analysis the sectoral growth rates.

The incremental capital-output ratios and likely sectoral economic growth rates calculated by utilizing macroeconomic (macro models) and input-out analyses are presented in the table below.

Table: Incremental capital-output ratios (ICORs) and sectoral economic growth rates calculated through macroeconomic analysis

Sectors	Incremental Capital -Output Ratios	Annual Growth Rate of Sectoral GDP
Agriculture	2.52	4.1
Industry	2.42	6.2
Electricity, Gas, and Water	15.45	10.1
Construction	0.71	7.7
Trade, Restaurant and Hotel	2.75	7.3
Transportation and Communication	8.27	7.4
Finance and Real-estate	7.50	5.4
Social Service	7.12	8.3
Total	4.5	6.1

Fiscal year 2001/02 has been taken as the base year while formulating the Tenth Plan. The economic growth rates have been adopted essentially the same as the findings of the sectoral macroeconomic analyses. The projected economic growth rate of 6.1%

based on the analysis of the production and factors of production is replaced by 6.2% adopted by the Approach Paper with major changes in the growth rates in some sectors. As a result, minor changes are made in some sectors. The incremental capital-output ratio is expected to improve by only 5% during the Tenth Plan as compared to the figure projected in the Ninth Plan based on the investment-output. In anticipation of the upsurge of the investment of the private sector, it is likely that the ICOR can further improve during the Plan. If it is so, higher economic growth rate compared to the projected one can be realized. Analysis of economic structure and input-output ratios can be found in the reference materials in detail.

ANNEX THREE
Sectoral Policies and Policy Matrices
(Logframe)

		Pages
3.1	Macroeconomic sector	A-59
3.2	Agriculture and Cooperative	A-72
3.3	Forest and Soil Conservation	A-80
3.4	Land Reform and Management	A-86
3.5	Tourism, Culture and Civil Aviation	A-89
3.6	Industry, Commerce and Supplies	A-96
3.7	Labour and Transportation Management	A-97
3.8	Electricity Development	A-105
3.9	Irrigation and Water-borne Disaster Management	
	3.9.1 Irrigation	A-109
	3.9.2 Water-borne Disaster Management	A-118
3.10	Road Transportation	A-122
3.11	Information and Communication	A-123
3.12	Science and Technology	A-127
3.13	Housing, Building and Urban Development	A-132
3.14	Population and Environment Management	
	3.14.1 Population Management	A-137
	3.14.2 Environment Management	A-140
3.15	Education and Sports	A-142
3.16	Health	A-149
3.17	Drinking Water and Sanitation	A-155
3.18	Women, Children and Social Welfare	A-159
3.19	Local Development	A-167
3.20	Good Governance, Developed Administrations and Human Rights	
	3.20.1 Good Governance and Developed Administration	A-172
	3.20.2 Human Rights	A-176
3.21	Decentralization.	A-179

3.1 Policy Matrix (Logframe) : Macro Economic Sector*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Macro Objective: Recurrence of Broad Based Economic Activities.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Objectives: Consistency between economic resources and expenditures</p>	<ul style="list-style-type: none"> • Improve financial policy. • Improve public expenditure management. • Adopt suitable monetary policy. • Create congenial environment that can attract foreign assistance. • Consistency of monetary policy with real sector. • Formulate favorable policies in relation to foreign trade and external economic relation. • Adopt privatization policy to flow the facilities and infrastructure in competitive environment. • Adopt policy to encourage the use of internal and external public debt in areas which yield quick and better returns. • Policies will be practically put in use such that state-owned banks and financial institutions be able to work in deregulated and competitive environment. 	<ul style="list-style-type: none"> • Domestic savings/ratio to reach 16.2 percent against the present ratio of 11.6 percent. • Budget deficit not to exceed 5.5 percent of the GDP. • Regular expenditure as a proportion of GDP will be reduced to at least 9.7 percent. • Revenue surplus to cover 20 percent of development expenditure with reform. • Revenue to be a minimum of 14 percent of GDP. • Interrelation existing between savings, revenue and expenditure management based on budget system established. • M2 to increase only by 14.5 percent. • Annual surplus Rs. 3.7 billion in balance of payments. • Inflation contained at less than 5 percent. • A rise in the proportion of foreign investment in total investment witnessed. • Flow of adequate resource from capital market 	<ul style="list-style-type: none"> • Publications of Central Bureau of Statistics. • Economic survey, Ministry of Finance. • Financial Report, Nepal Rastra Bank. • Nepal Rastra Bank • Privatization Section, Ministry of Finance. • Security Board and Nepal stock Exchange. • Insurance committee and progress report of other Insurance companies 	<ol style="list-style-type: none"> 1. Interest rate will be made positive to increase Domestic Savings 2. Revenue collection will be increased by bringing more transparency in administration. 3. Prudent management public expenditure will be in place. 4. To maintain monetary stability by controlling credit. 5. Linkage of foreign assistance with plans and program. 6. Make balance of payments favorable. 7. Promote foreign investment 8. Privatize public enterprises. 9. Make the public debt dynamic. 10. Banks and financial system will be made sound and balanced as well as reliable. 	<ul style="list-style-type: none"> • Adverse effect in investment • Financial imbalance • Imbalance in application of means. • Extensive decline in net foreign asset. • Policy and programs of donor agencies. • Imbalance in flow of service net and transfer net income. • Attitude of Foreign investors.

	<ul style="list-style-type: none"> • Policy will be taken to raise of financial resources through capital market for the expansion of economic activities • Adopt policy to increase the contribution of contractual savings/ investment necessary for in providing resources needed for the implementation of economic activities. • Pursue policy to develop insurance sector as a dependable instrument in financing economic activities. 	<ul style="list-style-type: none"> • Comparative contribution made from contractual savings and investment institutions in the economy. • Number of customers in Insurance business. • Growth rates of import and export. 		<ul style="list-style-type: none"> 11. To develop and extend the capital market. 12. To develop and extend the contractual savings and investment institutions. 13. To develop and strengthen insurance sector. 	<ul style="list-style-type: none"> • Limitations of ability to procure national debt and policy and attitude of foreign loan donor. • Strength of management side • Public reliance. • Competitive potentiality of Insurance agencies.
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

* Quantitative targets based on 6.2 percent of economic growth.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Outcomes/ Results 1. Growth in Domestic savings	<ul style="list-style-type: none"> • Policy • Priority to institutional savings • Reform public enterprises. • Effective implementation of mid- term expenditure framework • Privatization of public enterprises • Minimize government subsidy. • Strengthening of administration 	<ul style="list-style-type: none"> • Increased household capacity to save. • Additional savings in private and public business enterprises. • Increase government savings. • PEs operated at profit. • Domestic Savings ratio reaching 16.2 percent 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Report of other related institutions. 	<ul style="list-style-type: none"> • To launch programs which can assist in raising the income of agricultural as well as non-agricultural sector • To develop interest rate relative to deficiency reflecting tool of financial means. • To mobilize financial institutions for the extension of micro-business • To formulate program s which can bring the remittance obtained from foreign employment into banking network. • To make participatory program based on government-private sector partnership for the formulation of revenue policy • To accelerate the program that maintains the number of employee to appropriate level. 	<ul style="list-style-type: none"> • Institutional management for the entrance of external resource. • Attractive and perpetual structure of interest rate. • Availability of sufficient means.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
2. Increase in revenue collection	<ul style="list-style-type: none"> • Broaden and expand the tax base. • Increase in elasticity revenue • Develop Value Added Tax(VAT) as the prime basis of revenue. • To make tax administration more simple, transparent and sound. 	<ul style="list-style-type: none"> • Increase in number of tax payers, the number registered in income tax and VAT will reach 3,00,000 and 40,000 respectively. • Revenue ratio to be raised to 14 percent. • Manuals about the processes and agencies to be contacted for tax -payments prepared to be understandable by the public. • Revenue surplus to development expenditure targeted at 20 percent. 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Progress report of Internal revenue Department 	<ul style="list-style-type: none"> • To organize programs like seminar, training, to bring all the income generating sectors within the ambit of income tax. • To adjust tax rates considering foreign trade structure, protection of industrial enterprises, World Trade Organization Membership and South Asian Free Market Management. • To bring substantial program in order to increase the proportion of VAT in revenue collection. 	<ul style="list-style-type: none"> • Favorable climate for agriculture. • Law and order situation • External sector situation.
3. Optimum use of foreign assistance	<ul style="list-style-type: none"> • Assurance of transparent and effective utilization of foreign assistance. • Adopt of policy to make grant and loan concessional. • Priority to grant than loan. 	<ul style="list-style-type: none"> • Effect of foreign assistance in employment and income growth. • Share of foreign assistance in priority sector. • Access of vulnerable group and less developed remote area to resources . • Increase in number of programs completed in time. 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • Report of donor agencies 	<ul style="list-style-type: none"> • Implementing Foreign assistance in High priority programs through prioritization of development programs. • To formulate programs, which can assist in developing skill and technology through available foreign assistance by increasing the skill and competence of local people, to contribute in future as well. • To arrange policy wise management to promptly solve any problem related with foreign assistance. 	<ul style="list-style-type: none"> • Continuation of favorable policy of foreign donor countries and multi-dimensional institutions. • Continuation of the system allowing reimbursement of expense expended by Nepal.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
4. Effective public expenditure management	<ul style="list-style-type: none"> • Flow of national resources into priority sector. • Austerity in public expenditure and improvement in expenditure management. • Undertake the financial management process based on decentralization. • Reduce the need of Foreign assistance. • Maintain economic discipline. 	<ul style="list-style-type: none"> • In proportion to GDP • National savings 23.1 percent and total investment 27.7 percent • Regular expenditure 9.7 percent and development expenditure 11.5 • Internal debt 1.4 percent. • Foreign debt 3.9 percent. 	<ul style="list-style-type: none"> • Economic survey. • Economic Report of Nepal Rastra Bank. • HMG's white paper 	<ul style="list-style-type: none"> • To make plans, the major basis. • To enforce compliance of the economic rules and regulations strictly. • To flow the means on the basis of effectiveness of investment. 	<ul style="list-style-type: none"> • Arrangement of Financially accountable act. • Availability of foreign means.
5. Maintenance of monetary stability	<ul style="list-style-type: none"> • Mobilize financial resources to support economic activity expansion. • Prevent the deterioration of macro economic balance while adopting monetary and credit expansion. • Make balance of payments favourable. • Maintain money supply within desirable limit. 	<ul style="list-style-type: none"> • Monetary extension M2 not to exceed above 14.5 percent • Adequate foreign exchange reserve supported by favourable balance of payments. • Loans to private sector not to be less than 70 percent of total loan. • Growth of credit to government to increase by 6.3 percent annually. • Price rise remaining less than 5 percent. 	<ul style="list-style-type: none"> • Monthly, annual and economic reports of Nepal Rastra Bank and other reports. 	<ul style="list-style-type: none"> • To bring economic and monetary program that extends the credit to private sector through reduction in credit supplied to government • To reduce the monetary expansion possible through excessive flow of Foreign assets, Nepal Rastra bank will formulate program to sell government debenture and if needed will issue its own instruments. 	<ul style="list-style-type: none"> • Flow of foreign resources. • Budget deficit situation of HMG.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
6. Favorable balance of payment.	<ul style="list-style-type: none"> • Broaden export base and make it sustainable. • Link import with the material needed for export and development • Make the service and transfer sector, transparent and attractive. • Create and extend industrial investment friendly environment. • Make exchange rate time-regime timely. • Attract official resources in the capital account of BoP. 	<ul style="list-style-type: none"> • Import to cover at least 55 percent of export. • Current account deficit not to exceed 3 percent of GDP. • Increase in import of raw material and capital goods than consumable goods. • Annual surplus of 3.7 billion in balance of payments. • Foreign exchange reserve adequate to cover import of goods and service for at least 6 months. 	<ul style="list-style-type: none"> • Economic survey • Economic Report of Nepal Rastra Bank. • Quarterly bulletin of Nepal Rastra Bank. • Publications of Federation of Nepal Chamber of Commerce, and Industry and Nepal Chamber of Commerce 	<ul style="list-style-type: none"> • To formulate program that helps export by sectors and rise diversification. • To formulate programs so that the Foreign-based diplomatic mission of Nepal may contribute in promoting foreign trade. • To confirm business institutional programs so that the demand of Nepalese goods may reach Economic ordering unit. 	<ul style="list-style-type: none"> • National and international law and order situation. • Lack of demand due to external economic recession. • Competitive capacity.
7. Promotion of foreign investment.	<ul style="list-style-type: none"> • Provide additional incentives and facilities which can attract foreign investment and to formulate legal structure investment policy. • Make administrative procedures transparent, easy and simple. • Institutional development of institutions responsible for investment promotion. 	<ul style="list-style-type: none"> • Increase in foreign investment in total investment compared to past. • Identification of additional areas for foreign investment. • Foreign investment to supplement national investment. 	<ul style="list-style-type: none"> • Reports of Ministry of Industry, Commerce and Supplies. • Statistics of foreign trade and balance of payments section of Nepal Rastra Bank. • Economic survey. 	<ul style="list-style-type: none"> • To launch programs providing additional incentives and facilities and to reinforce legal structure. • To implement foreign investment supportive programs after identifying them. • To formulate programs to provide information to related investor. • To formulate investment promotion friendly programs through Share Market. • To bring programs to encourage foreign investors through diplomatic missions of Nepal. 	<ul style="list-style-type: none"> • National/ international law and order situation. • Availability of facilitating agents and infrastructure for foreign investment

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
8. Management and privatization of public enterprises	<ul style="list-style-type: none"> Carry the process of privatization in competitive environment. Not to support monopoly in any circumstances during the process of privatization. Generate share ownership on broad base Enterprises deemed necessary to be in the public sector will be operated on commercial basis. 	<ul style="list-style-type: none"> Quantitative increase in number of shareholders. Privatization of 15 enterprises during the plan period, with at least 3 per year. 	<ul style="list-style-type: none"> Report of Privatization unit of Ministry of Finance. Write-ups and reviews on privatization by experts. 	<ul style="list-style-type: none"> To conduct programs related with the evaluation of institution to be privatized, protection of employee interest, study and analysis of returns etc through government investment. To make arrangements to empower commission that studies the procedure of privatization and work efficiency of enterprises. To formulate essential programs by the privatization unit for the privatization of the enterprises on the basis of priority and to monitor them. 	<ul style="list-style-type: none"> Entrance and release of time-relevant labour. Concern of assistance provider in privatization of institutions constructed through foreign assistance
9. Public expenditure management made prudent	<ul style="list-style-type: none"> Maintain foreign debt at manageable level. Gradually reduce internal loan. 	<ul style="list-style-type: none"> Level of foreign debt. Foreign debt servicing. Internal loan to GDP not to exceed 1.6 percent. 	<ul style="list-style-type: none"> Economic survey 	<ul style="list-style-type: none"> To supply foreign loan in priority sector. To formulate programs to utilize foreign loan assistance in economic sector that assists in increasing productivity and exports. To formulate program that can assist in making the revenue and expenditure administration simple and transparent. 	<ul style="list-style-type: none"> Policy and program of donor countries and institutions Condition of internal debt mobilization.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
10. Banking and financial system : balanced, sound and reliable	<ul style="list-style-type: none"> • Develop balanced financial sector • Make regulations of financial sector effective. • Establish coordination between financial resources and nature of loan/investment. • Develop security-oriented loan into business oriented loan/investment. • Develop good governance in institutions involved in resource mobilization and utilization. • Strengthen the protection system of saver/investor's 	<ul style="list-style-type: none"> • Increase in contribution of capital market, contractual savings/investment and life insurance in long-term investment. • Reduction in financial misuse and crime. • Business oriented credit of banks and financial institutions. • Promulgation of credit situation of banks and financial institutions. • Generation of production and profit of organized institutions. • Implication of accounting standard. • Regularity in project sanction and analysis of business/assets 	<ul style="list-style-type: none"> • Reports of Nepal Rastra Bank, Security Board, Insurance Committee, Citizen Investment Fund, Employee Provident Fund. • Reports of Ministry of Finance, Ministry of Industry, Commerce and Supplies, Nepal Stock Exchange. • Annual reports of organized institutions. 	<ul style="list-style-type: none"> • To arrange the machinery that can assist in maintaining high level of coordination between regulatory agencies of financial sector. • To bring programs, which will help to develop institution management that can regularly project the demand and supply of financial resources . • To bring programs to assist in reinforcement of regulatory capacity of financial regulatory agencies. • To establish credit rating system. • To arrange security funds/ insurance programs for the security of the savers/investors. • To make program that can make the management, transaction of banks and financial institutions as well as activities of regulatory agencies transparent. 	<ul style="list-style-type: none"> • Stability in regulatory condition of HMG, Nepal Rastra Bank, Security Board, Insurance Committee, Nepal Stock Exchange and Institute of Chartered Accountants.
	<ul style="list-style-type: none"> • Make coordinated reforms in banking and financial acts and regulations 	<ul style="list-style-type: none"> • Management of saver's, investor's security fund and insurance scheme. • Incorporation of financial institutions other than capital market and insurance related institutions in regulatory frame of Nepal Rastra Bank. 		<ul style="list-style-type: none"> • To formulate and implement Accounting and Book-Keeping System as per international standard. 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<ul style="list-style-type: none"> • To establish a system that legally regulates the process of project formulation, business/asset evaluation etc. • To implement appropriate Institutional Code of Good Governance to develop Good Governance System • To study the legal, institutional and ownership structure of government finance dealers. • To bring all the financial instructions except the capital market and insurance related institutions under the regulatory frame of Nepal Rastra Bank. • To implement program of coordinated reform in company law, bankruptcy law including financial law. 	<ul style="list-style-type: none"> • Indifference of general public towards bank and financial system.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
11. Development and expansion of Capital Market	<ul style="list-style-type: none"> • Create broad share ownership situation. • To develop capital market as important supplier of long-term capital. • To increase the width and depth of security market. • Make the security market fully transparent and reliable. • Increase the liquidity of security market. • Make arrangements for immediate transfer of share ownership. • Coordinate security market with the institutions and organizations regional and international level. 	<ul style="list-style-type: none"> • Ownership of at least 3 percent of total population in share capital of organized institutions. • Mobilization of a minimum of Rs. 5 billion from Security market. • Transaction in stock exchange market to reach Rs. 10 billion. • Increase in number of institutional investors in security transaction. • At least 40 additional organized institutions being listed. • At least 50 percent share in security transaction belonged to contractual savings/investment institutions and insurance companies. 	<ul style="list-style-type: none"> • Publications, reports of Security Board, Nepal Stock Exchange. 	<ul style="list-style-type: none"> • To conduct program to encourage organized institutions to issue shares as much as possible. • To make market shares available to public as much as possible through security market while privatizing public enterprises. • To make necessary legal and institutional arrangements to encourage organized institutions of public and private sector and municipality to raise capital by means of security. • To set an environment to invest resources of means of contractual savings/ investment institutions and insurance funds in security. • To make necessary arrangements to actualize security transactions outside Kathmandu valley. 	
		<ul style="list-style-type: none"> • Market capitalization reaching at least 15 percent of GDP. 		<ul style="list-style-type: none"> • To make legal and institutional arrangements to enhance the participation of institutional investors in security market. 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<ul style="list-style-type: none"> • To conduct programs to encourage the organized institutions in development of different types of security based on the nature of savings/means. • To set an environment to collect money for non-import local expenditure through marketing of debenture in Nepalese Currency, in the process of investment by International Finance Corporation and Asian Development Bank in Nepal. • To establish Nepal Security Exchange Market as SelfRegulatory institution according to Non-community concept. • To make arrangements to easily avail the status of regulation, transaction of security and economic, financial, and managerial status of organized institution to general public. • To make legal, institutional arrangement to develop Security Deposit System. • To implement code of conduct for security regulators, employees of security market including board of directors of organized institution, advisers, security dealers 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<ul style="list-style-type: none"> • To conduct awareness program as well as to make the legal action effective in order to discourage non-transparent transactions. • To make arrangements to make the security transaction possible through power of attorney. • To make institutional arrangement to provide trainings to those concerned (regulators, exchange market, businessmen, organized institutions, security dealers etc) related with the Security market. • To make necessary arrangements for the Security Board to get membership of IOSCO 	
12. Development and expansion of contractual savings and investment institution.	<ul style="list-style-type: none"> • Develop and promote the contractual savings and investment funds as sources of long-term financial resources for capital oriented projects. • Contractual savings and investment institution under public sector will be made private sector-oriented and market friendly. 	<ul style="list-style-type: none"> • Savings Mobilization of at least Rs. 6.69 billion by Citizen Investment Fund. • Investment of at least 50 percent of financial resources of Citizen Investment Fund in Security. • Citizen Investment Fund to manage the issuance of security amounting at least Rs.3.5 billion. 	<ul style="list-style-type: none"> • Reports and publications of Employee Provident Fund and Citizen Investment Fund. 	<ul style="list-style-type: none"> • To make necessary legal and institutional arrangements to encourage domestic and foreign multinational companies to promote gratuity funds, mutual funds and risk bearing capital funds. • To make arrangements to supply resources of employee provident fund, and citizen investment fund in long-term projects like infrastructure development, information, technology, communication and hydroelectricity. 	<ul style="list-style-type: none"> • Change in policy wise commitment of HMG and Nepal Rastra Bank.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> • To enhance the role of contractual savings/investment institution as institutional investor in the security market. • To develop different types of savings/investment funds. 	<ul style="list-style-type: none"> • Transaction of at least Rs. 1 billion of security by Citizen Investment Fund. 	<ul style="list-style-type: none"> • Reports of Security Board Nepal Stock Exchange, publications and reports of Nepal Rastra Bank, Security Board. 	<ul style="list-style-type: none"> • To bring program necessary to make investment policy and legal provision of employee provident fund, and citizen investment fund, private sector oriented market friendly. • To create environment to flow resources of employee provident fund, and citizen investment fund in shares of organized institutions. • To prepare and apply the framework of disclosure standard of Employee Provident Fund, Citizen Investment Fund and other funds. • To set legal arrangements to involve Employee Provident Fund and Citizen Investment Fund as the main institutional investors in security trans. 	<ul style="list-style-type: none"> • Declination in cleanliness and credibility of Security Market. • Policy wise transformation of Employee Provident Fund and Citizen Investment Fund.
				<ul style="list-style-type: none"> • To develop manpower necessary to enhance the project property evaluation capacity of Employee Provident Fund and Citizen Investment Fund 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
13. Expansion and strengthening of insurance sector.	<ul style="list-style-type: none"> • Expand the area of insurance business. • Strengthen the insurance sector. • Develop and expand insurance sector as economic, and social security provider. • Protect the investment of life insurer. • Develop insurance sector as reliable medium of saving and investment 	<ul style="list-style-type: none"> • Increase in number of different insurance schemes. • Increase in number of insurers. • Entrance of additional instruments of insurance. • Comparative increase in bonus to be received by insures in life insurance. • Contribution of insurance sector in GDP(Non-agricultural sector) reached 2.5 percent. • Insurance fee reached 5.5 billion. • Rs. 20 billion invested from insurance sector. • Flow of means of life insurance fund towards long-term projects and security. • Insurance academy established under insurance committee. • Rs. 12 billion insurance fund. 	<ul style="list-style-type: none"> • Economic survey, reports and publications of Nepal Rastra Bank, Insurance Committee and Insurance companies. • Reports and Publications of Security Board and Nepal Stock Exchange. 	<ul style="list-style-type: none"> • To create environment that encourages insurance companies to start off new types of insurance. • To perform a study concerning promotion of annuities schemes. • To manage legal and institutional arrangements to promote reinsurance business. • To formulate legal system that necessitates the insurance of domestic property within the country. • To reinforce institutional system to enhance the regulatory capacity of insurance committee. • To prepare and apply the disclosure framework to enhance the transparency of insurance companies. • To launch public awareness programs about insurance. • To implement detail package about surveyor. • To make arrangement to bring about timely changes in investment policy of life insurance fund. • To establish National Life Insurance Fund or arrange other alternatives. 	<ul style="list-style-type: none"> • Change in work-wise commitment of HMG and insurance committee.

3.2 Policy Matrix (Logframe)-Agriculture & Cooperative*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.
Broader Sectoral Objective : There shall be appreciable and durable growth in the agricultural sector to contribute to the poverty alleviation by developing economy of the country.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
The entire productivity and income growth rate of the agricultural sector will be witnessed by high and sustained growth through the use of improved agriculture technology and promotion of market.	<ul style="list-style-type: none"> Widespread expansion and utilization of the available agricultural technology. Increasing the access to credit and agricultural inputs needed for Agricultural production. Diversification and commercialisation of agriculture. Running agriculture service and support programmes even on the basis of contract and partnership Making the system of monitoring and evaluating the projects more effective Making agricultural development more sustainable through the development of agricultural technology, agro bio-diversity and protection of environment Providing support to the consolidation of agriculture market through the mobilization of the private and government sectors Encouraging cooperative and contract farming 	<ul style="list-style-type: none"> The growth rate of the entire agriculture sector will be 4.11 per cent, food grains (3.70 per cent), cash crop (4.4 per cent), fruits and vegetables (4.48 per cent) Fishery (6.96 per cent), Meat (5.49 per cent) Eggs (11.24 per cent) and milk (3.85 per cent) Increasing the per capita food grain production from the existing 264 Kg to 286 Kg Increasing the availability of sugar from the existing 8.7 Kg to 9.03 Kg and cooking oil from 2.16 litres to 2.30 liters. The availability of meat will be increased from the existing 8.5 Kg to 9.94 Kg. And the availability of milk will be increased from the existing 47.05 litres to 50.85 liter. Increasing the availability of vegetables from 66.74 Kg to 79.15 Kg and increasing the availability of fruits from 16.17 Kg to 17.89 Kg and fish from 1.5 Kg to 1.87 Kg. 	<ul style="list-style-type: none"> The four monthly and yearly review and progress report of the Ministry of Agriculture The National Agriculture Statistical Book published every year. The yearly progress report to be prepared by the National Planning Commission Periodic study research reports 	<ol style="list-style-type: none"> Development of programme for growing cereal, fishery cash crops and other high value crops. Development of livestock services. Development of agro forestry. Food technology development and quality control of food stuff and animal products. Development of programme for the production, storage and marketing of milk, fish and meat products. Development and extension of the desirable technology for small farmers' group and rural agro industries. Planning, monitoring and evaluation programme. 	<ul style="list-style-type: none"> Fluctuation of Market Continuity in investment and priority to agriculture development

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Result (of the main programs) 1. Growth in production and productivity of food, fish and cash crops \high value crops and development of exportable goods.	Policy /work policy <ul style="list-style-type: none"> To speed up long term APP implementation through agricultural decade. Massive expansion of agricultural technology and use through the group mobilization. Agricultural Extension Services will be extended through contract and partnership arrangement. Crop intensification and diversification. Provide opportunities to private sector by formulating commodity the policies. Promote small irrigation. To promote growth and diversification of high value and low volume crops. 	<ul style="list-style-type: none"> Productivity of food crops shall be raised from 2.20 to 2.60, lentils from 0.794 to 0.90, oil seed from 0.702 to 0.780. Vegetable from 10.52 to 11.31, potato from 10.00 to 12.5, fruits from 9.5 to 10.36 metric tonne per hectare during the tenth plan period. Crop intensification and diversification, and cropped area expansion of 43339 ha. Industrial crop, 11865 ha. fruit, 12691 ha. Vegetable 178171 ha. and mulberry 500 ha. 	<ul style="list-style-type: none"> National statistics booklet Rules and regulations published in the gazette. Progress and study reports. Agriculture and Cooperative Department reports. 	<ul style="list-style-type: none"> Growth of crop integration by extra crop cultivation in small irrigation development and new irrigation areas and diversify by cultivating crops like potato, onion instead of winter crops. Industrial raw materials and exportable goods. 	<ul style="list-style-type: none"> Continuity of financial institutions, local cell, electricity authority and irrigation department. Market fluctuation.

* Quantitative targets based on 6.2% economic growth rate

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> • Package and outreach of improved seeds, fertilizers and credit and access to these to be raised and IPM system will be enhanced. • Increase in vegetable, fruit crops for import substitution and export promotion. • Operate integrated program in remote areas including Karnali. • Encourage production of raw materials needed for agricultural industries by coordinating between production and industry. • Promote use of SALT technology. • Promote bee-keeping, mushroom farming which do not need much land. • Promote conservation and promotion of genetic resources of different types of crops. • Formulate and implement nursery Act, fish seed Act, and conservation of aquatic life. • Development of Resource Centres. 	<ul style="list-style-type: none"> • To raise production of honey from 155 b 200, silk from 31 to 62 and fish to 49490 from present 35000 metric tonnes per year. • Participation of women to be raised from 28 to 40 percent in the agriculture extension. • Cropping intensity raised from 168 to 180. • Raise chemical use fertilizers to 66kg from the 31 kg of the base year per hectare. • SALT technology in use 		<ul style="list-style-type: none"> • Quality production program of vegetables, fruits, tea, coffee, silk, honey, and mushroom. • Resource Center Development program to supply necessary seeds, plants, fishing from the government and private sector. • Karnali and other remote area integrated development program • Fertilizer, seed, breed supply and management program. 	
2. Growth in animal	<ul style="list-style-type: none"> • Diversification and 	<ul style="list-style-type: none"> • Raise meat 	<ul style="list-style-type: none"> • Progress reports of 	<ul style="list-style-type: none"> • Program to raise 	<ul style="list-style-type: none"> • Market fluctuation.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
production and productivity.	<p>commercialization of animal production.</p> <ul style="list-style-type: none"> • Develop improved breed and promote their extension. • Raise credit access for animal production. • Institutional development even in private sector too in controlling animal diseases. • Conserve and promote genetic sources of animal, birds and grass. • Development of animal and feed resource centres. • Development of heifer raising, small milk collection processing center through farmers groups or cooperatives. • Expand livestock insurance. • Use of Bio Technology. • Operate animal services delivery even on the basis of contract and partnership 	<p>production from 119 thousand to 260 thousand metric tonnes and egg production from 54 crore to 92 crore (piece), milk production from 1159 to 1400 thousand metric tones, fish from 35 thousand to 49 thousand metric tonne.</p> <ul style="list-style-type: none"> • Raise production of cheese, ghee, cream, ice-cream, curd, powder milk through product diversification. 	<p>DLS.</p> <ul style="list-style-type: none"> • Reports of private poultry/ dairy. • Report of Dairy Development Board. • Research/ study reports 	<p>income by raising in production of animal products.</p> <ul style="list-style-type: none"> • Program to support in public health. • Mobilization of agricultural Credit. • Promotion of milk processing industries. • Rearing of animal calves and kids etc. 	<ul style="list-style-type: none"> • Continuity of cooperation of financial institutions. • Recognition to animal industry as Agro-industry.
3. Growth in production of Agro-forestry	<ul style="list-style-type: none"> • Reform legal restrictions, taxes in the Agro-forestry production, wood and non-timber products with the cooperation of the forest sector 	<ul style="list-style-type: none"> • Number of nurserie. • Income per ha. • Covered area. • 25,000 poor farmers shall avail bare land of 25,000 ha forest with the rate one ha per farmers in contract for 40 	<ul style="list-style-type: none"> • Annual reports of DLS • Timely research/study reports. 	<ul style="list-style-type: none"> • Publicise extension of agricultural forest management technology. • Promote Agro-forest. • Establish agricultural forest nursery. • Develop herbs grass in forestry areas 	<ul style="list-style-type: none"> • Legal disparity between agricultural Forest produce and forest product. • Coordination between agriculture ministry and forest and soil conservation ministry.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		years.		<ul style="list-style-type: none"> • Bee-keeping. • Commercial livestock rearing. 	
<p>4. Growth in quality control and technology development of food and animal products.</p>	<ul style="list-style-type: none"> • Standardization of quality of meat, milk and food products. • Control adulteration in food products. • Provide information about nutritious value of the food products through community based nutrition program support enterprises that promote meat milk and food products. • Code of conduct to be implemented in food industries. • International standard to be used in export/import of food products. • Establishment of laboratory in the private sector and the development of manuals for certification, training and analysis technique. 	<ul style="list-style-type: none"> • Quality standard measurement to be applied to 30 more food products. • Scientific measurement to be used to determine quality standard. • Certification of standard every year on the basis of 5000 to 6000 sample items. • Minimize adulteration in milk and food products. • At least 30 technology shall be developed in food industrialization. • Table having evaluation of nutritious value of 1000 food samples shall be available. • At least 100 enterprises run by small entrepreneurs based in meat, milk and food products 	<ul style="list-style-type: none"> • Progress report of food technology and quality control department. • Site Inspection • ●Special survey reports. • Reports of WTO. 	<ul style="list-style-type: none"> • Analysis program • Feeding reform program • Food industrialization and support in poverty alleviation program. • Sample collection program • Training and publicity program 	<ul style="list-style-type: none"> • Continuity in the coordination of the responsible units. • Creation of more posts for food inspectors.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<p>shall be available.</p> <ul style="list-style-type: none"> • Use of modern equipment in food laboratory. • WTO standard shall be applied in export/import of food products. 			
5. Management of storage and market of milk, fish, meat and food products	<ul style="list-style-type: none"> • Promote private sector and cooperatives in agricultural production, production inputs and storage and sales/distribution of products. • Promote post harvest technology to develop suitable technology to store and transport the product • Utilize private sector and cooperative network to develop market infrastructure. • To have exchange of ideas between the producers and industries. 	<ul style="list-style-type: none"> • Involve private sector and cooperatives in the production and sales of meat, fish, milk, egg, fruit, vegetable and food products. • At least 1250 farmer groups shall be converted to cooperative bodies. • To build one wholesale market, 15 collection centers and 5 hat bazaar. • Conduct 5 researches that help in export business . • Decrease in loss in storage and transportation of agricultural product with the use of appropriate technology. 	<ul style="list-style-type: none"> • Progress reports of cooperative department, livestock service department, food technology and quality control department. • Special survey/study reports. 	<ul style="list-style-type: none"> • Establishment of slaughter house and cold storage program • Build wholesale market, collection center for development of market infrastructure. • Develop hat bazaar. • Convert groups in cooperatives. • Help private sector in market management and establishment of cold storage. • Manage Transport and processing after the production. • Raise agriculture credit investment • Training of entrepreneurship to meat sellers. • Strengthen the animal hat bazaar 	<ul style="list-style-type: none"> • Initiative of farmers in cooperatives. • Market fluctuation • Continuity in initiative of local bodies. • Sufficient participation of the private sector.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
6. Development and publicity of useful technology needed for small farmers and small agriculture industries.	<ul style="list-style-type: none"> • Emphasize adoptive research that solve farmers problems. Conserve bio-diversity and publicise bio-technology. • Conduct technology research that reduces cost of production and focus on its expansion. • Conduct research and publicise to promote soil fertility. • Conduct technology research and extension related with animal health and breed. • Develop & extend appropriate kind of raw materials needed by agriculture industry. • Give priority to the operation of Nepal Agriculture Research and Development Fund with a view to help small farmers. • Conduct research and extension in partnership with private sector and non-government organization. 	<ul style="list-style-type: none"> • Develop one investigation center in each district to certify the results of outreach program operated in 15 agri-economical zones as a targeted agriculture plan. • Production of food and cash crops and appropriate types of animal shall be at the farmer level and used by agriculture industry. • Developed technology shall be followed by majority of farmers. 	<ul style="list-style-type: none"> • Research oriented report. • Annual report of National Planning Commission. • Released technologies. • Various study reports. 	<ul style="list-style-type: none"> • Conduct research and publicise low cost technology. • Conduct research and publicise promote use of appropriate technology to maintain soil fertility. • Conduct realistic research and promote cross breed. • Develop and extend appropriate technology for rain fed area. 	<ul style="list-style-type: none"> •
7. Planning Monitoring and evaluation activities to be made effective.	<ul style="list-style-type: none"> • Projectization to be followed according to the principle of formulating plan at the grass root level 	<ul style="list-style-type: none"> • Central and all 75 district wise programs be prepared. 	<ul style="list-style-type: none"> • Annual reports of Agriculture and Cooperative Ministry. 	<ul style="list-style-type: none"> • Adoption of BUP and devolution. Training for capacity development and 	<ul style="list-style-type: none"> • Sufficient creativity of agricultural development committee at different

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>(bottom up).</p> <ul style="list-style-type: none"> • Devolution of agriculture program at local level. Conduct training agriculture workers to raise local service providers. • Setup system of participatory plan formulation, monitoring and evaluation and ensure package of credit agriculture inputs and technical services. • Activate agricultural development committee from district to national level. • Increase women's participation and involvement. • Include govt. and non-governmental activities in the flow of information and statistics and analysis. 	<ul style="list-style-type: none"> • Participatory monitoring and evaluation program at Service Centre level be operated. • Annual program formulation to be effective. • District level programs to be developed in local bodies. • Central level firm station, laboratory and training centers to be strengthened as the resource center to provide technical back up to the district programs 	<ul style="list-style-type: none"> • Quarterly and annual review and reports of Agriculture and Cooperative Ministry. • Study reports. • Decisions of agricultural development committee meetings, resolution district to national level and its effectiveness. 	<p>participatory monitoring.</p> <ul style="list-style-type: none"> • Agriculture decade program. • Verification of regular monitoring and review and evaluation program at different levels. • Agricultural statistics, agriculture economic analysis, Agro-business promotions program. • Program for impact study . • Program formulation and implementation in contract and partnership basis. • Capacity development program by agriculture and livestock manpower training. 	<p>levels.</p>

3.3 Policy Matrix (Logframe)—Forest and Soil Conservation

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Broader Sectoral Objective: Provide appropriate contribution of forest sector in poverty alleviation by conservation promotion and proper use of forest and environment

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Intention (Sectoral Objective)</p> <p>Conservation of forest and soil by public participation, supply of growing demand of forest products by promotion and management of forest, conservation of bio-diversity, environment and genetic resources, management and proper use of valuable non-timber products and help contribute in poverty alleviation by supporting in soil fertility and increase in income and employment.</p>	<ul style="list-style-type: none"> • Conservation of forest, plants, insects, wildlife, bio-diversity and genetic resources. • Increase local participation in soil and watershed conservation with special emphasis on Shivalik range. • Collaborative forest management to be experimented for trail in suitable areas by forming user groups. Avail timber to wood industry as a means of raw materials. • Emphasis on development of eco-tourism sector by proper management of forest, wildlife and vegetation in the area where forests are given on lease to the institutions or enterprises. • Strengthen forest and plant research, monitoring and evaluation, information and data flow system. • Develop livelihood opportunities to the deprived people living below poverty line by expanding leasehold forest. • Expand community, leasehold and collaborative forest and in such 	<ul style="list-style-type: none"> • Growth in supply of forest products. • Opportunities for income generation to 278,680 households through community and leasehold forests. • Rise in local populations employment. • Management of government managed forests in Terai with the formation of collaborative forest groups. With the formation of community and collaborative forest groups and their management, 12130 people get employment daily. • Growth in conservation of bio-diversity, non-timber 	<ul style="list-style-type: none"> • Quarterly and annual review and reports of Forest and Soil Conservation Ministry. • Program and evaluation reports of projects. • Reports of forest research and survey. • Collection, processing and sales statement of herb processing company.. 	<ol style="list-style-type: none"> 1. Community and private forest program. 2. National and leasehold forest development program. 3. Herbs and non-timber forest management program. 4. Soil-conservation and management program. 5. Genetic resources and bio-diversity conservation and forest research and survey program. 6. Plan monitoring and evaluation program. 	<ul style="list-style-type: none"> • Policy, legal and institutional reforms. • Continuity of foreign aid and grant.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>forest, participation and access to poor, women and deprived communities to be raised.</p> <ul style="list-style-type: none"> • Sustainable management and utilization of valuable non-timber forest product, promote investment of private sector and promote export. 	forest products and soil.			
	<ul style="list-style-type: none"> • Develop community, leasehold and partnership forest and in such forest participation and out reach of deprived and women and backward people to be raised. • Sustainable management of valuable non-timber forest product, promote investment of private sector and promote export 				
<p>Result Consequences</p> <p>1. Raise employment and livelihood opportunities by increasing forest productivity through community and private. forest dev. program.</p>	<p>Policy Work Policies</p> <ul style="list-style-type: none"> • To have effective management of forest by raising capacity of forest consumer group. • Raise participation of women, backward and marginalized group in decision taking process. • Develop and expand forest technology by establishing community forest management exhibition venue through public participation. • Development, management and proper utilization of private plants, trees and forests to be done effectively. 	<ul style="list-style-type: none"> • 19 Lakh households to be involved in near 2500 and old 12,000 community forest consumers committee. • Participation of women and backward people in forest related activities and decision making process and opportunities for marginalized group shall be raised. • Involvement of consumer in formation 	<ul style="list-style-type: none"> • Quarterly and annual reports of forest and Soil Conservation. • Reports of district forest office and forest consumers group. • Progress reports of projects. 	<ul style="list-style-type: none"> • Community and private forest development program. 	<ul style="list-style-type: none"> • Eagerness of groups as expected. • Budget allocation. • Policy and legal reform.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<p>of community forest exhibition site, selection, establishment and implementation of program shall be raised.</p> <ul style="list-style-type: none"> • Growth in private forest area. 			
	<ul style="list-style-type: none"> • Give management opportunities to marginalized groups in community forest. • Encourage participation of private sector in rearing of costly wild animals and birds. 				
2. Develop national and leasehold forests.	<ul style="list-style-type: none"> • Manage wood, log to the people. • Manage partnership forest too in the form of pilot project by forming forest groups around government managed forest. • To make effective by forming the leasehold forest group of the people below poverty line. • Make transparent and simple the process of availing leasehold forest for eco-tourism. 	<ul style="list-style-type: none"> • Partnership forest groups to be active in forest management. • Supply of wood to be easily available. • Management of 13000 ha. of leasehold forest by 3000 groups, 1500 to be formed of the people living below povertyline. • Rise in employment and income of the local people. • Leasehold forest shall be used for eco-tourism and other 	<ul style="list-style-type: none"> • Study and annual reports. • Progress reports of leasehold forest development projects. 	<ul style="list-style-type: none"> • National and leasehold forest development program. 	<ul style="list-style-type: none"> • Reform in bureaucratic thinking. • Participation of local communities. • Policy and legal reforms. • Availability of budget in time.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		forest entrepreneurs.			
3. Herb, non-wood, vegetation and forest product management.	<ul style="list-style-type: none"> To include in work plans by registering herbs and non-wood forest products in all types of forest. To help in development of small enterprises of important herbs and non-wood species. Expand cultivation of valuable herb species. Raise Employment and income of poor, women and backward people by managing herbs, non-wood forest, vegetation and forest products and developing market. To bring effectiveness in the management of vegetation research site by the participation of local community. 	<ul style="list-style-type: none"> Rise in the management of herbs. Rise in the domestication of non-wood forest products. Increase in herb collection, processing and export. Rise in development of herbs due to establishment of five research sites, 5 herbs centers in five development regions and 10 technology expansion development centers. 	<ul style="list-style-type: none"> Study reports. Quarterly and annual reports of Forest and Soil Conservation Ministry. Research reports. Reports of herb company. Annual reports of national herb development program. Progress reports of projects. 	<ul style="list-style-type: none"> Non-wood forest products development program. National herbs program. 	<ul style="list-style-type: none"> Participation of local communities. Availability of budget. Cooperation and involvement of project non-governmental organizations and private sectors.
4. Management of soil conservation and watershed.	<ul style="list-style-type: none"> To effectively carry out community integrated watershed management at the participation of consumer group. Give priority to the watershed conservation of Chure area at the participation of consumers groups and local stakeholders. Priority to conservation of Chure watershed and agriculture forest program. 	<ul style="list-style-type: none"> Growth in productivity 100 sub watershed conservation area land. Rise in people's participation in integrated soil conservation and watershed program. Rise in use of SALT technology. 	<ul style="list-style-type: none"> Quarterly and annual reports of soil and watershed conservation department. Case studies. Social study reports. 	<ul style="list-style-type: none"> Integrated soil and watershed management program. 	<ul style="list-style-type: none"> Provision of matching fund for foreign aid. Participation of local communities.
5. Preserve genetic	<ul style="list-style-type: none"> Implement national park and 	<ul style="list-style-type: none"> With the 	<ul style="list-style-type: none"> Quarterly and annual reports 	<ul style="list-style-type: none"> National park and 	13.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
source and bio-diversity and conduct research and forest survey.	<p>conservation program effectively.</p> <ul style="list-style-type: none"> • .Implement buffer zone management plan by enlisting public participation. • . Implementation of Terai Arc shall be done through people participation. • Registration of bio-diversity. • Develop and expand forest related technology forest, vegetation and bio- diversity and research and raise public awareness for the management of soil-conservation and watershed 	<p>implementation of national park and reserve management plan of 13 places, there will be rise in bio- diversity and revenue too and bio- diversity will be registered.</p> <ul style="list-style-type: none"> • .Rise in employment and income with effective participation in the implementation of 6 buffer zone management plan • Rise in bio-diversity due to expansion of Terai Arc. • .Rise in the involvement of non-government and private sector and local communities in work oriented research. 	<p>of Forest and Soil Conservation and Ministry and concerned departments.</p> <ul style="list-style-type: none"> • .Project reports. • .Published report of ngos and research and study centers. 	<p>Reserve programs. (Implementation and management)</p> <ul style="list-style-type: none"> • Management program of buffer zone. • Bio-diversity registration program . • Forest research and publicity program. 	<ul style="list-style-type: none"> • .Eagerness of public in conservation of bio- diversity. • .Policy and legal & reforms.
6. Plan monitoring and evaluation to be made effective.	<ul style="list-style-type: none"> • Implement monitoring policy and directives. • .Develop information and data flow system. • Participatory, integrated monitoring and evaluation system to be implemented. 	<ul style="list-style-type: none"> • .All the programs of forest sector to be made at local participation at the grass root level in 75 districts. • .District wise 	<ul style="list-style-type: none"> •Quarterly/annual reports of Soil and Conservation Ministry and related department. •Monitoring and evaluation reports of implementation, process, results, involved employee, expenditure and 	<ul style="list-style-type: none"> •Monitoring and evaluation program of bottom up planning. •Information and data flow system 	<ul style="list-style-type: none"> •Availability of budget.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> • Develop system to prepare plans at the grass root level. • Effectiveness of forest sector programs to be evaluated from independent bodies. 	<p>evaluation of the program and as such it will be integration participatory evaluation.</p> <ul style="list-style-type: none"> • Verification from the ministry/ department whether or not monitoring has been done of the program. • quantitative and qualitative indexes of help in information and data flow system be available. 	<p>public participation in integrated evaluation system.</p> <ul style="list-style-type: none"> • Study/research reports. • Reports of verification of regional and central level offices. • Policy directives regarding monitoring. • Evaluation reports conducted by independent body. 	<p>development program.</p>	

3.4 Policy Matrix (Logframe)– Land Reform and Management

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Broader Sectoral Objective: Well managed land utilization, land – information system and land management and increase in the productivity of agriculture, forest and industry sectors.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Objective: Making land management very effective and increasing the ready access of those who have skill and labour directly linked with the land and marginalized people.</p>	<ul style="list-style-type: none"> • Preparing land use and national land polices. • Developing the desired legal framework for contract and cooperative farming with due consideration to maintaining the feeling of land ownership and land use. • The statistical system of land ownership, land utilization and land resources. • Updating topographical maps and developing the required manpower for land management. • Discouraging land fragmentation • Initiating steps to ensure efficient management for the settlement of Kamaiyas and working to bring about improvement of their lively hoods through their skills development program. • Seeking to implement and manage the new provision of land ceiling and preparing the grounds for the formulation of progressive taxation 	<ul style="list-style-type: none"> • Land use maps, survey and land categorization and directives available. • The attitude on leaving land barren decreased contract and cooperative farming increased. • Increase in the utilization of agriculture, forest, housing and industrial sector as per their categorization • Availability of land records in the computer • Law has been passed to reduce fragmentation • The settlements of ex - bonded laborers has been made systematic and they have been getting skill development training • Guthis managed through peoples' 	<ul style="list-style-type: none"> • Four monthly and yearly reviews and reports provided by the Ministry • Land utilization maps and directives • Periodical study reports 	<ol style="list-style-type: none"> 1. The national land policy formulation & implementation. 2. Land information and achieves systemized. 3. Rendering effective services related to land management 4. Preparing land use plan. 5. Rehabilitation of freed Kamaiyas (bonded laborers) and their employment promotion. 	<ul style="list-style-type: none"> • Delay in drafting and endorsing the needed regulations

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>system in order to discourage people from holding excess land.</p> <ul style="list-style-type: none"> • Mobilising peoples' participation for the management of Guthis. 	<p>participation</p>			
<p>Consequences/ Results</p> <p>1. Formulation and implementation of national land policy.</p>	<p>Policy/ work policies</p> <ul style="list-style-type: none"> • Prepare appropriate environment for land dependent families to increase their income and productivity. • Discourage fragmentation. • Discourage land fallowing. 	<ul style="list-style-type: none"> • Availability of laws for land policy, cooperative farming and contract farming. • Changes at land utilization structure at district level. 	<ul style="list-style-type: none"> • Yearly reports of land reform and management department and laws and by laws published in the gazette. 	<ul style="list-style-type: none"> • Land zoning for agriculture, industrial, housing, and environmental sector based on classification. • Include land in progressive taxation system and encourage contract and cooperative farming. 	<ul style="list-style-type: none"> • Initiation from landowner. • Continuation of peace and security.
<p>2. Systematic management of land information and records.</p>	<ul style="list-style-type: none"> • Land – information system to be made functioning and effective. 	<ul style="list-style-type: none"> • Scanning the maps in 75 districts. • Infrastructure development of land - information system in revenue and survey offices of Bhaktapur, Kaski, Lalitpur and Kathmandu. 	<ul style="list-style-type: none"> • Reports published from land – information and record department and entry of data in computers. 	<ul style="list-style-type: none"> • Development and expansion program of land – information system for its functioning. • Program to develop and manage central records. • Program to develop manpower to keep land records. 	
<p>3. To provide effective land management service.</p>	<ul style="list-style-type: none"> • Prepare appropriate environment for land dependent families to increase their income and productivity. • Updated land – information to be made available. 	<ul style="list-style-type: none"> • Availability of survey, land management, land information and land record services. • Cadastral survey to be more scientific. • Availability of various scale maps and data. 	<ul style="list-style-type: none"> • Annual reports of Land Reforms and Management Ministry. • Annual report of land management training center. 	<ul style="list-style-type: none"> • Human Resources development program (training of various levels related with survey). • Various survey maps related program. 	
		<ul style="list-style-type: none"> • Increased availability of manpower on land 	<ul style="list-style-type: none"> • Services provided by offices 	<ul style="list-style-type: none"> • Program to provide all services through one door 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		management.	transparent through notice board. <ul style="list-style-type: none"> • Maps and reports published by survey department. • Timely Study reports. 	in land administration. <ul style="list-style-type: none"> • Standards for land evaluation to be established. • Abolish dual control on land. • Program to make large scale map of municipality. • Program to print maps of administrative and other edition and Atlas . 	
4. Prepare land use plan.	<ul style="list-style-type: none"> • Prepare district level land map and piloting in one area. 	<ul style="list-style-type: none"> • Availability of maps base and database directory of 75 districts and land use zoning and manual. 	<ul style="list-style-type: none"> • Annual report of districts and VDC database prepared by land use project, land utilization manual and implementation reports. 	<ul style="list-style-type: none"> • Program to prepare database and land zoning maps related with land utilization of districts. • Piloting of land use plan and manual. 	
5. Rehabilitation and livelihood improvement of freed 'Kamaiyas'	<ul style="list-style-type: none"> • Empowerment of freed 'Kamaiyas'. 	<ul style="list-style-type: none"> • Land to be made available to remaining families out of 13 thousand families and arrange settlement to eight thousand families. • Number of freed Kamaiyas admitted for primary education. • Occupation followed by freed Kamaiyas. 	<ul style="list-style-type: none"> • Annual report of district level land reform office. 	<ul style="list-style-type: none"> • Program to complete land distribution to Kamaiyas. • Program to provide support construction of houses. • Program to provide training for skill development. • Program related with drinking water, health, and education. 	<ul style="list-style-type: none"> • Continuation of collaboration among forest, local development and land reform and management ministries .

3.5 Policy Matrix (Logframe) — Industry, Commerce and Supply

Overarching National Goal: Poverty incidence of Nepalese People (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Goal: Substantial contribution of Industry, commerce, and supply management in the economic and social development of the country

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Goals: Rational and exemplary use of national resources, upgradation of civil aviation service, standard promotion and massive public participation for sustainable development of tourism.</p>	<ul style="list-style-type: none"> • Development of less risky tourism spots and promotion of tourism in neighbouring countries. • Maximum portion of the money spent by tourists will be retained in local areas. Women and people from backward communities will be involved with priority in such activities. • The infrastructure of the newly opened and alternative tourist destinations will be developed and tourism will be established as an alternative to economic activities. • Eco-tourism will be given priority and Nepal will be developed as one of the major destinations for such destinations. • Governmental, non governmental and private sector will be involved in a coordinated manner so as to improve their competitive capacity. • Participatory program based on the principle of the decentralization will be designed in order to conserve, promote and manage the cultural, religious, archaeological, and natural heritages. • Conservation, promotion and study of literature, arts, and culture • Ensuring a safe and reliable air service 	<ul style="list-style-type: none"> • 7.2 percent annual growth in tourist arrival will bring to 516 thousands. • Annual 8 percent growth in foreign currency earning will bring to USD 205 million. • Contribution to GDP to reach 3 percent. • Average tourist stay day to 13 days. • Per tourist per day income of USD 60. • Creation of 100 thousand direct employment and 125 thousand indirectly employment annually. • Availability of 17 air services in the international sector and 1200 thousand air seats annually. 	<ul style="list-style-type: none"> • Agencies under MCTCA and other • Ministry of Home and immigration department. • Ministry of Finance and Nepal Rastra Bank. • Ministry of Land Reform and "Guthi" Sansthan. • Royal Nepalese Embassy and Consulates. • Department of Wildlife and National Parks and King Mahendra Trust for Nature Conservation. • Private tourism entrepreneurs. 	<ol style="list-style-type: none"> 1. Programs to create public awareness towards tourism and importance of cultural heritages. 2. Emphasis in the visit of the Increase tourist travel to new tourist destinations. 3. Tourist travel to be made comfortable, secure and safe. 4. Ensuring quality development of tourism. 5. Facilitating cultural and religious tourism development through conservation of heritage, promotion and publicity to make it a supporting sector for development. 6. Re-establishing country's international image by successfully organizing destination Nepal 2002-2003 campaign. 7. Air travel to be made safe and reliable. 8. Commencement of international flights from domestic airports. 9. Initiate the construction of the 	<ul style="list-style-type: none"> • Economic fluctuation in the international market. • Security and health situation within and neighbouring countries. • Guarantee of foreign airlines' operation in Nepal. • Diplomatic ties between Nepal and foreign countries.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>for domestic and international travel with the construction of airport with the necessary infrastructures.</p> <ul style="list-style-type: none"> Participation of the private sector in construction, management and operation of airports and operation of long-distance airlines. 			<p>second international airport.</p> <p>10. To avail sufficient air seats in international seats.</p> <p>11. Privatization of the Royal Nepal Airlines Corporation.</p> <p>12. To generate skilled manpower in cultural, tourism and civil aviation sector.</p> <p>13. To formulate master plan in the area of culture, tourism and civil aviation sectors as well as timely amendment of policies, acts and regulations.</p> <p>14. Updating the database and information that reflect the current scenario in culture, tourism and civil aviation sector.</p>	
<p>Consequences/ results</p> <p>1. Increased Awareness in the tourism and culture area</p>	<p>Policy and working policy</p> <ul style="list-style-type: none"> Increasing positive attitude of people towards tourism and culture Involving the local people in the services of tourism to benefit them from the returns of tourism sector. 	<ul style="list-style-type: none"> Number of locally held programs. 	<ul style="list-style-type: none"> Ministry and its agencies Local bodies 	<ul style="list-style-type: none"> Organization of exhibitions and fares with a lot fanfares at the local level Informing common people also through governmental, non-governmental and educational institutes. 	<ul style="list-style-type: none"> Level of people's attraction towards tourism
<p>2. Attraction of tourists towards new destinations</p>	<ul style="list-style-type: none"> Contribution towards regional balance Creation of employment in new areas Removal of slackness of tourists during rainy season. Establishment of tourism centres. 	<ul style="list-style-type: none"> Production of publicity and promotion materials Programs to promote new areas Establishment of separate 	<ul style="list-style-type: none"> Ministry and its agencies. Ministry of Home 	<ul style="list-style-type: none"> Involvement of local bodies and communities in the conservation of touristic heritages. In cooperation with the private 	<ul style="list-style-type: none"> Development of infrastructure and the state of security.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<p>areas for eastern and western region</p> <ul style="list-style-type: none"> • 		<p>sector, Nepal Tourism Board will promote new tourist areas.</p> <ul style="list-style-type: none"> • Nepal Tourism Board will establish separate centres in the east and west for the tourists. • 	
3. Visit of the tourist will be comfortable, secure and a happy one.	<ul style="list-style-type: none"> • Making the necessary services for the tourists available at the local spot • Making the tourist's visit secure • Clean environment, controlled pollution and presenting a courteous behaviour 	<ul style="list-style-type: none"> • Decrease in accidents on tourists • Retention of majority of money at the local level 	<ul style="list-style-type: none"> • Home Ministry • Local bodies and communities 	<ul style="list-style-type: none"> • Management of necessary service, and facilities for the tourists at the local level by the local communities. • The operation of tourists visit programs will be encouraged through the registered agencies. • Local bodies and security agencies to monitor the security of the tourists. • Making the management of garbage in the urban areas an income earning opportunities and promoting the participation of the private sector in it. 	<ul style="list-style-type: none"> • Travel advisory issued for the foreigner travellers • Negative publicity.
4. Insuring quality tourism	<ul style="list-style-type: none"> • Encouraging quality and high spending tourists • Conservation of tourist heritages • Involvement of the local bodies and the non-governmental organizations in the conservation and management of heritages 	<ul style="list-style-type: none"> • Foreign currency earning and per tourist per day income. • Categorization of the organizations providing services and increasing the per package price. 	<ul style="list-style-type: none"> • Nepal Rastra Bank 	<ul style="list-style-type: none"> • Preparation of a code of conduct for all involved in the tourism sector and its enforcement. • Categorizations of all institutions providing services and strict monitoring of their 	<ul style="list-style-type: none"> • Lack of cooperation from the foreign companies.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
5. Conservation and promotion of cultural heritage sites and its contribution in the religious and cultural tourism.	<ul style="list-style-type: none"> • Development of the cultural and religious tourism through the publicity and promotion of world heritage sites, and places of religious, cultural, historical and archaeological importance. • 	<ul style="list-style-type: none"> • Number of tourists visiting heritage sites. • Conserved heritage sites. 	<ul style="list-style-type: none"> • Manager of the heritage sites • Private tourist entrepreneurs 	<p>qualities through Nepal Tourism Board.</p> <ul style="list-style-type: none"> • Fixing the prices of services and heritages based on its quality transparently. • Involvement of the local bodies in the management of the heritage sites. • Environmental friendly implementation of the development and tourism activities. <ul style="list-style-type: none"> • Only the activities that fit under the guidelines of the world heritage sites will be carried out. • Mandatory implementation of the guidelines in and around the heritage sites. • Conservation and protection of art, literature, culture, tradition, dance, music, rituals etc. • Commercial use of the existing arts and skills. 	<ul style="list-style-type: none"> • Level of cooperation from the local bodies and people.
6. Successful implementation of destination 2002-2003 to re-establish the international	<ul style="list-style-type: none"> • Re-establishing Nepal as one of the major tourist destinations through effective promotion and publicity. • Official use of the bodies representing Nepal abroad. • Following the successful promotion 	<ul style="list-style-type: none"> • Number of tourist arrival. • Involvement of the embassies and other international bodies in the promotion activities. 	<ul style="list-style-type: none"> • Ministry and departments under it. • Immigration department. • Embassies and 	<ul style="list-style-type: none"> • Operation of programs aiming to repeat the success stories of the past successful programs like Destination Nepal Campaign and other successful programs. 	<ul style="list-style-type: none"> • Internal security situation and negative publicity. •

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
image of the country	programs of the past.		consular offices. <ul style="list-style-type: none"> Private tourist entrepreneurs. 	<ul style="list-style-type: none"> Use of the most latest technology in the publicity and special emphasis in promotion and publicity in the neighbouring countries. Embassies, consular offices, foreign tourism entrepreneurs, and friends of Nepal will be used in promotion activities. 	
7. Air travel will be secure and reliable	<ul style="list-style-type: none"> Additional equipments will be introduced in the airport to reduce the risk of accidents. 	<ul style="list-style-type: none"> Number of airports with the availability of modern communication assisted facility. Number of accidents 	<ul style="list-style-type: none"> Nepal Civil Aviation Authority 	<ul style="list-style-type: none"> Making the air travel safe by introducing the modern communication assisted facility. 	<ul style="list-style-type: none"> Maintenance of the equipments.
8. Commencement of the international flights from domestic airports.	<ul style="list-style-type: none"> Short distance international flights from the existing airports. 	<ul style="list-style-type: none"> Number of short distance international flights from the domestic airports. 	<ul style="list-style-type: none"> Nepal Civil Aviation Authority 	<ul style="list-style-type: none"> Medium distance flights to the neighbouring countries by upgrading the standard of the domestic airports. 	<ul style="list-style-type: none"> Approval of the targeted country.
9. Commencement of the construction of the second international airport	<ul style="list-style-type: none"> Construction of the country's second international airport at a suitable place for the arrival and departure of full-capacity aeroplanes. 	<ul style="list-style-type: none"> Commencement of the construction of the second international airport. 	<ul style="list-style-type: none"> Ministry and its line agencies. 	<ul style="list-style-type: none"> Based on feasibility study, a spot will be selected in the Terai and construction of second international airport will begin. Construction of the international airport at partial or full involvement of the private sector. 	<ul style="list-style-type: none"> International finance.
10. Availability of adequate air	<ul style="list-style-type: none"> Arrangement of adequate flights and seats in the international sector. 	<ul style="list-style-type: none"> Number of airlines coming to Nepal regularly. 	<ul style="list-style-type: none"> Ministry and its line agencies. 	<ul style="list-style-type: none"> Brining four more international airlines to Nepal. 	<ul style="list-style-type: none"> Policy of international

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
tickets to visit Nepal	<ul style="list-style-type: none"> Maximum utilization of air routes in Nepali sky. 	<ul style="list-style-type: none"> Availability of air seats in the international sector. Nepali private airlines companies doing international flights. 		<ul style="list-style-type: none"> Increasing the availability of air seats and air agreement. International operation by Nepal's private company. Simplifying the procedures to increase the number of chartered flights Maximum air flights in the Nepali sky. 	<ul style="list-style-type: none"> flights. Bilateral air agreements.
11. Completion of the privatization of Royal Nepal Airlines	<ul style="list-style-type: none"> Rendering the national flag carries more capable and robust. 	<ul style="list-style-type: none"> Privatization of the Royal Nepal Airlines Corporation 	<ul style="list-style-type: none"> Royal Nepal Airlines Corporation. 	<ul style="list-style-type: none"> Privatization of the Royal Nepal Airlines Corporation involving the government, employees of the corporation, private sector, and foreign investment. Corporation to improve international services by agreeing upon an agreement with the foreign airlines. 	<ul style="list-style-type: none"> Support from all sectors.
12. Providing a standard service by producing capable and competent manpower in the sector.	<ul style="list-style-type: none"> Production of competent manpower to provide a quality service. 	<ul style="list-style-type: none"> Increased opportunities in the governmental and non-governmental sectors. 	<ul style="list-style-type: none"> Ministry and the related agencies. Private tourism entrepreneurs. 	<ul style="list-style-type: none"> Permanent provision of training and study to create competent manpower with the participation of the private sector. Establishment of higher educational institution for tourism sector. Establishment of regional level mountaineering Training Academy. 	<ul style="list-style-type: none"> Coordination among the institutions.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
13. Formulation of master plan in the area of tourism, culture, civil aviation and enactment of laws, policies, regulations and their timely amendment.	<ul style="list-style-type: none"> • Timely reform of policy-level, legal, and institutional reform. • A long term plan for the tourism sector and separate master plans for culture and civil aviation sector. 	<ul style="list-style-type: none"> • Completion of a preliminary framework for a 20 year-long term integrated projects. • Formulation of new act, regulation and amendment in the existing acts 	<ul style="list-style-type: none"> • Ministry 	<ul style="list-style-type: none"> • Formulation of a new master plan for tourism sector and its implementation. • New policy and act for culture and separate master plans for important sites • Amendment in tourism and air policies, acts and regulations • Formulation and implementation of master plan in airlines sector. 	<ul style="list-style-type: none"> • Commitment of all sectors according to the policy.
14. Availability of necessary statistics and facts related to culture, tourism, and civil aviation.	<ul style="list-style-type: none"> • Collection and upgradation of necessary statistics and facts to guide the future programs in culture, tourism and civil aviation sector. 	<ul style="list-style-type: none"> • Availability of statistics, and other information. 	<ul style="list-style-type: none"> • Ministry and its line agencies. 	<ul style="list-style-type: none"> • Updating the statistics and other information related to the contribution of the tourism sector to the nation. • Updating the relevant international information. • Research and study will be conducted. 	<ul style="list-style-type: none"> • Credible source of information and statistics.

3.6 Policy Matrix (Logframe)— Industry, Commerce and Supply

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Goal: Substantial contribution of Industry, commerce, and supply management in the economic and social development of the country

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Objective: Improvement in supply system along with increased competitiveness in the industry and commerce sector.</p>	<ul style="list-style-type: none"> Government will play a role of a regulator, facilitator, information disseminator and a monitoring agency to create an environment for the private sector to play a lead role in industry and commerce sector. Intellectual property will be protected for commercial purposes. Sustainable development of infrastructure, entrepreneurship and skills to establish micro and cottage industries. Encourage foreign capital to enhance industrial capital base. Accession to World Trade Organization membership For export promotion, new products of comparative advantage will be identified, quality of exportable goods will be improved, and new export destination will be identified. Monopoly will be eliminated in supply management and availability will be increased. 	<ul style="list-style-type: none"> Employment situation in industry and commerce sector Contribution of industry and commerce sector to GDP 9.32%. Diversification of exportable goods Sector-wise in export. Increase in availability of manufactured goods of Nepali origin in the international market Absence of shortage of essential goods in the various parts of the country. 	<ul style="list-style-type: none"> Ministry of Industry, commerce, supplies and its line agencies progress report and other reports. Central Bureau of Statistics' Industrial Census report Reports of Ministry of Finance, Nepal Rastra Bank and NPC Ministry of Labour's report Report of the Trade Promotion Centre . Special Survey reports 	<ol style="list-style-type: none"> Programs to promote export oriented industries based on local and foreign raw materials. Programs to promote industries, commerce and services based on foreign investment. Programs to promote small and cottage industries based on traditional skills and arts. Programs to develop and expand micro industries in rural areas. Programs for geological survey and exploration of minerals and development of industries based on minerals. Programs to make the commerce and trade sector liberal and competitive. Programs for regular, qualitative, and accessible supply of necessary goods. 	<ul style="list-style-type: none"> Ups and Downs in international market Policy consistency of government Law and order situation Reform in labour law Foreign Trade Relations

3.7 Policy Matrix (Logframe)- Labour and Transport Management*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objective: Creating an environment conducive to economic activities through cordial labour relations and to contribute to the larger national policy of poverty alleviation through the elimination of child labour and consolidation of transport management.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<ul style="list-style-type: none"> To manage labour force and to guarantee the rights of labourers and to raise their productivity and income. To eliminate child labour. To make transport service affordable and qualitative by rendering transport sustainable, reliable, safe and self-reliant. 	<ul style="list-style-type: none"> The rights and interests of labourers will be ensured as per the standard set by the International Labour Organisation through timely amendments to labour laws. Communications between labourers and management will be encouraged to promote cordial industrial relations. Employment opportunities will be increased by conducting vocational and skill development training as per the demand of the domestic and international labour market by managing information on labour market. Loans will be extended to low income groups in order to utilise the foreign employment opportunities optimally. Child labour elimination programs will be integrated with poverty alleviation programs. Emphasis will be given on enhancing the capacity of the officials of the concerned ministries, departments and offices to make child labour eradication programs effective. 	<ul style="list-style-type: none"> Ratio of more skilled labourers in international labour market. Fixation of minimum standard of occupational health and safety. The number of disputes in industrial enterprises. The number of day child care centres. Percentage of child labour. To end worst forms of child labour within next five years and to eliminate all forms of child labour within next 10 years. Reduction in road accidents. Reduction in pollution in Kathmandu Valley 	<ul style="list-style-type: none"> Household Survey (Nepal Life Standard Survey) Records of Department of Labour. Records of Department of Transport Management Offices, traffic police and Department of Roads. Reports of the Ministry of Labour and Transport Management and Ministry of Population and Environment. Department of Transport Management and Transport Management Offices. Traffic police, associations of transporters, passengers. Emission survey. 	<ol style="list-style-type: none"> To establish a separate Department of Employment Promotion and occupational health and safety centre. To increase employment opportunities through conducting vocational training. To disseminate information on labour market. To formulate minimum standards for occupational health and safety. To carryout programs to prevent child labour. To consolidate the administrative and physical means related to transport management. To increase the involvement of the private sector in the expansion of various sectors of transport. To conduct programs to reduce road accidents. 	<ul style="list-style-type: none"> Lack of enough information on labour market. Industrial instability. Lack of tripartite coordination. Lack of coordination among government agencies on policy.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> The standard, safety and quality of vehicular transport will be enhanced and better managed. Vehicular pollution will be reduced. Means of alternative transport will be sought and promoted. 	and other urban areas.			

* The quantitative targets are based on 6.2 percent economic growth (Details are on annex 3)

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Consequences/results 1. Promotion of industries based on domestic and foreign raw materials and other industries.	Policy and working policy <ul style="list-style-type: none"> Encouragement to the industries based on local raw materials and resources. Special promotion to the export oriented industries. 	<ul style="list-style-type: none"> Fixing national standard on 675 industrial products. Improvement in the use of local labour diversification of and increment in the number of industries that are use more than 80 percent of raw material in their products. Increment in the entry of Nepali industrial products to Indian and other markets. Diversification in the industries under public and private ownership. Impact of industrial pollution in the air, water, flora and soil. 	<ul style="list-style-type: none"> Report of the department of measurement and standardization Progress report of the department of industry. Industrial census report of the Central Bureau of Statistics Report of the Nepal Rastra Bank and other banks Publications of customs department and the trade promotion centre Record of the NCCI Report of the Ministry of Population and Environment. Report of the employment promotion commission 	<ul style="list-style-type: none"> Program to fix national standard in industrial products Industries based on local raw materials and labour will be promoted. Policy level and institutional arrangement to promote export of industrial products. Program to mobilize necessary domestic investment for industrial development Program to lower industrial pollution 	<ul style="list-style-type: none"> Impact from the Indian market and WTO's impact Willingness and management capacity of the industrialists. Policy level stability

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		•			
2. Promotion of the industries, businesses and services under foreign investment.	<ul style="list-style-type: none"> • Creation of timely and suitable environment to attract foreign direct investment 	<ul style="list-style-type: none"> • Increment in foreign investment • Increment in the number of industries, trade, services and Sectoral diversity 	<ul style="list-style-type: none"> • Record of the ministry of Industry and Finance • Industrial census of the Central Bureau of Statistics • Report of the employment promotion commission 	<ul style="list-style-type: none"> • Reform in the existing laws, acts, policies to create a conducive environment to attract foreign direct investment • Monitoring whether the facilities provided by the laws, acts and regulations has been received by the investors. 	<ul style="list-style-type: none"> • State of internal and external security situation • Policy level stability • Economic stability
3. Promotion of the competitiveness of the small scale and cottage industries based on the local traditional skills and arts.	<ul style="list-style-type: none"> • Promoting the small scale and cottage industries based on traditional skills and arts. • 	<ul style="list-style-type: none"> • Employment or self-employment opportunities to 250,000 • Entrepreneurship management training to 62,500 people • Industrial exhibitions at the district and central level • Availability and relevance of loan to the small and cottage industrialists • Impact of industrial pollution in air, water, 	<ul style="list-style-type: none"> • Reports of the department of cottage and small scale industries. • Report of FNCCI • Reports of customs department and trade promotion centres • Reports of Nepal Handicraft Association • Reports of Central Bureau of Statistics • Reports of the Banks • Special survey reports 	<ul style="list-style-type: none"> • Training for the development of entrepreneurship. • Arrangement of loans to the small scale and cottage entrepreneurs. • Implementation of programmes to discourage the use of child labour in the small scale and cottage industries 	<ul style="list-style-type: none"> • Arrangement of market • Policy level stability • Environment conducive to export promotion • Commitment of the industrialists • Level of people's awareness • Easy and concessional loan

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		soil and flora. • Decline in the number of child labour			
4. Development and expansion of micro industries in the rural areas.	<ul style="list-style-type: none"> • Implementation of integrated package and encouragement to the civil society to participate in it. 	<ul style="list-style-type: none"> • Increase in entrepreneurship training • Number of industries, diversity and spatial expansion • Availability of credit to the entrepreneurs 	<ul style="list-style-type: none"> • Report of the ministry of industry • Reports of the banks • Reports of the central bureau of statistics • Reports of the related non-governmental organizations and other projects 	<ul style="list-style-type: none"> • Training for micro entrepreneurship • Providing market related information to the micro entrepreneurs • Arrangement of loans to the micro entrepreneurs 	<ul style="list-style-type: none"> • Market management • Policy level stability • State of law and order • Easy and concessional loan
5. Geological survey and mineral exploration and development of industries based on it	<ul style="list-style-type: none"> • Promotion of industries and entrepreneurship based of profitable mineral stocks • Attracting local and foreign investors in mineral industries • Use of latest information system. • Attracting foreign investment and technology in exploration of necessary minerals like petroleum and gas and precious minerals like uranium. 	<ul style="list-style-type: none"> • Exploration sq km (metals 1000, non-metal 2050, coal and petroleum 500, pylorus, mineral that cab be used in constructions • Geochemical and neo-physical survey 250 sq. km • Explorative drilling 2000 m • Geological mapping and publication of maps 7800 sq. km • Record mapping and publication of maps up to 6500 sq km. 	<ul style="list-style-type: none"> • Reports of minerals and geological division • Report of department of industry • Reports of banks • Report of ministry of population and environment 	<ul style="list-style-type: none"> • Exploration of metal, non-metal, coal gas etc. • Geochemical and geophysical survey • Explorative drilling • Geological mapping and completion of reports • Study of geo-engineering and geo-environmental situation. • Seismological study • Implementation of programs that will encourage the use of latest information system in the geological survey and mineral exploration. • 	<ul style="list-style-type: none"> • Policy level stability • Availability of local and foreign investment • Economic feasibility of available mineral resources
	•	• Reports of the banks	•	• Implementation of	•

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<ul style="list-style-type: none"> • Geological and geo-engineering and geo-environmental study up to 1500 km • Geological section study and publications of map 800 sq. km • Use of RS/GIS in the geological survey and mineral exploration • Seismological study 500 sq. km • Operation of earthquake measurement centre (38325 days from 21 stations) • Gravity survey 3,000 line k.m.; geological section measurement 750 and petrogeochemical sampling 750 km; stratigraphy and structure study 5000 sq km; recognisance seismic survey 300 km; source and analysis 750, and drilling 15, 000 m • Diversity in industries based on mineral 		<p>program so as to promote necessary investment and technology in the exploration of petroleum, gas and uranium.</p> <ul style="list-style-type: none"> • Programs to attract local and foreign investment in the mineral resources based industry 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		resources <ul style="list-style-type: none"> Local and foreign investment in the development of mineral-based industries. 			
6. Commerce and trade sector will be made liberal and competitive	<ul style="list-style-type: none"> Government's role will be that of a facilitator 	<ul style="list-style-type: none"> Reports of the banks Use of information technology in commerce sector 	<ul style="list-style-type: none"> Reports of the banks Ministry of industry, commerce and supplies. 	<ul style="list-style-type: none"> Formulation of 20 years long and up to date policies in the commerce sector. 	<ul style="list-style-type: none"> Conducive environment of law and order.
	<ul style="list-style-type: none"> Government will assist the initiative of the private sector To obtain the membership of the regional and World Trade Organization and work accordingly 	<ul style="list-style-type: none"> Use of backward and forward linkages in the export oriented trade. Activeness of embassies and consulate offices abroad in trade promotion Effectiveness due to networking between the commerce and revenue department, FNCCI, Nepal Chamber of Commerce and other organizations Increase in the industrial and agricultural 	<ul style="list-style-type: none"> Resources related to long term and periodic plans. Progress report of the department of commerce and field report Report of the Trade Promotion Centre Progress report of the various embassies and consulate offices abroad Membership of SAPTA, SAFTA, and WTO and their progress report Legal base paper on network and its progress report 	<ul style="list-style-type: none"> Obtaining the membership of the regional and international trade organizations and amendment in the laws accordingly. Obtaining the membership of SAPTA, SAFTA, WTO and amendment in the laws to suit the provisions of these regional and world trade bodies. 	<ul style="list-style-type: none"> Conducive international market. Policy level stability. Government commitment

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		production and export and diversity			
7. To make the supply of necessary goods qualitative, regular and accessible.	<ul style="list-style-type: none"> Ending monopoly in the import and transportation of necessary goods. Legal provisioning for ending monopoly. 	<ul style="list-style-type: none"> Availability of goods and services to the consumers adequately, timely and at a reasonable pricing. 	<ul style="list-style-type: none"> Progress report of ministry of industry, commerce and supplies Field level inspection reports 	<ul style="list-style-type: none"> Arrangements will be mad for regular and adequate availability of necessary goods and services. Arrangement for food security 	<ul style="list-style-type: none"> Timely policy level changes
	<ul style="list-style-type: none"> Assistance to the institutions providing necessary services and monitoring of their efficiency. Control and monitoring mechanism will be further strengthened with the participation of the private sector to check monopolistic tendency in the market, artificial shortage and rent seeking. Special attention will be given to the food deficient areas and to meet the food need of the economically challenged people. Food deficient districts will be given subsidy for transportation of food. To meet the shortage during the natural calamities and other similar situations adequate buffer stock will be maintained for foods, petroleum and other daily necessity necessary Timely policy level changes commodities. 	<ul style="list-style-type: none"> Increase in the level of food stock. Price Index trends Reaction of the consumer groups 	<ul style="list-style-type: none"> Special survey results Reports of the consumer groups SAARC report Structure of the Supplies Department Reports of the concerned institutions 	<ul style="list-style-type: none"> Necessary institutional arrangement will be made to increase the effectiveness of the supply system. Regular monitoring will be done to discourage artificial shortage and rent seeking. Necessary arrangement will be made for smooth and open import and mobility of necessity goods. SAARC level participation will be mobilized to establish five food reserve centres at the regional level and one at the national level. Pricing information 	<ul style="list-style-type: none"> Promotion of consumer's awareness Positive cooperation from the industrialists and businessmen.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<p>system will be developed regarding the production, import, export, and sales to regularize the flow of goods and services.</p> <ul style="list-style-type: none">• Development of low - priced retail outlets through the consumer cooperatives.	

3.8 Policy Matrix (Logframe)- Electricity development*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Larger Sectoral goal: Increasing the contribution of electricity in the national development significantly

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral Goals: Sustainable development of economic structure of hydropower.</p>	<ul style="list-style-type: none"> • Development of hydropower sector through private, public and partnership of the both. • The watershed area of the rivers to be made major base of development of hydropower and its management. • The private or public sector whichever can bear the unexpected risks at low cost will be given the responsibility. • All small, medium and large projects yielding high returns and low environmental impacts will be implemented. • Nepal Electricity Authority will be made more commercial and will be move towards unbundling. 	<ul style="list-style-type: none"> • To exchange 150 mega watt of electricity between Nepal and India 132 KV line will be established in three places. • Generation of 214 mega watt of electricity by private sector. • Household with electricity access. 	<ul style="list-style-type: none"> • Ministry of Water Resources, Nepal Electricity Authority, annual and quarterly reports of Electricity Development Department. • Special Survey Reports. 	<ol style="list-style-type: none"> 1. Increasing the electricity generation capacity. 2. Expansion of electricity service and its reliability. 3. Studying the potential of various hydroelectricity projects. 4. Policy level and institutional reforms. 	<ul style="list-style-type: none"> • Fluctuation of electricity market. • Expansion of electricity market with India and its management.
	<ul style="list-style-type: none"> • Hydropower services will be extended to rural economy level to promote social justice. • Policy to develop hydropower through bilateral and multilateral level will be adopted. • To promote the participation of 				

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	the private sector • investment friendly, simple and transparent procedure will be adopted. • To promote the exchange of electricity between India and Nepal, a grid connecting the electricity system of Nepal and India will be established.				

** The quantitative targets are based on the economic growth rate of 6.2 percent*

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Consequences/ results 1. Increasing the electricity development capacity	Policy/working policy <ul style="list-style-type: none"> Promoting the participation of private sector Encouraging the development of the reservoir projects Developing the micro, small medium, and large projects Exclusion of the cost of road development and distribution lines in the project cost to reduce the cost of projects 	<ul style="list-style-type: none"> Generation of total 315 mg watt electricity during the plan period, including 101 mg watt from public sector and 214 mg watt from the private sector Commencement of construction for generation of 1938 mg watt electricity Additional customers' number 705,600 Number of VDCs with electricity 26,000 	<ul style="list-style-type: none"> Annual and quarterly report of the ministry of Water Resources, NEA's and Electricity Development Department. National strategy report of hydroelectricity 	<ul style="list-style-type: none"> Electricity generation from the private sector Electricity generation and distribution with the participation of the private sector and users communities Electricity generation through the participation of the private and public sector Feasibility study and construction of the reservoir projects Arrangement to let the producer use the national electricity distribution system 	<ul style="list-style-type: none"> Availability of market for export of electricity Availability of capital Consumer's capacity to consume electricity
2. Electricity service will be made more reliable and qualitative and expanded	<ul style="list-style-type: none"> Expansion of rural electrification Encouragement to the use of electricity in agriculture, industry and social services. Responsibility will be given to the local bodies and consumers in the distribution of the electricity 	<ul style="list-style-type: none"> Electricity services to 43 percent of the population through the national grid. Extension line expansion to 430 km and distribution line expansion to 15,782 km. Substation capacity development to 426 MVA and distribution substation to 149.5 MVA Electricity leakage to below 18 percent 	<ul style="list-style-type: none"> Annual and quarterly report of the ministry of Water Resources NEA's annual and quarterly progress reports National strategy report of hydroelectricity Documents of the National Planning Commission 	<ul style="list-style-type: none"> Expansion of rural electrification with the participation of the local bodies and consumers Program to handover distribution and operation maintenance of the electricity services to the local bodies and private sector in the municipality areas. 	<ul style="list-style-type: none"> Consumers' capacity and willingness to consume electricity. Dues of electricity tariffs

<p>3. Conducting feasibility study of various hydroelectricity projects</p>	<ul style="list-style-type: none"> • To develop hydroelectricity from the private sector, study will be done about the hydro-projects from the public sectors • Feasibility study of the projects from the public and private sectors • Regional balance in project selection • Encouragement to the reservoir projects 	<ul style="list-style-type: none"> • Annual feasibility study of the large, medium and small scale reservoir and run-off-river hydroelectricity projects. • Feasibility study of various projects with 13, 376 mega watt capacity. 	<ul style="list-style-type: none"> • Quarterly and annual development reports of Electricity Development Centre • Quarterly and annual reports of the Nepal Electricity Authority 	<ul style="list-style-type: none"> • Annual feasibility study of the projects those have passed screening and ranking process. • Screening and ranking at the interval of few years • Systematic study of the river basins to develop electricity and feasibility study of the identified projects. • Identification of the multipurpose and reservoir projects and their feasibility study. 	<ul style="list-style-type: none"> • Lack of adequate budget.
<p>4. Completion of policy level and other institutional reforms</p>	<ul style="list-style-type: none"> • Institutional reform according to Hydropower Development Policy 2000. 	<ul style="list-style-type: none"> • Availability of adequate manpower related to hydropower development • Quantitative and qualitative growth of the hydropower projects constructed with the participation of the local bodies and the local communities. • Increase internal and foreign investment to hydropower development. 	<ul style="list-style-type: none"> • Institutional structure of the Ministry of Water Resources. • Quarterly and annual reports of the Ministry of Water Resources and its line agencies. • Annual development report of the local bodies 	<ul style="list-style-type: none"> • Periodic evaluation and reform of the institutional structure of the organizations working in the area of electricity development and Lack of adequate budget. • Development of the suitable human resources to promote the use of up-to-date technology in the development of hydropower. • Increasing the involvement of the government, private sector and local bodies in the development of hydroelectricity. • Mobilization of internal and external resources in the development of the hydroelectricity sector. 	<ul style="list-style-type: none"> • Continuity of the participation of the concerned bodies. • Continuity in the participation of local communities.

3.9.1 Policy Matrix (Logframe)- Irrigation*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Significant contribution of irrigation in the National development.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral objective: Extending year-round irrigation facilities to irrigable land.</p>	<ul style="list-style-type: none"> Intensive irrigation programs will be launched in areas where year-round irrigation facility is available. Irrigation management will be strengthened by enhancing capacity of water users associations. Proper co-ordination will be established with Agriculture related agencies at project, regional and national levels. Project formulation and construction procedures will be improved by taking technical, social, economical and environmental aspects. Massive irrigation projects will be developed on basis of bilateral and multilateral co-operation. Ground-water irrigation projects will be developed in Terai, while, in hills drip and sprinklers projects will be formulated. Capacity of local bodies (DDCs, VDCs and water users groups) and NGOs will be developed in formulation, construction and management of small and medium- 	<ul style="list-style-type: none"> Farmer canals reforms in 64,000 ha. New irrigation facility extension to additional 1,77,600 ha. Participation of users in canal management, its strengthening and project hand over in 37,000 ha. Renewal and improvement of government project in 33,780 ha. Maintenance, renewal, management improvement of traditional irrigation system in 280,710 ha. Producing high-value crops in 10,000 ha by developing irrigation through the adaptation of modern technology. Diversification in agriculture. Participation of local bodies and people in canal construction, its maintenance and 	<ul style="list-style-type: none"> Four-monthly and annual progress report of the Department of Irrigation Annual report of NGOs. Special survey report. Four-monthly and annual progress report of the Department of Agriculture. Four-monthly and annual progress report of local bodies. 	<ol style="list-style-type: none"> Sustainable management of the ongoing projects. Complete irrigation management and hand-over projects. Renewal and extension of farmers' canal. Renewal and improvement of government projects. Development of groundwater projects in new areas. Development of surface irrigation projects in new areas. Producing high-value crops by using non-conventional irrigation technologies. Conducting irrigation program from Agriculture Development Bank, Conducting irrigation program from the Ministry of Agriculture and co-operatives. Conducting feasibility study of different projects. 	<ul style="list-style-type: none"> Commitment of external loans/assistance. Commitment of Matching Fund. Commitment of policies and programs. Political commitment. Continuity in the participation of Department of Agriculture and Department of Soil-conservation and watershed. Continuity in participation and local bodies and people.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	scale projects. <ul style="list-style-type: none"> Farmer will be encouraged to integrate irrigable lands having single ownership and to adopt contract farming and co-operative farming. Private sector participation in the irrigation sector will be encouraged. 	management.			

**Quantitative targets are based on the economic growth rate of 6.2 per cent.*

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
1. Sustainable management of ongoing irrigation projects	Improving management through repair and maintenance of ongoing irrigation projects.	a. The average effective utilisation of 280,710 ha of land through maintenance, repair and enhancement of traditional irrigation system will be increased to 60% from 50%. b. The crop intensity of year-round irrigation will be increased from 185% to 200% and crop intensity of monsoon irrigation will increase from 120% to 140%. c. The current 30% efficiency of irrigation system will increase to 35%. d. Local bodies will collect 30% of cost of maintenance through Irrigation Service Charge.	<ul style="list-style-type: none"> Four-monthly and annual progress report of the Department of Irrigation Special survey report. Four-monthly and annual progress report of the Department of Agriculture. Four-monthly and annual progress report of local bodies. 	1. Annual maintenance of irrigation projects run by govt. 2. Full operation of barrage, bear and pumping station through repair and maintenance. 3. Repair and maintenance of the govt. built projects that have low capacity utilisation.	<ul style="list-style-type: none"> Govt. commitment on budget. Commitment on policies and programs. Continuity in participation of Department of Agriculture. Commitment on collecting Irrigation Service Fees by granting water users groups and irrigation authorities legal power.

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
2. Complete irrigation management and hand-over of projects.	Management reform of ongoing projects.	<p>a. Joint management of irrigation system in the command areas of over 500 ha in hills and 2,000 ha in Terai. The management of irrigation system below that will be handed over to water users association.</p> <p>b. The crop intensity of year-round irrigation will be 185% to 200% and crop intensity of monsoon irrigation will increase from 120% to 140%.</p> <p>c. The current 30% efficiency of irrigation system will increase to 35%.</p> <p>d. Local bodies will collect 30% of cost of maintenance through Irrigation Service Charge.</p>	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	1. Management of hand-over of irrigation system.	<ul style="list-style-type: none"> • Commitment of foreign loans • Commitment of matching fund. • Commitment of joint management in collecting irrigation service fees.
3. Renew and expand farmers' canal	Management improvement of ongoing agriculture irrigation projects. Integrating agriculture package programs run by district authority with local irrigation projects.	<p>a. The crop intensity of year-round irrigation will be 185% to 200% and crop intensity of monsoon irrigation will increase from 120% to 140%.</p> <p>b. The current 30% efficiency of irrigation system will increase to 35%.</p>	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	<p>Farmers' canal reform</p> <ul style="list-style-type: none"> • <i>Pragana</i> Farmers' Canal Reform Projects. • Community Irrigation Sector Projects. • Nepal Irrigation Sector Projects. • Ranijamara Farmers' Canal Reform Projects. • Second Irrigation Sector Project. • The water of Eastern main canal of Babai river will be divided to Western farmers' canal by constructing Siphon on Babai River. 	<ul style="list-style-type: none"> • Commitment of foreign loans • Commitment of matching fund. • Commitment on policies and programs. • Continuity in participation of Department of Agriculture. • Continuity of people's participation.

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
4. Renew and reform of government projects	Maintenance and management reform of running large-scale projects.	<p>a. The average effective utilisation of large-scale projects covering 33,780 ha will be increased to 60% from 50% by improving, renewing and strengthening management and the projects.</p> <p>b. The crop intensity of year-round irrigation areas will be 185% to 200% and crop intensity of monsoon irrigation will increase from 120% to 140%.</p> <p>c. The current 30% efficiency of irrigation system will increase to 35%.</p> <p>d. Local bodies will collect 30% of cost of maintenance through Irrigation Service Charge.</p>		<p>Renew and reform of govt. projects</p> <ul style="list-style-type: none"> • Narayani Irrigation Project. • Pokhara Water Conservancy Project • Koshi Pump Canal Project. • Gandaki Western Canal Project. 	

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
5. Development of ground irrigation in new areas.	a. Extension of fully controlled year-round irrigation facilities for crops intensity and diversification. b. Development and management reform of ground-water irrigation. 3. Water exploration in new areas and monitor water level in Terai region.	a. Expansion of irrigation to addition 49,000 ha of area. b. Expansion of irrigation to additional areas through shallow tube-well (10,000 ha) and deep tube-well (18,000). c. The crop intensity of year-round irrigation areas will be 185% to 200%. d. The efficiency of irrigation system would be increased to 60 per cent.	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	1. Developing year-round irrigation system through community ground-irrigation project. 2. Development of irrigation through shallow tube-well. 3. Development of irrigation through deep tube-well. 4. Implementation of PTP programs of Bhairawa-Lumbini Ground water. 5. Exploration programs of ground water. 6. Integration with agriculture package programs run by district authority.	<ul style="list-style-type: none"> • Commitment of govt. budget • Commitment of foreign loans. • Commitment of matching fund. • Commitment on policies and programs. • Continuity in participation of Department of Agriculture. • Continuity of people's participation.

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
6. Development of surface irrigation in new areas	Complete remaining works of ongoing surface irrigation projects and develop some possible large or medium scales surface irrigation projects	<p>a. The crop intensity of year-round irrigation in command areas will be increased from 185% to 200% and crop intensity of monsoon irrigation will increase from 120% to 140%.</p> <p>b. The current 30% efficiency of irrigation system will increase to 35%.</p> <p>c. Concerned bodies will collect 30% of cost of maintenance of joint management projects through Irrigation Service Charge.</p> <p>d. The command areas effective utilisation of ongoing projects will be increased to 70% from existing 60%.</p>	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	<ol style="list-style-type: none"> 1. Completing unfinished task by irrigating 5,000 ha of land from Babia irrigation project. 2. Complete second phase works of Mahakali Irrigation Project. 3. Developing new surface irrigation from medium-scale irrigation projects additional 4. Irrigate 1,200 ha by supplying water to Khagari irrigation project from Bagmara lift project. 5. Other Irrigation Project <ol style="list-style-type: none"> a) Completing Chandu Dam b) Completing Mallaz Irrigation Project. c) Initiating Charunga Charan Lift Project. 6. Completing Chanda Mohana project. 7. Organising the management of Rajpur Irrigation project. 8. Extending irrigation to 3,000 ha from Sikta Irrigation Project. 9. Extending irrigation to 25,00 ha from third phase of Mahakali irrigation project. 	<p>Commitment of govt. budget</p> <p>Commitment of foreign loans.</p> <p>Commitment of matching fund.</p> <p>Commitment on policies and programs.</p> <p>Continuity in participation of Department of Agriculture.</p> <p>Continuity of people's participation.</p>

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
				<ul style="list-style-type: none"> 10. Manage irrigation to 16,000 ha of areas under Bagmati Command Area Development Project. 11. Manage 20,100 ha of area under command area of first phase of Bagmati Irrigation Project 12. Manage irrigation facilities to 10,000 ha of land under the command area of Sunsari -Morang (third phase) 13. Complete and manage irrigation facilities to 15,100 ha of land under the command area of Sunsari -Morang (third phase running) 14. Development of new irrigation to cover 3,100 ha of land. 15. Extension of irrigation to 500 ha of land through Trishuli Irrigation Project. 	

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
7. Development of high-value crops through non-conventional technology.	Extension of fully controlled year-round irrigation facilities for crops intensity and diversification	a. Irrigation to additional 10,000 ha of land b. The crop intensity in areas with year-round irrigation will be increased from 185% to 200%. c. Affiliation with agriculture package programs conducted by district agriculture authority.	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	Extending irrigation to vegetable and fruits farms by constructing water reservoir and developing sprinkler, drip technology and cycle pump.	<ul style="list-style-type: none"> • commitment of foreign loans • Commitment of matching fund. • Continuity in participation of department of agriculture.
8. Conducting irrigation project through the loan assistance from Agriculture Development Bank.	Expanding facilities to farmers by extending loans from Agriculture Development Bank.	With the loan assistance received from the bank, irrigation will be extended to 30,000 ha from shallow and <i>duck</i> tube-wells, 6,000 from reform of farmers' canal, and 2,000 from drip and sprinkler technology.	Progress report of Agriculture Development Bank.	Developing irrigation through shallow tube-well, duck well, small surface irrigation project, farmers' canal reform, drip and sprinkler technologies in loan assistance from Agriculture Development Bank.	<ul style="list-style-type: none"> • Commitment of government budget.
9. Conducting irrigation project through ministry of Agriculture and co operatives.	Extending irrigation facilities by constructing small irrigation projects and reforming farmers' canal on the basis of farmers' group.	Extension of irrigation facilities to additional 10,000 ha in the plan period by conducting small irrigation projects through drip and sprinkler technologies, and reforming and expanding farmers' canal.	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	Developing irrigation through shallow tube-well, duck well, small surface irrigation project, farmers' canal reform, and drip and sprinkler technologies through ministry of Agriculture and co-operatives.	<ul style="list-style-type: none"> • Commitment of government budget.

Objectives	Strategy	Indicators	Sources of information	Major programs	Risk and obstacles
10. Conduct feasibility study	Conducting feasibility study for large-scale irrigation projects.	Number of feasibility study of the large-scale irrigation projects.	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Department of Irrigation • Special survey report. • Four-monthly and annual progress reports of the Department of Agriculture. • Four-monthly and annual progress reports of local bodies. 	Implementation procedures of large-scale projects like Bheri Babai diversion and Sunkoshi diversion will be initiated after conducting detailed feasibility study.	<ul style="list-style-type: none"> • Commitment of government budget.

3.9.2 Policy Matrix (Logframe)- Water Induced Disaster Control*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objectives: Effective management of water-induced disasters.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral objective: Effective management of water-induced disasters.</p>	<ul style="list-style-type: none"> Enhancing present institutional capacity of the concerned bodies by formulating policies and action plans. Promoting public participation and raising public awareness for precautionary steps to minimise damages and promoting system of re-establishment at local and community level. Stressing to conduct watershed management and river control programs in an integrated way by using locally available skill and resource through public participation. 	<ul style="list-style-type: none"> Policy and law for water-induced disaster management. Number of targeted programs for raising public awareness. Damages and relief programs created by Water-induced disasters. Projects/ programs related with watershed management must be initiated. Mapping of risks areas of 20 districts must be completed. 	<ul style="list-style-type: none"> Department of Water-induced Disaster control and department of Land and watershed Conservation. 	<ol style="list-style-type: none"> Formulating policy related with Water-induced Disaster management. Mapping and marking risk areas from the point of view of water-induced disaster. Development of expansion of proper technology through sample construction. Preparation and implementation of programs for Flood land management of sensitive rivers and preventive measures of sensitive cliffs. Pre-informing people about the possible damages from flood and landslide through pre-information system. Timely extension of relief to the people affected by the water-induced disasters and reestablishment of demanded infrastructures. Coordination among the institutions related with water-induced disaster management. Enhancing effectiveness of the bilateral committee related with Nepal-India border area immersion problems. 	<ul style="list-style-type: none"> Continuity in co-operation and co-ordination among related institutions. Availability of necessary financial resources.

*Quantitative targets are based on assumption of 6.2 per cent economic growth rate.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Results 1. Formulating policy related with the management of water-induced disaster	Policy and Programs <ul style="list-style-type: none"> • Institutionalised management of water-induced disasters as regular programs. 	<ul style="list-style-type: none"> • Management policy of water-induced disaster approved by the government. • Rules, regulation and manual. 	<ul style="list-style-type: none"> • Four -monthly and annual reports of Ministry of Water Resources and Department of Water Induced disaster management. 	<ul style="list-style-type: none"> • Formulating policy of management of water-induced disaster control • Preparing rules, regulations and manuals related with water-induced disaster management. 	<ul style="list-style-type: none"> • Continuity of co-ordination among concerned institutions.
2. Mapping and marking of risk areas from water-induced disasters	<ul style="list-style-type: none"> • Mapping and classification of risk areas. 	<ul style="list-style-type: none"> • Risk areas of 20 district will be completed. 	<ul style="list-style-type: none"> • Department of Water Induced disaster management 	<ul style="list-style-type: none"> • Mapping and marking of areas prone to flood, landslide, flow of gravel and explosion of glacier. • Preparation of lists and statistics of risk areas. 	<ul style="list-style-type: none"> • Continuity of co-ordination among concerned institutions.
3. Extending training to concerned government technicians through sample construction works to develop and expend proper technology.	<ul style="list-style-type: none"> • Development of proper technology suitable to local environment. • Extending training to technicians of concerned institution. • Enhancing capacity of local people to adopt security measures. 	<ul style="list-style-type: none"> • Number of sample construction works (15). • Extending training to 150 technicians. • Conducting public awareness programs (25 districts) • Number of participants (1,250) 	<ul style="list-style-type: none"> • Four -monthly and annual report of Department of Water Induced disaster management and other concerned institutions. 	<ul style="list-style-type: none"> • Developing technology through sample construction works to control flood, landslide and flow of gravel • Extending training to technicians of concerned institutions of the government on technology. • Enhancing awareness on minimising water-induced disasters to local people, schools and users groups through seminar, workshop and training. 	<ul style="list-style-type: none"> • Continuity of co-ordination among concerned institutions. • Continuity of public participation.
4. Initiate action plan to manage and control flood land of sensitive rivers and sensitive	<ul style="list-style-type: none"> • Proper management of watershed and sensitive rivers. 	<ul style="list-style-type: none"> • Number of managed rivers and watershed • -river control management (31 initial stage) • - Land conservation and 	<ul style="list-style-type: none"> • Four -monthly and annual report of Departments of Water Induced disaster management and 	<ul style="list-style-type: none"> • Updating some of already completed detail feasibility study of some of the sensitive rivers. • Implementing some economically and technically viable river and landslide control programs in co 	<ul style="list-style-type: none"> • Co-ordination between departments of Water -induced management and watershed

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
cliffs		landslide control (10 in initial stage)	Watershed management.	ordination with department of watershed management after completing studies	management.
5. Informing people over the possible damages from flood and landslide through pre-information technology.	<ul style="list-style-type: none"> Protecting life and property from water induced disaster through pre-information technology. 	<ul style="list-style-type: none"> Number of established pre-information technology rivers and glaciers 2 Land erosion and landslides 2 	<ul style="list-style-type: none"> Progress report of departments of Water Induced Disaster Management, Water and Meteorological, land and watershed management and road. 	<ul style="list-style-type: none"> Establishment of earlier warning technology in sensitive rivers and glaciers. Establishment of earlier warning technology in sensitive landslide areas. 	<ul style="list-style-type: none"> Co-ordination between departments of Meteorological and Water Induced Disaster Management
6. Extending-rescue operation to the affected areas by water induced disasters and co-operate to reconstruct damaged infrastructures.	<ul style="list-style-type: none"> Extending relief to the people affected by water-induced disaster. Extending co-operation to establish a regular system of adopting emergency security measures of the damaged infrastructures and re-establish them. 	<ul style="list-style-type: none"> Extent of damage. Progress report of relief efforts. Description of re-established projects. 	<ul style="list-style-type: none"> Four-monthly and annual reports of concerned institutions. Four-monthly and annual progress reports of concerned district offices. 	<ul style="list-style-type: none"> Storing relief materials in all five-development regions. Extending co-operation in distributing emergency relief in co-ordination with District Natural Calamities Management Committee. Extending technical cooperation to concerned district-level institutions. Conducting necessary reestablishment projects. 	<ul style="list-style-type: none"> Continuity of co-ordination with Ministry of Home and concerned district offices.
7. Co-ordinating among the institutions related with controlling water-induced	<ul style="list-style-type: none"> Making the water-induced disaster management effective by co-ordinating with various institutions. 	<ul style="list-style-type: none"> Gradually strengthening co-ordinating mechanism through joint co-ordinating committee meetings, seminars and workshops. 	<ul style="list-style-type: none"> Four-monthly and annual progress reports of Department of Water-induced Disaster Management. 	<ul style="list-style-type: none"> Conducting meeting of Joint Co-ordination Committee as per requirement. Conduction seminars and workshops. Organising necessary interaction among the concerned institutions. 	<ul style="list-style-type: none"> Continuity of co-ordination among various institutions related with Water-induced Disaster Management.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
disaster				<ul style="list-style-type: none"> Co-ordinating with Land and Watershed Department about watershed areas of the upper part of river while conducting river control programs 	
8. Enhancing effectiveness of the bilateral committee related with Nepal-India border area immersion problems.	<ul style="list-style-type: none"> Sorting out the immersion problems of the people living in the border areas. 	<ul style="list-style-type: none"> Joint Committee will be made effective. Minimising the number of immersion problems. 	<ul style="list-style-type: none"> Ministries of Foreign Affairs and Water resources. 	<ul style="list-style-type: none"> Conducting regular or necessary meetings of joint committees or sub-committee related with immersion problems. 	<ul style="list-style-type: none"> Relation with friendly neighbouring country.

3.10 Policy Matrix (Logframe)- Road transport*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Remarkable contribution of the road sector in national development.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral objectives: Given the need to promote sectoral unification and balance, and contribute for socio-economic development of least developed areas, the Tenth Plan aims contribute to support in achieving the national goal of poverty by constructing, repairing and maintaining road network.</p>	<ul style="list-style-type: none"> • Construction, development and expansion of strategic roads. • Construction of roads so as to contribute for the development of infrastructures and other economic activities. • Promotion of private sector in construction and maintenance of road network. • Arrangement of proper study, technology, environmental management along with security arrangement while constructing and expanding roads. • Implementation of planned system in construction, expansion and maintenance of roads and bridges. • Promote institutional development and capacity building as per the policy of liberal economic policy and decentralisation. 	<ul style="list-style-type: none"> • Road Construction (new) 1025 km. • Quality upgradeing 1764 km. • Improvement, rehabilitation and reconstruction of roads 596 km. • Bridges construction 200. • Periodic maintenance 1216 km. • Recurrent maintenance 5000 km. • Additional road link to 10 district headquarters • Expansion of roads. • Good condition of roads. • *Institutional enhancement. • Decline in transportation cost. 	<ul style="list-style-type: none"> • Four-monthly and annual programs reports. • Report of concerned seminars. • Special survey report. • Annual economic survey of ministry of finance. • Reports of various local and international organisations. • Observation and supervision. 	<ul style="list-style-type: none"> • Development, construction and expansion of strategic roads (including connecting district headquarters and Asian highway). • Construction and expansion of roads to contribute for economic activities, tourism, hydropower and other sectors • Encouragement to private sector in the development of road sector. • Adaptation of proper technology, arrangement for environmental management and road security. • Implementation of planned system for maintenance, expansion, and quality upgrading of roads. • Adoption of capacity decentralised system. 	<ul style="list-style-type: none"> • Budget should be released on time as per the program. • Reform and effective implementation of policy and programs. • Commitments made on foreign loans/grants and other aid should be maintained. • Political commitment and understanding should be continued. • Inter-sectoral co-operation and co-ordination should be developed and continued. • Monitoring of programs should be effective in various levels. • Public awareness and participation should be raised. • Capacity of local institutions should be enhanced. • Maximum utilisation of local resource and means. • Road fund should be operated. • Proper amount of budget according to total estimated budget should be annually allocated and released. • Conducive environment for the point of view of security should be created for smooth operation of projects and programs.

*Quantitative targets are based on the economic growth rate of 6.2 per cent.

3.11 Policy Matrix (Logframe)- Information and Communication Sector

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Remarkable contribution of Information and Communication in socio-economic development of the country.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
To ensure easy availability of news and information based on facts and truth to the general people on time.	<ul style="list-style-type: none"> Enhancing Participation of private sector. Clearing liabilities and responsibilities of private and government broadcasting services to develop, expand and operate their broadcasting services in a competitive and co-ordinated manner. Increase capability and effectiveness of postal service as an autonomous body. Developing a security printing press by creating a favourable environment within the country for all kinds of printing activities related with security printing, except printing paper notes. With an aim to develop healthy competition in the journalism sector and to bring effectiveness in flow of information, Department of Information would be developed as a centre of releasing information for general public in the country and abroad. Encourage private sector in production of Nepalese films and develop Nepal as a centre for international film related activities. 	<ul style="list-style-type: none"> Availability of television services in all parts of country. Increase in availability of radio services. Increase in availability and quality papers. Increase in availability of postal service. Increase in availability of E-mail and internet. * Availability of security press. 	<ul style="list-style-type: none"> Four-monthly and annual progress report of Ministry of Information and communication. Special survey report. Field inspection report. 	<ol style="list-style-type: none"> Expand television services to all people in an effective way. Expand radio services to all people in an effective way. Extension of security press services. Extension of telephone, e-mail and internet services in an effective way. Extension of quick and effective postal services. *Various activities of the development of film sector. 	<ul style="list-style-type: none"> Continuous threat to peace and security. Continuity of the importance of information and communication in the development process of the country.

*Quantitative targets are based on the economic growth rate of 6.2 per cent.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Quantity/results 1. Extending television services to all people and nation-wide effectively.	Policy/program <ul style="list-style-type: none"> • Extending television service nation-wide. • Broadcasting television programs to promote education, health, entertainment, tourism and environment conservation through a separate channel. • Making the country self-sustain by promoting participation of private sector. 	<ul style="list-style-type: none"> • Receive of television services nation-wide. • Receive of television services through metro channel nation-wide. • Establishment and operation of at least two regional programs producing centres. 	<ul style="list-style-type: none"> • Four-monthly and annual reports of NTV and Ministry of Information and Communication. • Special survey reports. • Field inspection reports. 	<ul style="list-style-type: none"> • Broadcasting television programs through transmitter with low capacity. • Establishment and operation of metro channel. • Operation of TV program producing centre in Pokhara and Itahari. • Promoting private sector in broadcasting TV programs. • Raising revenue through business-oriented programs. • Establishment and operation of earth station in Kathmandu. • Operation of programs to enhance efficiency of NTV. 	<ul style="list-style-type: none"> • Initiation of private sector. • Continuity of peace and security.
2. Extending radio services to all people and nation-wide effectively.	<ul style="list-style-type: none"> • Reform and expansion of radio broadcasting services. • Expansion of community FM radio services in participation of private sector. 	<ul style="list-style-type: none"> • Reliable radio services will reach all parts of the country. 	<ul style="list-style-type: none"> • Four-monthly and annual reports of Radio Nepal and Ministry of Information and Communication. 	<ul style="list-style-type: none"> • Reforming Short wave and medium wave radio services. • Expansion of FM services. 	<ul style="list-style-type: none"> • Initiation of communities and private sector. • Continuity of peace and security.
3. Initiating security press services	<ul style="list-style-type: none"> • Press of Department of Printing would be made autonomous. • Arrangement would be made for security printing inside the country. 	<ul style="list-style-type: none"> • Availability of security press services inside the country. 	<ul style="list-style-type: none"> • Four-monthly and annual reports of Department of printing and Ministry of Information and Communication. 	<ul style="list-style-type: none"> • Developing press of the Department of Printing as commercial institution by making it autonomous. • Arranging training for the development and maintenance of printing 	<ul style="list-style-type: none"> • Continuity on receiving national priority by security press program.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				services. <ul style="list-style-type: none"> Establishing security press building. Supplying and assembling of modern machines like multicolour and dry upset press and perfecting machines. 	
4. Extension of effective press services	<ul style="list-style-type: none"> Developing healthy, independent accountable journalism. 	<ul style="list-style-type: none"> Preserving papers through CD Rome technology. Effective operation of <i>communication village</i> 	<ul style="list-style-type: none"> Four-monthly and annual reports of Ministry of Information and Communication, Press Council, Department of Information and RSS. 	<ul style="list-style-type: none"> Establishing a CD Rom library. Enhancing efficiency of pressmen. Enhancing interactions between pressmen and various classes of the community. Publishing books and educational materials related with the development of journalism sector. 	<ul style="list-style-type: none"> Initiation of individuals and institutions related with journalism.
5. Extending telecommunication services like telephone, email and internet services in an effective and easily accessible manner	<ul style="list-style-type: none"> Expansion of competitive telecommunication services. Enhancing participation of private sector. 	<ul style="list-style-type: none"> Extending telephone services to 40 lines in every thousand people. Expansion of telephone services to all VDCs. Number of mbile telephone subscribers will reach 170,000. Extension of email 	<ul style="list-style-type: none"> Four-monthly and annual reports of Ministry of Information and Communication and Nepal Telecommunication Corporation. 	<ul style="list-style-type: none"> Expansion of basic telephone. Expansion of mobile phone services. Expansion of additional telecommunication services like email and internet 	<ul style="list-style-type: none"> Active role of private sector Continuity of peace and security

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		and internet services in at least 31 district headquarters. <ul style="list-style-type: none"> • Availability of pay phone services in all municipalities. 			
6 Extension of quality, reliable and quick postal services.	<ul style="list-style-type: none"> • Expansion of competitive postal services • Expanding the participation of private sector. 	<ul style="list-style-type: none"> • Expansion of money order services to ten countries. • Expansion of domestic express mail services to ten 10 areas and international express mail services to 20 countries 	<ul style="list-style-type: none"> • Four-monthly and annual reports of Ministry of Information and Department of Postal Service. 	<ul style="list-style-type: none"> • Institutional reform and manpower development of postal service. • Arrangement of physical equipment for enhancing postal services and expanding express mail services. • Expansion and strengthening of money order services. • Promotion of Philatelic programs and Postal Saving Bank Services. • Expansion of services like e-post. 	<ul style="list-style-type: none"> • Active role of private sector • Continuity of peace and security. • Continuity of co-operation from international postal associations.
7. Development of film sector.	<ul style="list-style-type: none"> • Development of films to promote nationality, discipline, and social norms and values. • Ensuring massive participation of private sector. 	<ul style="list-style-type: none"> • Number of films 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Manpower development of film sector. • Code of conduct in producing films. • Promotional services for film industries. • 	<ul style="list-style-type: none"> • Active role of private sector. • Continuity of peace and security.

3.12 Policy Matrix (Logframe)- science and technology*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Enhancing the use of Science, technology and Information Technology in increasing production and productivity and accelerating -economic development of the country.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Vision (sector-wise objective): There would be massive use of science and technology in socio-economic development activities.	<ul style="list-style-type: none"> Establishment of a mechanism to conduct research and development activities 	<ul style="list-style-type: none"> Effectiveness of technologies used in agriculture and industries. 	<ul style="list-style-type: none"> Four-monthly and annual reports of ministries of Agriculture, industry, and science and technology. 	1. Development and promotion of traditional and proper technology.	<ul style="list-style-type: none"> Availability of timely technologies for the use in agriculture, industry, education and health services.
	<ul style="list-style-type: none"> Contribute in raising socio-economic condition of people through the sustainable use of natural resource and means. 	<ul style="list-style-type: none"> Effectiveness of technologies used in education and health services. 	<ul style="list-style-type: none"> Special survey reports 	2. Ensuring the easy availability of renewable energy.	<ul style="list-style-type: none"> Availability of market management for the agricultural and industrial products produced by using timely technologies.
	<ul style="list-style-type: none"> Producing high-quality scientists manpower 	<ul style="list-style-type: none"> Access of consumers of different group to the technologies used agriculture Industries, education and health services and their proportionate growth 		3. Massive use and development of IT.	<ul style="list-style-type: none"> Availability of programs to increase the excess of people towards timely technologies.
	<ul style="list-style-type: none"> Development and expansion of meteorological services. 			4. Publicise and ensuring availability of information related with weather and floods.	
	<ul style="list-style-type: none"> Creating conducive environment for attracting private sector investment 			5. Expanding science education and	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	in IT sectors.			researches.	
	<ul style="list-style-type: none"> Establishing access of general people to IT through Community Information Centres. 				
	<ul style="list-style-type: none"> Expansion of training required using IT. 				
	<ul style="list-style-type: none"> Expansion and promotion of micro-hydel, solar power, wind power, improved ovens in rural areas. 				
	<ul style="list-style-type: none"> Creating environment to attract community and private sector in development and promotion of alternative energy and its expansion to rural areas. 				
	<ul style="list-style-type: none"> Establishment of a separate Rural Energy Fund to ensure a sustainable development of rural energy. 				

*Quantitative targets are based on the economic growth rate of 6.2 per cent.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Output/Result 1. Development and expansion of traditional and proper technologies	Policy/program <ul style="list-style-type: none"> Enhancing the production and productivity of agricultural industries by improving traditional technologies and adopting proper modern technologies. 	<ul style="list-style-type: none"> Qualitative change in the existing traditional technologies being adopting in Terai, hills and Himal. Increase in the use of new and proper technologies. 	<ul style="list-style-type: none"> Progress report of Ministry of Science and Technology Documents of Nepal Agricultural Research Center and Royal Nepal Academy for Science and Technology. 	<ul style="list-style-type: none"> Identifying various technologies being adopted in agriculture and industrial sector and taking measures to develop and reform them. Encouraging Agro-based industries in using improved and proper technologies. Encouraging research and tests of new technologies and 	<ul style="list-style-type: none"> Realization and initiation of technology development among the agro-based entrepreneurs.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				encouraging their uses.	
2. Easy availability of renewable energy.	<ul style="list-style-type: none"> • Increase in the use of bio-gas, solar power, wind power and hydropower. • Replacing petrol and diesel vehicles by electric-powered vehicles. • 	<ul style="list-style-type: none"> • Number of houses with bio-gas will be increased to 200,000. • Increase of household solar energy system to 52,000. • Use of at least 2,700 solar dryers. • Electricity production from micro-hydels will reach 100,000 kw. • Operation of 4,000 improved water mills. • Establishment of Rural Energy Fund. 	<ul style="list-style-type: none"> • Progress report of Ministry of Science and Technology. • Progress report of bio-gas promotion program. • Progress report of Alternative Energy promotion Center. 	<ul style="list-style-type: none"> • Conducting programs to produce energy from bio-gas, solar power, micro hydropower, wind power and other organic sources. • Distributing subsidies and loans. • Conducting community mobilization programs. • Establishing Rural Energy Fund. 	<ul style="list-style-type: none"> • Realization and initiation in using alternative and renewable energy. • Availability of subsidies and loan assistance.
3. Massive development and use of information technology.	<ul style="list-style-type: none"> • Legalizing the use of science and technology on priority basis. • Introducing computer education in all levels of school education. • Promoting private sector in the development of information technology. • Encouraging the use of information technology in areas like trade, education, health and rural development. • Development and expansion of information technology park. • Encouraging international trade of 	<ul style="list-style-type: none"> • Incorporation of science and technology courses from school to university level. Production of 50,000 information technology manpower in first three years. • Establishment of a national level information technology park in Banepa and completion of feasibility studies at various other parts. • Use of Ecommerce, E- 	<ul style="list-style-type: none"> • Progress report of Ministries of Science and Technology and Law. • Course of Study of school to university levels. • Progress report of ministries and departments. • Reports of ministries of Science and 	<ul style="list-style-type: none"> • Formulation of proper laws and rules for the development of science and technology. • Incorporating information technology education in schools and university levels. • Conducting 'computer education to all by 2010' program. • Expansion and development of information technology parks. • Connecting ministries and departments through electric 	<ul style="list-style-type: none"> • Upheavals in the international maker. • Availability of power and telephone services. • Continuity in realization about the importance of information technology among local bodies and other ministries. • Participation of

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	information technology.	governance, E-post, E-health in all municipalities and selected DDCs and VDCs. <ul style="list-style-type: none"> • Operation of at least 1,500-community information centers at VDCs level. • Total export amount of hardware and software to reach Rs 10 billion. 	Technology, Industry and Commerce, and chambers of commerce and industry. <ul style="list-style-type: none"> • Reports of National Planning Commission. 	network. <ul style="list-style-type: none"> • Expanding use of information technology in local development, trade, health services and postal services. • Promoting national and international private sector in the development and expansion of information technology. • Extending co-operation to information technology products produced in Nepal to enhance its competitiveness in the international trading. • Conduction awareness programs among the general public about the advantages of using information technologies. 	private sector.
4. Increase in availability and publicize of information related with meteorology and floods	<ul style="list-style-type: none"> • Qualitative improvement in collection of information related with meteorology and floods. • Exchange of information related with meteorology and floods at international level. • Availability of information related with meteorology and floods to general public. 	<ul style="list-style-type: none"> • Operation of 120 sub stations fitted with the equipment standardized by World Meteorological Organization under Department of Hydro and meteorological. • Establishment and operation of a center to study climate change in the Himalayan range. 	<ul style="list-style-type: none"> • Daily, monthly, four-monthly and annual reports of Department of Hydro and meteorological. 	<ul style="list-style-type: none"> • Improving the mechanism of measuring information on climate and flood and publicizing. • Operating all the Hydro Meteorological Stations under Department of Hydro and meteorological by fitting all necessary equipment. • Collecting and broadcasting satellite based information related with climate. 	<ul style="list-style-type: none"> • Initiation of neighboring countries in sharing information related with climate and floods.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<ul style="list-style-type: none"> Initiating negotiations and signing agreement with the neighboring countries for exchange of information on climate and floods. 	
5. Increment and expansion of research and science education.	<ul style="list-style-type: none"> Inclusion of science education in every levels of school and university. Promoting research for the development and expansion of science and technology. Publicizing the importance of science and technology in enhancing production and productivity of agriculture and industry, and ensuring its easy excess. 	<ul style="list-style-type: none"> Improvement in the course of study and educational materials and methods. Establishment and operational improvement of planetarium, science museum, laboratories and information collection centres. Use of and their improvement. Increase in awareness and participation of general public in adopting science and technology for enhancing production and productivity of agro-based industries. 	<ul style="list-style-type: none"> Progress reports of Ministry of Education and universities. Progress reports of Ministry of Science and Technology. Progress reports of Ministries of Forest, Agriculture and Industry Region-wise inspection reports 	<ul style="list-style-type: none"> Extending co-operation in improving science education at schools and universities level. Establishing and improving planetarium, science museum, laboratories and information collection centres. Improving information collection methodologies and their use. Conducting awareness programs to enhance the productivity of agro-based enterprises by adopting and improving technology and ensuring the availability of necessary equipment. 	<ul style="list-style-type: none"> Initiatives of concerned authorities in improving science education. Continuity of initiation of agro-based enterprises in improving technology.

3.13 Policy Matrix (Logframe) – Housing, Building and Urban Development *

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Productivity of the human resource will be increased sustainably.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Purpose (sectoral objective): Condition of human settlement will be improved sustainably.	<ul style="list-style-type: none"> • Guide urban development through the protection of historical and cultural heritages and the support of urban infrastructure in a sustainable manner. • Develop Kathmandu Valley as the capital city and touristic and cultural centre of the kingdom of Nepal, and develop the satellite towns around Kathmandu Valley. • Mobilize the means and resources of private sector and local elected bodies for the construction, operation and management of urban infrastructure. • Carry out the necessary regulating functions to systematize urban development. • Promote village-town partnership programme. • Develop urban housing with the participation and involvement of private sector. • Update and implement the building construction codes and standards. 	<ul style="list-style-type: none"> • Availability of the digital maps of the municipalities. • Increase the compliance of the norms of municipalities. • Availability of market centres that are systematic as per the national standards. • Execute sample programmes of densely populated settlements. • Increase in the completion of construction of government buildings. 	<ul style="list-style-type: none"> • Ministry of Physical Planning and Works • Department of Urban Development and Building Construction • Sectoral supervision reports 	<ol style="list-style-type: none"> 1. Enhance well-managed urbanization. 2. Develop interdependence of rural and urban regions. 3. Develop rural and urban housing. 4. Manage building construction and maintenance. 5. Develop the areas of special importance. 	<ul style="list-style-type: none"> • Continuation of the priority of His Majesty's Government on housing, urban development and building construction.

* The quantitative goals are based on the economic growth of 6.2 percent

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Results/Outcomes 1. Increase in planned urbanization.	Policies and working policies <ul style="list-style-type: none"> Obtain the participation of His Majesty's Government, local elected bodies, private sector and the beneficiaries for the development and improvement of urban areas based on the Plan. The role of His Majesty's Government will be supporting and facilitating. 	<ul style="list-style-type: none"> Availability of 1:2000-scale digital maps of all municipalities. Increase in the compliance of municipality norms. Availability of capable human resource in the area of management. Investment of private sector, consumers, local elected bodies and His Majesty's Government in the development of urban housing. Development of Hari Siddhi sub-municipality. Effectiveness of land development programmes in five municipalities. Availability of 20,000 housing plots in 500 ha. in Kathmandu Valley. Effectiveness of UEIP programmes in nine municipalities. Planned settlements in at least five squatters' settlements of Kathmandu Valley. 	<ul style="list-style-type: none"> Four-monthly and annual progress reports of the Ministry of Physical Planning and Works and concerned divisions, departments and programmes. 	<ul style="list-style-type: none"> Put the unplanned urbanization in order. Develop physical infrastructure. Develop Kathmandu Valley as a centre of tourism and culture and capital city. Conduct the programmes of urban and environmental improvements. Make well-developed housing plots available. Conduct sample programmes of densely populated settlements. Develop well-planned market centres. Conduct housing improvement programme. Develop safe and economical technologies. Make available the digital maps of municipalities. Increase in the compliance of municipality norms. 	<ul style="list-style-type: none"> Timely amendments of conflicting acts, laws and bylaws. Coordination among various institutions.
2. Develop	<ul style="list-style-type: none"> Encourage the scattered 	<ul style="list-style-type: none"> Availability of planned market 	<ul style="list-style-type: none"> Four-monthly and 	<ul style="list-style-type: none"> Planned physical development 	<ul style="list-style-type: none"> Coordination

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
interdependence between rural and urban areas.	<p>settlements to concentrate in the places having physical infrastructures.</p> <ul style="list-style-type: none"> • Systematize the small towns created by the changing rural economic conditions. • Encourage the development of economic development centres. 	<p>centres in at least 20 places according to national standards.</p> <ul style="list-style-type: none"> • Availability of physical plans of at least 25 urbanizing VDCs. • Availability of infrastructures of e-commerce in market centres. • Settlements developed according to the area development plans in different areas. 	<p>annual progress reports of Min. of Physical Planning and Works.</p>	<p>of small towns and market centres.</p> <ul style="list-style-type: none"> • Encourage area development according to economic growth corridor. • Construct and improve infrastructures that link villages and towns. • Develop small towns and markets in close vicinities to the highways. • Create employment and self-employment opportunities. 	<p>among various institutions.</p> <ul style="list-style-type: none"> • Readiness to change among the residents of settlements.
3. Rural and urban housing development	<ul style="list-style-type: none"> • Develop appropriate technologies to construct safe, economical and environment-friendly houses in rural and urban areas. • Conduct programmes to develop group and jointly owned houses envisaged by the national housing policy with the partnership of private sector. • Go on creating employment opportunities by maintaining a persistent relationship between housing and employment. 	<ul style="list-style-type: none"> • Conduct sample densely populated programmes of 10-15 households in two areas. • Provide concessional loans and technologies to 2000 low-income families. • Conduct programmes in 58 municipalities. • Collective and jointly owned housing programmes in four cities with private sector's involvement. 	<ul style="list-style-type: none"> • Department of Urban Development and Building Construction. • Nepal Housing Finance Company. • Private housing sector. • Reports of the Personnel Provident Fund. 	<ul style="list-style-type: none"> • Conduct densely populated settlement programmes in different areas of the kingdom. • Carry out land development programmes with the joint investment of HM Government and private sector. • Develop cooperative housing. • Follow partnership scheme between government and private sector to make urban services available effectively. • Conduct studies and research activities about housing technologies appropriate to different geographical areas. • Conduct residential building reform programme. 	<ul style="list-style-type: none"> • Lack of improvement in the capabilities of planning and implementation of local elected bodies. • Absence of public awareness. • Non-existence of coordination among various institutions.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>4. Arrangement of building construction and maintenance.</p>	<ul style="list-style-type: none"> • Use local materials, skills, and improved technologies in building construction to support domestic industries and businesses. • Systematize the existing tasks of building construction, management and repair/renovation through National Building Codes. 	<ul style="list-style-type: none"> • Publish the up-to-date documentation of the government buildings. • Complete the construction of parliament building. • Construction of offices, employee residential buildings in 10 districts. • Train 500 artisans and 500 other related technicians. • Construct 100 sample buildings by selecting appropriate materials and technologies for emergency building construction. 	<ul style="list-style-type: none"> • Department of Urban Development and Building Construction. • Nepal Housing Finance Company. • Rural Housing Company. • Private housing sector. • The Personnel Provident Fund. 	<ul style="list-style-type: none"> • Update the documentation of the government buildings. • Complete the buildings of Ministries of Finance, Land Reform and Management, Communication, General Administration, Local Development under construction. • Commence the construction of Parliament building after completing its design. • Make the processes of repair and building construction uniform and bring homogeneity in spaces required for the government offices. • Implement Building Codes in the government buildings and construct some office buildings as samples. • Building Codes Act, 1998 will be amended by incorporating the international standards/norms of natural disasters including fire, flood, 	<ul style="list-style-type: none"> • Timely amendments in conflicting acts, laws and bylaws. • Lack of planning and implementing capabilities of local elected bodies. • Want of public awareness. • Absence of coordination among different concerned institutions. • Timely amendment of the conflicting acts, laws and bylaws. • Lack of availability of skilled

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				landslide, and earthquake. <ul style="list-style-type: none"> • Make provision of the transfer of high technology by increasing the involvement of domestic consultants and construction entrepreneurs in the construction of large buildings. • Arrange emergency buildings for homeless people as a result of natural disasters to relieve them immediately. 	domestic artisans in required number.
5. Develop areas of special importance.		<ul style="list-style-type: none"> • Complete implementation of 10 areas as per the master plans. • Completed maintenance tasks on inventories. 	<ul style="list-style-type: none"> • Department of Urban Development and Building Construction. • Special Physical Area Infrastructure Development Project. 	<ul style="list-style-type: none"> • Prepare ten master plans based on priority. • Prepare inventories of temples, monasteries, stone spouts, religious places of refuge, etc. 	<ul style="list-style-type: none"> • Lack of coordination among different institutions. • Lack of awareness.

3.14.1 Policy Matrix (Logframe)- Population Management*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Overall Sectoral Objectives: the development programs that are based on the balanced of population will be sustainable.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Intention (sectoral objective) Development of small and qualitative family.	<ul style="list-style-type: none"> Reproductive health services will be made available and the late marriage and breast-feeding will be encouraged. Emphasis will be given to raise public awareness for population management. The policy to operate special programs focused on adolescents and the youths (10-24) will be undertaken. Population management will be made effective by reviewing population related laws and making policy reforms. Special emphasis will be given to raise the social and family status of women and skill development & growth of employment opportunities, women's literacy, and girls' education. The role of educational institutions in the formulation and implementation of population education programs will be increased. The role of local bodies in the operation of population management programs according to the concept of decentralization will be increased. The policy of participatory partnership of private and non-governmental sectors for the operation of population management tasks will be adopted. The internal and international migration will be regulated. 	<ul style="list-style-type: none"> Reduce the total fertility rate to 3.5 Increase the users of family planning services to 47.0 percent Reduce the infant mortality rate to 45 person (per 1000 live birth) Reduce child mortality to 72 (per 1000 live birth) Human Resource Development Index Gender Index Percentage of Literacy 	<ul style="list-style-type: none"> National census Surveys Gazette Research International publications Progress reports 	<ol style="list-style-type: none"> To tie up population with development activities Management of migration To take population management to the local level by participatory and decentralized manner 	
Output/Result 1. Tie up population with development activities	<ul style="list-style-type: none"> Policy / action plans Prepare policy and legal system, Carry out research and to flow information, 	<ul style="list-style-type: none"> Projection of population Population index 	<ul style="list-style-type: none"> Ministry of Population and Environment 	<ul style="list-style-type: none"> Reform of policy and legal system related to population Formulation and 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
2. Management of migration	Carry out study on trend of migration and coordinate the developmental efforts to minimize the negative impact of migration.	<ul style="list-style-type: none"> • Rate of migration • Change of population in different areas 		<p>implementation of longterm action plans related to population</p> <ul style="list-style-type: none"> • Population and information, education and communication and advocacy programs • Various researches and studies on population • Special programs on adolescents • Coordination between education and population • Preparation of Population Pressure Index <ul style="list-style-type: none"> • Record keeping of Nepali at the point of departure from Nepal and record keeping of foreigners at the point of arrival to Nepal • Regulate migration 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<ul style="list-style-type: none"> Considering the nature of migration carry out programs that relates rural and urban development 	
3. Take the management of population to the local level by participatory and decentralized manner		<ul style="list-style-type: none"> Number of programs 		<ul style="list-style-type: none"> Operation of population management programs with the involvement of local authorities and non-governmental organization 	

* The quantitative goals are based on the economic growth of 6.2 percent.

3.14.2 Policy Matrix (Logframe): Environment*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral broad objectives: The development programs that are based on the balance of population and environment will be sustainable.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Intention (sectoral objectives) <ul style="list-style-type: none"> To achieve sustainable development through the interrelationship between environment and development 	<ul style="list-style-type: none"> To internalize the environmental management with development programs, To mobilize the non-governmental and private sector, local authorities, and people for the environmental awareness raising campaign. To make a work plan by setting priorities to implement the treaties and proposals sanctioned at the international level, To set a national standard for air, water and noise pollution, To ban the mixing of drain directly to the rivers for controlling the river pollution. 	<ul style="list-style-type: none"> Implementation of international treaties/conventions, Pollution control and prevention, The number of programs that are appraised for the environmental impact assessment. 	<ul style="list-style-type: none"> Population and Environment Ministry Gazette Local bodies (municipalities) and various means of communication Ministry of Health 	<ol style="list-style-type: none"> Protection of Bio-diversity, land resources, and cultural resources, Control of pollution Appraisal of development programs from environmental perspectives 	<ul style="list-style-type: none"> Provision of law and order Promptness of vehicles owners Timely amendment of laws, acts, and regulations which are contradictory to each other.
Output/Result 1. Protection of bio-diversity, land resources and cultural resources	Policy / action plan <ul style="list-style-type: none"> Give emphasis on integrated development based on the inter-environmental relationship between the upper-land and 	<ul style="list-style-type: none"> There should be a central coordination system in the ministry 	<ul style="list-style-type: none"> Ministry of Population and Environment Ministry of Forest and Soil 	<ul style="list-style-type: none"> Study possible outbursts of glaciers Make arrangement to implement the international treaties Establish Environment Protection 	<ul style="list-style-type: none"> The continuous cooperation and support of various authorities is

* The quantitative goals are based on the economic growth of 6.2 percent

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>lower-land,</p> <ul style="list-style-type: none"> • Implement the policy of polluter/user pay the fee, 	<ul style="list-style-type: none"> • Bio-diversity plan will have come into being • Preparation of manuals 	<p>Conservation,</p> <ul style="list-style-type: none"> • Department of Archeology • Local bodies • NGOs 	<p>Trust and charge pollution control fee</p> <ul style="list-style-type: none"> • Carry out programs that emphasize on environment education • Carry out programs that protect land use and heritage protection • Increase the involvement of local people in the plan formulation 	<p>necessary</p>
2. Control of pollution	<ul style="list-style-type: none"> • Prepare standard for the users of natural resources and Implement it. • Ban the mixing of sewerage directly to rivers. 	<ul style="list-style-type: none"> • Implementation of standards • Formulation of laws • Preparation of manuals 	<ul style="list-style-type: none"> • Ministry of Population and Environment, • Municipalities, • Means of communications 	<ul style="list-style-type: none"> • Preparation of national standards of air, water and noise pollution • The provision of land use and waste disposal activities will be made mandatory for municipalities • Municipalities will be made compel to prepare sewerage strengthening system before developing settlement plans. • The measurement of pollution emitted by the motor vehicles will be extended and this task will be provided to local bodies 	<ul style="list-style-type: none"> • The pro-activeness of various vehicle owners • Coordination among various authorities
3. Evaluate development programs based on the environmental aspects	<ul style="list-style-type: none"> • Evaluate development strategies and policies from the environmental aspects. • Evaluate the Environmental aspects of development programs and projects. 	<ul style="list-style-type: none"> • Environmental management programs of ministries related to development 	<ul style="list-style-type: none"> • Developmental activities related ministries • Ministry of Population and Environment 	<ul style="list-style-type: none"> • Establish strategic environment assessment system and implement it. • The environment impact assessment system will be strengthen and made simple 	<ul style="list-style-type: none"> •

3.15 Policy Matrix (Logframe)- Education and Sports *

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Comprehensive Sectoral objective: Increase human resource development and its productivity sustainably.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Purpose (Sectoral objective): Make sustainable growth in access to, and quality and management capacity of education.</p>	<ul style="list-style-type: none"> • Increase literacy by expanding non-formal educational programmes and make non-formal education useful. • Emphasize on public participation of local level for the overall management of school education for which the government plays a strong role to facilitate, promote quality, regulate and provide service and support in line with the concept of decentralisation. • By calling attention to pre-primary education, emphasize on expansion and development of quality primary education to fulfil the national commitment of 'Education for All'. • Increase the opportunities by making the programmes of technical education and vocational training effective for the production of skilled human resource. • Increase the access for the transition of rising number of students passed from primary level to the secondary education and develop the secondary education to make the higher secondary level as the last destination of the school level education. • By adopting the principle of cost recovery in higher education, emphasise on its opportunity, quality and diversification. • Enhance the quality of education at all levels and make appropriate arrangement for teachers' training. • In view of the conditions of women, people from the lowest caste (dalits) and backward communities, conduct additional educational programmes to increase their access to quality education. 	<ul style="list-style-type: none"> • Percent of children of 6-14 years who do not go to school • Literacy percent of women and men 70 % (6 yrs +) <ul style="list-style-type: none"> - Female literacy (6 yrs+) 67% - Adult above 15 years – 63 % - Female literacy (15 yrs+) – 55% - Gender parity index – 0.8% • School enrolment ratio of girls and boys and dropout rate • Qualitative and objective bases of the teachers' promotion 	<ul style="list-style-type: none"> • School enrolment and attendance register • Trimester and annual progress reports of District Education Office and Min of Education & Sports • Reports of special surveys and evaluation • Field supervision 	<ol style="list-style-type: none"> 1. Encourage pre-primary education. 2. Universalise the quality of primary education. 3. Provide programmes of functional literacy and alternative, non-formal education to the adults and children deprived of primary school. 4. Raise the quality of, and access to, the secondary education. 5. Provide vocational training and technical education. 6. Increase the quality of, and access to, higher secondary education. 7. Raise the quality and diversification of, and access to, higher education. 8. Mobilize the youth and raise the 	<ul style="list-style-type: none"> • Lack of awareness of importance and readiness about education among local communities and guardians. • Lack of awareness and readiness towards education among the adults. • Absence of continuity of priority to education sector under the national social service.

<ul style="list-style-type: none"> To carry out the concept of 'Education for All', develop inclusive and integrated education system in line with the concept of special needs education for the groups requiring it including the persons with disability. Mobilize the youth in community development programmes by emphasizing on the sports development programmes from the local level. 	<ul style="list-style-type: none"> Number of school managed by the communities. 		<ul style="list-style-type: none"> diversification, quality of, and access to, sports. 	
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------	--	-------------------------------------------------------------------------------------------------------	--

* The quantitative targets are based on the economic growth rate of 6.2 percent

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Results/outcomes 1. Encourage the pre-primary education.	Policies/action plans <ul style="list-style-type: none"> The government supports the lead role of the local bodies and communities. 	<ul style="list-style-type: none"> Among those enrolled in class 1, at least 40% will have received the pre-primary education. In every VDC and every ward of the municipalities, at least two Child Development Centres will be established and run with active participation of the local communities. 	<ul style="list-style-type: none"> Records of class 1. Record of VDC/ Municipalities. Four-monthly and annual progress reports of District Education Offices (DEOs) and Ministry of Education and Sports (MOES). 	<ul style="list-style-type: none"> Awareness enhancement programmes of pre-primary education among the office bearers of local bodies and guardians. Provide physical assistance or block grants to the initiation of the local bodies to impart pre-primary education. Provide training of pre-primary education to local teachers. Make teaching materials available for pre-primary education. 	<ul style="list-style-type: none"> Decrease in concern among the local bodies and communities.
2. Enhancement of quality and universalization of primary education	<ul style="list-style-type: none"> His Majesty's Government (HMG) will bear all expenditures of public schools on primary education. Orient towards making primary education universal and compulsory. 	<ul style="list-style-type: none"> Net enrolment of primary level 90%, female teacher 30, ratio of teachers and students. Nutritious food to 450,000 students and special education to 30,000 to disables. Number of students receiving scholarship. Provide the ten-day teachers' training: pre-service to 25,000, in- 	<ul style="list-style-type: none"> School enrolment records. Records of school students (boys and girls) and teachers. Four-monthly and annual progress 	<ul style="list-style-type: none"> Construct/repair additional primary schools. Encourage the appointment of female teachers for primary education. Impart pre-service, in-service and refresher training to the teachers of primary education. Improve courses of study of primary education. Make the teaching materials of 	<ul style="list-style-type: none"> Decrease in educational awareness and readiness among the local bodies and communities.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> Encourage the women and the backward classes in special way. 	<p>service to 45,000, to all each year; provide 80,000 teaching licences.</p> <ul style="list-style-type: none"> Management training to 26,000 headmasters and School Management Committees, 4000 Education Committees of municipalities/VDCs; administrative training: long-term to 100 and short-term to 2400 persons. 	records of DEOs and MOES.	<p>primary education available.</p> <ul style="list-style-type: none"> Train concerned party of primary education in management and administration; and transfer school management. Make provision of nutrition to the students of primary schools. Integrate special education in primary education. 	<ul style="list-style-type: none"> In case teachers are not made aware of their professional responsibilities.
3. Provide the adults and children barred from going schools with literacy and non-formal job-oriented education.	<ul style="list-style-type: none"> Conduct movement of adult education with the involvement of the communities. Provide appropriate educational opportunities to the children out of the schools. 	<ul style="list-style-type: none"> Women's involvement in non-formal education. Availability of postliteracy practical education to at least 50% of the newly literate persons. Availability of skill-oriented training to at least 20% of post-literate persons. At least 200,000 children of the age group of 6-10 and 10-14 not going to school receive separate basic non-formal education. 	<ul style="list-style-type: none"> Class records of non-formal education. Four-monthly and annual progress records of MOES. Reports of special surveys. 	<ul style="list-style-type: none"> Make appropriate teaching materials available to literacy and work-oriented non-formal education of adult and children. Prepare human resource for literacy and work-oriented non-formal education. Conduct separate literacy programmes for the adults and children barred from going schools. Carry out non-formal education and community development activities in a coordinated way by setting up of community study centres. 	<ul style="list-style-type: none"> In case the targeted groups do not understand the importance of literacy.
4. Increase the quality of, and access to, secondary education.	<ul style="list-style-type: none"> Implement the concepts of community, institutional schools. Encourage women and backward class/communities to education. 	<ul style="list-style-type: none"> General enrolment rate: classes 6-8 65% and 9-10 45%. Ratio of teachers and students. No. of schools conducting special education – 200; no. of laboratories and libraries – 2000; nutritious food every year to 110,000 students; scholarship to 5000 girls students 	<ul style="list-style-type: none"> School enrolment records Records of school students (boys and girls), male and female teachers. 	<ul style="list-style-type: none"> Construct and repair additional secondary schools; extend block grants to conduct laboratories and libraries. Provide training on school management and administration of public secondary schools to the concerned people and transfer 	<ul style="list-style-type: none"> In case institutions are not strengthened to enhance access to, and quality

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>5. Provide vocational training and technical education.</p>	<ul style="list-style-type: none"> • Institutional strengthening of secondary education for its easy access and quality education. • Reduce the gap between skill development and labour market. • Incorporate occupational skill development in school education. 	<p>every year.</p> <ul style="list-style-type: none"> • Teacher's training: pre-service to 25,000; in-service to all and refresher to 1005 teachers. • Increase SEDU to 45. • Management training (all headmasters and School Management Committees); inspector's training to all. • Impart long-term vocational/technical training to 7100 persons and short-term to 23555 persons. • Add two technical colleges and two technical schools. • The ratio of teachers and students will be 1:30. • Conduct Annex Programme as sample and on trial in one general secondary school in each district. • Availability of 7100 trainers trained in various vocational/technical subjects. • Management training (to all managers of the government and non-government, vocational and 	<ul style="list-style-type: none"> • Four-monthly and annual progress records of DEOs and MOES. • Reports of special surveys. • Students' records and four-monthly and annual progress reports of vocational/technical educational institutions. • Four-monthly and annual progress reports of DEOs and MOES. • Four-monthly and annual progress reports 	<p>management.</p> <ul style="list-style-type: none"> • Impart pre-service, in-service and refresher training on secondary education to the teachers. • Spell out the qualification and distribute teaching licenses to the teachers of secondary education. • Make timely improvements in the curriculum of secondary education. • Make provision of nutrition and scholarship to the women and backward classes/communities. • Integrate special education in secondary level education. • Extend SEDU. • Arrange short-term vocational/technical training in consideration of labour market. • Provide/arrange for the long-term technical education based on the needs of the country and labour market. • Set up additional technical educational institutions and colleges. • Encourage institutional and private technical/vocational academies. • Conduct Annex Programmes in general secondary schools as sample and experiment. 	<p>of secondary education.</p> <ul style="list-style-type: none"> • In case targeted classes could not be made aware of the importance of vocational and technical skills.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		technical educational institutions). <ul style="list-style-type: none"> • Increase in the involvement of the persons having vocational skills in employment and self-employment. 	of CTEVT. <ul style="list-style-type: none"> • Vocational training and technical education; and special evaluation report of labour market. 		
6. increase the quality of, and access to, higher secondary education.	<ul style="list-style-type: none"> • Integrate the management of school education by implementing a unified course in school education of classes 1 to 12. 	<ul style="list-style-type: none"> • Raise general enrolment to 23%. • Bring up community higher schools to 205. • Implement the education of vocational subject in at least one community higher secondary school (HSS) of each district. • Ratio of teachers and students; teachers' training: 1000 pre-service and 500 in-service. • Management training (205 headmasters/principals). • Availability of block grants to 205 community HSSs based on school reform programme. • Formulate/enact unified education bill/act. • Prepare integrated course of study. 	<ul style="list-style-type: none"> • School enrolment records. • Records of students (boys and girls) and teachers (male and female). • Four-monthly and annual progress reports of DEOs and MOES. • Special survey reports. 	<ul style="list-style-type: none"> • Provide block grants to construct/establish additional HSSs, repair them, and conduct laboratories and libraries. • Train on management and administration of community HSSs and transfer management to the concerned people. • Provide pre-service, in-service and refresher training to the higher secondary teachers. • Timely improvement of courses of higher secondary education. • Arrange scholarship to women and backward classes/communities. • Prepare unified education act. • Formulate integrated curriculum. • Merge proficiency certificate level (of TU) into higher secondary education. 	<ul style="list-style-type: none"> • In case 205 HSSs could not be set up. • In case proficiency certificate level could not be displaced by HSSs.
7. Raise the quality and diversification of, and access to, higher education.	<ul style="list-style-type: none"> • Increase decentralization and autonomy of higher education. 	<ul style="list-style-type: none"> • Availability of higher education to 6% (of 18-22 age group) youths. • Availability of scholarship (10% of enrolled students) to targeted group 	<ul style="list-style-type: none"> • Enrolment records of universities. • Four-monthly 	<ul style="list-style-type: none"> • Establish universities in mid and far-western development regions. • Make provision of decentralization, institutional adjustment and autonomy 	<ul style="list-style-type: none"> • In case proficiency certificate level could

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> Encourage higher education to become competitive at national and international levels. Encourage private sector in higher education. Follow cost recovery principle. Displace proficiency certificate level. 	<p>(lowest caste or dalits, ethnic communities, the poor and women;</p> <ul style="list-style-type: none"> Ratio of teachers and students. Enhance educational, economic and occupational autonomy of all institutions involved in higher education. Adjust posts and structure of tuition fees. Establish and conduct at least one university, one Open University in each development region; establishment and operation of universities under deemed university concept. Condition of employment and self-employment of the graduates. Need of labour market and capability of the graduates. Displacement of proficiency certificate level. 	<p>and annual progress reports of the University Grants Commission and MOES.</p> <ul style="list-style-type: none"> Special evaluation reports on employment and self-employment and that on the need of labour market. 	<p>of the Tribhuvan University.</p> <ul style="list-style-type: none"> Arrangement of grants for tuition programmes based on the country's need. Establish open universities. Carry out studies or get the studies done on employment/self-employment conditions of the graduates. Maintain quality in tuition by arranging departmental investigation. Displace proficiency certificate level and merge it into higher secondary education. Review the posts of teachers in the Tribhuvan University (TU) by specifying the teacher-student ratio. Review the structure of tuition fees of TU based on social justice. 	<p>not be displaced.</p> <ul style="list-style-type: none"> In case cost recovery principle could not be implemented.
<p>8. Youth mobilization and increase in diversification and quality of, and access to, sports.</p>	<ul style="list-style-type: none"> Involve the youths (both males and females) in national development. Keep developing sports as the inalienable part of education. Encourage the youths (both males and females) to be 	<ul style="list-style-type: none"> Improvement of 3000 youths in volunteer programme with 50% participation of women. Establish and operationalise one sports and youth mobilization institution in each constituency. Number of teachers trained in sports. Prepare 1000 skilled trainers. Government grants to 100 sports organizations. 	<ul style="list-style-type: none"> Records and progress reports of youth and sports programmes. Four-monthly and annual progress reports of DEOs and MOES. Special survey 	<ul style="list-style-type: none"> Conduct youth volunteer programmes. Establish youth mobilization organisation and sports development centres at constituency level. Train the teachers and trainers on sports and youth mobilization. Provide training on sports management and strengthen institutions. Encourage to participate in sports competitions of national, SAARC, 	<ul style="list-style-type: none"> In case the youths do not show any enthusiasms to sports.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	competitive at national and international levels.	<ul style="list-style-type: none"> • Various prizes by participating in national, SAARC, Asian and World level sports competitions. • Number of managers trained in sports management. • Establish and operate at least one High Altitude Sports Training Centre. 	reports. <ul style="list-style-type: none"> • Four-monthly and annual progress reports of the Youth and Sports Council. • Field supervision. 	Asian and international levels. <ul style="list-style-type: none"> • Set up and run the High Altitude Sports Training Centre. • After incorporating sports as extracurricular activities in each level of formal education, train 26,000 teachers to conduct the same. 	

3.16 Policy Matrix (Logframe) - Health*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral objective: Ensure the health and productivity of the Nepalese people.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Purpose (sectoral objective): Availability of capable and effective health services (curative, preventive, promotional and rehabilitative services) on equality basis, and effective reproductive health and family planning services to bring down the rising people as well.</p>	<ul style="list-style-type: none"> Investment to provide essential health service to the poor and the backward communities will be increased gradually. Ayurved, naturopathy services and traditional healing systems (like homeopathy, Unani) will be developed as the supplementary health service. In order to protect and promote these services, these remedial systems will be developed by the use and development of local medicinal herbs and by enhancing skills and expertise. Health services will be gradually decentralized according to the Local Self-governance Act, 1998 and the office-bearers of Local Health Administration and Management Committees will be involved in orientation programmes to enhance their working capability. So as to raise the availability of and access to the essential health services of such main contributors of the health problems as safe motherhood, reproductive health, child health, nutrition, tuberculosis, kala-azar (typhus), malaria, Japanese encephalitis and other communicable diseases, the health service will be enhanced in rural and remote areas through special services. All government, non-government and private health institutions from the local level health institutions providing basic health services to the central level institutions providing specialist services will be effectively managed and strengthened by means of two-way communication system. With the aim of improving the quality of health services provided by the collaboration of the government, private and non-government sectors, the human, financial and physical resources will be managed effectively. By making reproductive health programme having imperative role in population management more effective, the family planning service will be made more extensive and effective based on the public choice and, hence, will help reduce maternal and child mortality. 	<ul style="list-style-type: none"> Life expectancy at birth will rise (from 61.9 to 65 years). Among those receiving curative, preventive, promotional health services, all 100% will be satisfied. The number of health workers will be adjusted as per the size of population. Decrease in time to reach the nearest health centre from the households (distance less than one hour's walk). Increase in assistance in management and operation of local level service units of health service from the local level. At all levels of health service, the participants will have enhanced capability to follow plan and management system. The process of ensuring the quality of service in the government, non-government and private sectors will be systematized. Human, financial and physical resources will be effectively arranged. 	<ul style="list-style-type: none"> Reports of household survey. Four-monthly and annual reports of MOH. Nepal Health and Demography Survey Report. 	<ol style="list-style-type: none"> Child health programme. Family health programme. Programme for the control of parasites and endemic diseases. Programme for the control of non-communicable diseases. Partnership and participation programme of the government, non-government and private sectors. Programme to operate with the coordination of such programmes as decentralization programme, qualitative management of human, financial and physical resources, population and environment. Programme for the development of alternative curative service system. Programme to enhance the effectiveness of health service through qualitative management of resources. 	<ul style="list-style-type: none"> In case the local elected bodies and the communities do not show any interest, In case of lack of confidence in peace and security, In case the users do not show any interest in receiving health service, In case the health service programme does not get priority and continuity, In case of lack of availability of rated human and physical resources, In case the financial sources dwindle.

* The quantitative goals base on general (expected) growth rate of 6.2

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Outcomes/Purposes</p> <p>1. Make effective programmes relating to the children available.</p>	<ul style="list-style-type: none"> • Policies and Action Plans • Make child health services available via child health programmes, district hospitals, primary health service centres, Municipality Boards and health posts and sub-health posts in VDCs. • Increase access of health services in order to improve the health of the children at risk. • Arrange quality medicines, machines and equipments for all the year round. 	<ul style="list-style-type: none"> • Ninety percent of the children under five will be vaccinated. • Bring down acute pneumonia caught by the children under five from current 5.3 to 3.5%. • Lessen acute problem of dehydration problem prevalent among the children under five from 5.4 to 3.5. • The ratio of malnutrition among the children below three will be brought down from 20.9 to 15.5%. • Reduce infant mortality from 64 per 1000 live birth to 45. • Bring down child mortality from 91 per 1000 to 72 per 1000. 	<ul style="list-style-type: none"> • Four-monthly and annual progress report of the Ministry of Health. • Reports of special survey (multiple survey) • Nepal Health and Demography Survey. 	<ul style="list-style-type: none"> • Vaccine, nutrition, and prevention of respiratory problems and diarrhoea. 	<ul style="list-style-type: none"> • In case confidence among consumers, guardians, local elected bodies and people in general seems to be low. • In case there is lack of availability or lack of continuity in distribution system of medicines, equipments and vaccination materials in the vaccine stores and other stores.
<p>2. Effective operation of the programmes related to family health.</p>	<ul style="list-style-type: none"> • Family health services will be made available through district hospitals, primary health centres, health posts and sub-health posts in each VDCs and each ward of municipalities. • Provide services related to safe motherhood through the 	<ul style="list-style-type: none"> • Use of the means of family planning will increase from 39 to 47%. • Obstetric services from trained persons will increase from 13 to 18%. • The women receiving pre-natal services for four times will increase 	<ul style="list-style-type: none"> • Four-monthly and annual progress reports of MOH. • Nepal Health and Demographic 	<ul style="list-style-type: none"> • Safe motherhood and adolescence services. • Family planning services. • Female community health volunteers programmes. • Information, 	<ul style="list-style-type: none"> • In case the local communities and guardians do not show any interest on the importance of family health.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>partnership network of the government, non-government and private sectors; and the district hospital will be strengthened for emergency obstetric care.</p> <ul style="list-style-type: none"> Carry out special services with priority aimed at the women under high-risk pregnancy. Arrange supply of qualitative medicines, equipments and apparatus for all the year round. 	<p>form 16 to 25 percent.</p> <ul style="list-style-type: none"> Number of women (15-44 yrs age group) receiving TT vaccines will increase form 15 to 50 percent. At least 30% adolescents will be informed about reproductive health. Maternal mortality rate will reduce from 415 per 100 thousand to 300 per 100 thousand obstetric cases. Total fertility rate will reduce from 4.1 to 3.5. 	<p>Survey (NHDS) reports.</p>	<p>communication and education.</p> <ul style="list-style-type: none"> Provide special services to the people at risks (Emergency Obstetric Care, National Intensive Care, etc.). 	
3. Control of communicable diseases will be effective.	<ul style="list-style-type: none"> The services related to communicable diseases and emergency life saving will be made accessible to the people in general up to the districts, municipalities and the village development committees. 	<ul style="list-style-type: none"> Epidemic of malaria will decline from 0.56 to 0.10 and that of typhus from 0.29 to 0.10. Effectiveness of diagnosis of tuberculosis will be raised from 67% to 90% and population and patients receiving DOT service and its effectiveness will reach to 90%. Population affected by leprosy will reduce from 3.88 to 0.80%. Awareness about HIV/AIDS will reach from 52.5 to 70%. Emergency services as per the protocol will be made available in 75 districts. 	<ul style="list-style-type: none"> Annual and four-monthly progress reports of MOH. Nepal Demography and Health Survey. Surveillance reports. Early Warning Response (EWR). Report of Ministry of Home Affairs about pandemics. Four-monthly 	<ul style="list-style-type: none"> Prevention and curative services, and rehabilitation and dissemination of the vector-borne diseases. Control of tuberculosis and leprosy. Management and preparation for emergency and disaster services. HIV/AIDS, sexually transmitted diseases, eradication of drug addiction, environmental and professional health, urban health. 	<ul style="list-style-type: none"> In case the patients, guardians, local bodies and people in general do not show preparedness. Persistent lack of peace and security. Lack of continuous availability of workforce and resources.
4. Prevention of	<ul style="list-style-type: none"> Extension of preventive and 	<ul style="list-style-type: none"> Provide specialist services by the 		<ul style="list-style-type: none"> Explore the conditions of 	<ul style="list-style-type: none"> In case the

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
non-communicable diseases will be effective.	<p>promotional rehabilitation service.</p> <ul style="list-style-type: none"> Follow the results of the management studies of non-communicable diseases. 	<p>concerned hospitals to 60% of cases referred from the local level health institutions.</p> <ul style="list-style-type: none"> Provide cost-free specialist services by the zonal and higher level hospitals to 70% people identified as the poor and helpless. Ninety percent people will be having services against common diseases. Provide 80% people with the treatment related to eye and ear. Reduce the number of drug addiction by 25 percent. Reduce cases of mental problems and mouth health by 20%. Preventive and promotional health services will reach at school environment and business levels. 	<p>and annual progress reports of MOH, related departments, divisions, sections and national programmes.</p> <ul style="list-style-type: none"> Special survey reports. Reports of MOH. 	<p>non-communicable diseases and strengthen curative service at various levels to conduct dissemination system in concerned hospitals.</p> <ul style="list-style-type: none"> Services to other than general diseases and essential health; health problems of eye, nose, ear, throat, mouth; health of mental and senior citizens, mobile team, safety net programmes aimed at excessively poor and helpless communities, health laboratories, diagnostic x-ray, other auxiliary services and blood transfusion services. 	<p>patients, guardians, stakeholders, local bodies and people in general do not show readiness.</p> <ul style="list-style-type: none"> In case resources are not available in time.
5. Cooperation and participation programmes of private and non-government sectors.	<ul style="list-style-type: none"> Increase the role of the government, non-government and private sectors. Increase the joint investment of the government, non-government and private sectors to provide health services. Arrange the process of ensuring the service quality in government, non-government and private 	<ul style="list-style-type: none"> Active participation of this sector. Partnership programmes will be operated to provide 25% of essential services. Partnership will be enhanced to conduct 50% of special services. Contributory non-government investment in health sector will be increased by 75% from the present level. 	<ul style="list-style-type: none"> Monitoring and evaluation reports of MOH. Four-monthly and annual reports of MOH. Four-monthly and annual 	<ul style="list-style-type: none"> Maintain cooperation to provide health services, and set up dissemination system network of the local to specialised services with the involvement of the government, non-government and private sectors. Systematize the quality 	<ul style="list-style-type: none"> Decrease in readiness of local elected bodies and communities. In case health workers do not feel the sense of responsibility. If the women

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>sectors.</p> <ul style="list-style-type: none"> Update the systems of review, supervision and resource mobilization with the formation of target group of skilled human resource. 	<ul style="list-style-type: none"> In addition to the partnership of government and private sectors, dissemination system network will be set up. Partnership will be enhanced to provide 50% of non-essential services. 	<p>reports of the M & E Division.</p>	<p>process of services in government, non-government and private sectors.</p>	<p>and backward communities are not encouraged towards health services.</p> <ul style="list-style-type: none"> Promote decrease in labour market. Lack of preparedness among people in general and guardians. Decrease in the commitment of HMG.
<p>6. Effective decentralization will be ensured in all levels of health services.</p>	<ul style="list-style-type: none"> To increase the availability of health services and to improve the health condition of the backward communities, mobilize the available services at the local level by forming volunteer groups. Provide health services aimed at the poor and the backward people by conducting special information, communication technologies and distant education. Strengthen the system of participatory planning and management. Make the roles of the Health Management and Operation 	<ul style="list-style-type: none"> The number of decentralized programmes being implemented by the communities with their own decisions will increase. 	<ul style="list-style-type: none"> Reports of HMIS. Annual and four-monthly progress statements of the MOH, departments and divisions. Reports of local elected bodies. 	<ul style="list-style-type: none"> Establish partnership process. Partnership plan and management system. 	<ul style="list-style-type: none"> In case local communities, consumers and guardians do not realize importance of decentralization in health sector. In case the targeted communities do not realize the importance of health.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	Committees effective. <ul style="list-style-type: none"> Enhance the participatory plan formulation and management capabilities at all levels by maintaining gender balance. 				
7. Develop alternative medical services system.	<ul style="list-style-type: none"> Ayurveda, homeopathy, unani and naturo-therapeutic medical systems will be continued as the complementary medical systems of health services. 	<ul style="list-style-type: none"> Effective decentralization will be ensured at all levels of health services through participatory system. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
8. Effectiveness of health sector will be enhanced with quality management of resources.	<ul style="list-style-type: none"> Develop effective and capable health management system. Develop appropriate human resource and employ it in health service. Increase availability of required resources and establish policy mechanism to utilize it appropriately. Systematize year-round supply process of designated medicines and approved medical materials. 	<ul style="list-style-type: none"> Use of health information will increase by 80% while preparing plans and programmes. Availability of essential health services will increase from 70 to 90 percent. All 100% of workforce involved in health service will be trained. At least 80% of health institutions will have regular service of 100% qualified, skilled and expert workforce. Availability of 80 to 90 percent of essential medicines in the designated health institutions. At least 80% of health institutions will maintain 100% accepted standards of health materials. 	<ul style="list-style-type: none"> Reports of HMIS, HLMIS, HEIS. Four-monthly and annual reports. 	<ul style="list-style-type: none"> Development of physical infrastructure/structure and their reconstruction. Workforce development. Information, personal statements, logistic management information system (HMIS, HLMIS, HEIS) Medicines, equipments, community medicines and health insurance management. 	<ul style="list-style-type: none"> In case the patients, guardians, local elected bodies and communities do not show willingness.

3.17 Policy Matrix (Logframe)- Drinking Water and Sanitation*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Objective: Improve public health and increase productivity by providing drinking water and sanitation service

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector Objective: Improve public health and increase productivity by supplying drinking water and sanitation services in a sustainable manner.</p>	<ul style="list-style-type: none"> Drinking water project(s) will be operated on the basis of cost recovery principle. Drinking water project(s) will be constructed and operated with the involvement and participation of Users' Community and local resources will be mobilized to the maximum. Emphasis will be laid down to increase skill and capacity of the users' community/committees and NGOs who will involved in the mobilization of rural drinking water schemes / projects Priority will be given to appropriate, simple technology based projects / schemes, which could be afforded by the consumers' committees. In those places where there are no permanent sources of water and enough water quantity, drinking water will be supplied by adopting rainwater harvesting, solar PV pump, high dam (hydro ram), etc. Priority will be accorded to rural drinking water projects to be reconstructed and uncompleted /ongoing projects Adopt policy for proper protection and development of water storages by protecting the watershed and manage integrated use of its surface and underground water sources. 	<ul style="list-style-type: none"> 85% of population will benefit from basic drinking water services. Additional 5% population will be benefited from high level service Additional 10% population will be benefit from medium level service. Reduction of illness from water borne diseases (children below 5 years of age) Save in water fetching time. Increase in school enrolment of girl students in rural areas. Reduction in per capita expenditure in health treatment. 	<ul style="list-style-type: none"> District drinking water and sanitation documentaries. Trimester and annual programs of the Ministry of Physical Planning and Works. District health statistics Special survey reports 	<ol style="list-style-type: none"> Provide basic drinking water facility Provide appropriate sanitation facility Up-gradation of drinking water service level Increase capability of local bodies/institutions and consumers' community 	<ul style="list-style-type: none"> Continuity of peoples and local bodies participation and contribution Local level capacity building
	<ul style="list-style-type: none"> Sanitation will be made as an integral component of drinking water program. In urban areas where population density is high, 				

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>sewage drainage will be constructed with peoples' participation, while in other areas toilets construction will be emphasized.</p> <ul style="list-style-type: none"> National code of conduct/ norms for quality water will be developed to provide safe drinking water. Quality monitoring and controlling process will be strengthened. Also, national water regulatory authority will be set up. In urban areas, private sector involvement will be encouraged. Also, drinking water facility will be developed and extended by giving responsibility to District Development Committee (DDC), Village Development Committee (VDC) and municipality in line with the decentralization policy. 				
<p>Quantity/Outputs</p> <p>1. Provide basic drinking water</p>	<ul style="list-style-type: none"> Policy and Implementation Strategy: Construction of drinking water projects on the leadership and management of consumers Renovation and repair maintenance of old drinking water projects Maximum mobilization of people's participation including cash contribution. Apportion of rainwater harvesting technique where permanent water sources are not available. Increase participation for women's active role and effectiveness. Give full responsibility of repair and maintenance to consumers' groups and local institutions. Non-governmental organizations, community 	<ul style="list-style-type: none"> Benefited population from basic drinking water: 85% Benefited urban population from basic drinking water: 85% Number of projects in operation after construction Quantity of people's participation Participation of women in consumers groups Service to poor and neglected/oppressed communities. 	<ul style="list-style-type: none"> Statistics of Department of Drinking Water Reports of DDCs Reports of all the agencies involved in drinking water supply. 	<ul style="list-style-type: none"> Program of district water supply poster updating Rural drinking water program Rehabilitation of old projects program. Rain water harvesting program Skill and capability increase of non-governmental organizations/ community based organizations 	<ul style="list-style-type: none"> Continuation of community and local institutions' participation. Local institution capability development. Dispute over sources of water. Pollution of natural water sources

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	based organizations/ private sector's role will be the supportive and facilitator.			program	
2. Provide appropriate sanitation service.	<ul style="list-style-type: none"> Implement sanitation program as an integrated part of drinking water. Mobilize non-governmental organizations and community based organizations as supporter and facilitator. Encourage to construct sulav toilets based upon appropriate technology on the basis of geographical condition in rural areas. In dense urban areas, the emphasis will be to construct sewerage drainage with treatment plant. Mobilize local resources at the maximum. 	<ul style="list-style-type: none"> Number of households with private toilets. Number of households using public toilets. Benefited population with in the area of influence zone of sewerage drainage and length of drainage. 	<ul style="list-style-type: none"> District sanitation posters. Reports of agencies/institutions involved in sanitation. Special surveys and evaluation report Field inspection 	<ul style="list-style-type: none"> Sanitation program as an integral part of drinking water program. Urban sector sewerage drainage construction program. Health education and public awareness increase program. Rural sanitation program 	<ul style="list-style-type: none"> Priority on sanitation by communities
3. Up gradation of level of drinking water service.	<ul style="list-style-type: none"> Contribution by consumers required for more expenditure for upgrading service level than the basic service level. Encourage private sector involvement in the urban drinking water management. Operate drinking water service on the basis of cost recovery principle. Make strong monitoring and control process by developing national drinking water quality standard. 	<ul style="list-style-type: none"> Number of households/population using high level service of drinking water. Number of households/population using medium level drinking water service. Time saving in drinking water fetching. Increase of private sector involvement Execution of national drinking water standard in the management of urban drinking water 	<ul style="list-style-type: none"> Number of private taps users. Number of good and better service providing systems. Reports of agencies involved drinking water sector. Special surveys and evaluation reports 	<ul style="list-style-type: none"> Kathmandu Valley drinking water improvement program (Melamchi drinking water project). Kathmandu Valley Drinking Water Authority and involvement of private sector in the management of drinking water service. 	<ul style="list-style-type: none"> Implementation of cost recovery based urban drinking water supply. Interest of private sector in urban drinking water sector.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		supply.			
4. Capacity building of local institutions and consumers' groups	<ul style="list-style-type: none"> • Consumers' group/committee play implementer's role. • Provide training to consumers' groups/ local institutions on drinking water management and health education. • Local institutions play the role of facilitators 	<ul style="list-style-type: none"> • Completion of projects within the time frame. • Permanent systems operated and maintained by consumers. • Trained consumers and repair -maintenance workers 	<ul style="list-style-type: none"> • Reports of agencies involved drinking water and sanitation sector. • Special surveys and evaluation reports 	<ul style="list-style-type: none"> • National norm/standard for drinking water quality development program. • Monitoring of urban and semi-urban drinking water by autonomous regulatory body. • Continuation in participation and contribution of communities and local institutions. 	

* Quantitative targets are based upon 6.2% economic growth rate.

3.18 Policy Matrix (Logframe)- Women, Children and Social Welfare*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Sectoral Macro Objectives: Standard of living of women, children, disables and senior (male and female old people) citizens will be raised

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sectoral objectives: Emerge contribution of women, children, disables, senior citizens and non-governmental organizations (NGO) into mainstream of national development</p>	<ul style="list-style-type: none"> • Make the process of formulation, coordination, evaluation and monitoring of policy and targeted programs related to women participation sector effective. • Increase women participation in all phases of cycles of all types of programs including poverty alleviation and income generation programs implemented at local level. • Amend legal discriminatory provisions against women on the basis of equality and international commitment. • Bring children's rights on the basis of rights oriented concept in the mainstream of national development. • Extension of disables' access to economic, social and all types of opportunities, development amendment to suit the time demand of laws, policy formation for ensuring protection of economic and social security. • Launch programs oriented towards social security and rights related to senior citizens 	<ul style="list-style-type: none"> • Amendment in acts and regulations. • Gender Development Index. Gender Empowement Measure and participation rate of women in policy formation. • Child mortality rate, school enrolment rate, birth registration rate, rates like child mirage, child labor, nutrition, etc. • Average age of senior citizens. • participation of disables and service to them. – Increase in institutional structure. • Coordination among NGOs. –Indicators of population, social and economic. 	<ul style="list-style-type: none"> • Human Development Report of Nepal • Central Bureau of Statistics • Annual reports of line ministries. • Social Welfare Council and district administrative offices. 	<ol style="list-style-type: none"> 1. Capacity development for increase in women participation, increase women's access to resources and abolition of all types of discrimination against women. 2. Prepare national work plan related to children's right. 3. Prevention of disables, provide opportunity to disables to lead a dignified life. 4. Develop capability of senior citizens, social security and provide opportunity to lead respectable life 5. Creation of institutional structure and strengthening of existing structures. 6. Arrangement of co-working, coordination, monitoring and evaluation with NGO/ civil societies. 	<ul style="list-style-type: none"> • Social discrimination continued. • Availability of resources for implementation of welfare policy. • Political instability

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Quantity/Outputs</p> <p>1. Capacity building, increase of women access to resources and abolition/elimination of all types of discrimination against women for increasing their participation.</p>	<ul style="list-style-type: none"> • Policy and Implementation Strategy: • Amendment in the existing acts relating to discrimination against women. • Increase in public awareness related to women rights and gender equity. • Special measures to introduce for increasing women participation in the returns of opportunity and development. • Control of crime against women. • Increase of skill training and flow of credit • Include domestic labor in the national accounting system. • Increase of women access to resources and control. • Development of existing institutions for work related to women rights and gender equity. 	<ul style="list-style-type: none"> • Participation ratio in political, administrative, employment sector. • Gender sensitive curriculum. • Number of complains against crimes. • Assessment of women domestic work. 	<ul style="list-style-type: none"> • National population census • Repots of Election Commission, Public Service Commission, and Nyaya Parisad (Council of Justice). • Annal Crime statis tics of Police Headquater. • Human Development Report of Nepal. • Central law service committee/ Nepal Bar Association. 	<ul style="list-style-type: none"> • Preparation of national plan of actions and development of laws based upon equity principle by amending discriminatory acts. • Condu t of regular gender awareness training oriented program at local level and provide training on leadership, skill and capacity building for women empowerment. • Make aware against ill-system and tradition related to act of killing (boksi, jhuma, deuki, badi, etc.) including women rights and gender equality • Arrangement and coordination of compensation, consultation, health treatment, legal support, reintegration pac k age program for women affected by crimes. 	<ul style="list-style-type: none"> • acceptance of existing patriarchal system and values • Vagueness in respect of equality concept among concerned agencies. • Realiza tion of importance social obligation among employers. • Lack of importance of gender sensitivity at decision level
				<ul style="list-style-type: none"> • Women groups formation and market arrangement for 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				<p>increase of their access to economic resource, income generation and employment.</p> <ul style="list-style-type: none"> • Development of monitoring and evaluation system of treaties and conventions related to all types of discrimination against women. • Development of institution for empowerment of national women commission, women rights and gender equality related works. • Gender analysis of policy, program and budget as well as assessment of domestic work of women. • Establishment of national gender resource centre. 	
<p>2. Protection of children' rights and ensure development</p>	<ul style="list-style-type: none"> • Reform in the existing laws to strengthen children's right and development • Abolition of children's exploitation like ill-treatment (sex exploitation and misbehave, labor exploitation, 	<ul style="list-style-type: none"> • Amended acts and regulation. • Increase in rehabilitation of children like labor, street , drug abuse. 	<ul style="list-style-type: none"> • Annual report of Ministry of Home • Central children welfare committee. • Report of Ministry 	<ul style="list-style-type: none"> • Reform of acts related to child rights and development of national plan of action. • Increase of children access to education and 	<ul style="list-style-type: none"> • Terrorist activities • Increase in HIV/AIDS problem and increase in

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>use in terrorist activities, etc.</p> <ul style="list-style-type: none"> • Increase of children education and health facility. • Increase in birth registration, control of child marriage and monitoring of adopted children, male and female situation. • Awareness raising on protection of children' rights and reform of institutional system 	<ul style="list-style-type: none"> • Number of sexually ill-treated children, • Establishment of child reform centre and residence. • Decrease in child mortality, growth in education, increase in birth registration, reduction of child marriage. • Number of adopted children and list of their monitoring. 	<p>of Labor</p> <ul style="list-style-type: none"> • Annual report of Ministry of women, children and social welfare. 	<p>health and its continuation.</p> <ul style="list-style-type: none"> • Program of child labor elimination • Rehabilitation of sexually exploited, ill-behaved, traded and used in mean labor including the children in hardship in 5 development regional centres and their vocational training program • Birth registration, child labor, child marriage control including awareness children rights program. • Institutional reform of central and district child welfare committee. 	<p>girl trafficking</p> <ul style="list-style-type: none"> • Continuity of availability of resources
				<ul style="list-style-type: none"> • Establishment of national resource centre. • Other works related to children rights. • Financial support and grant to the Nepal Children Organization including NGOs working in the areas of children 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				rights for their protection and development related program.	
3. Reduce disability and make them normal for dignified living.	<ul style="list-style-type: none"> • Undertake reform legal reform to protect rights of disables and prepare national plan of action. • Make living condition of disables comfortable. • Develop capability of disables. • Increase disables' participation in the [programs related to them. 	<ul style="list-style-type: none"> • Literacy of disables, school enrolment. • Increase in self – employed or employed disables. • Rehabilitation of disables related to increase in human resources 	<ul style="list-style-type: none"> • Reports of line ministries. • Annual report of Ministry of Education. • Reports of national disables association and disables concerned institutions. 	<ul style="list-style-type: none"> • Amendment in the acts to suit demand of time and formulation of national plan of action, • Implement or make implement programs of preventive, curative and supportive service. • Implement or make implement education and skill oriented training program • Implement or make implement community based rehabilitation programs • 	<ul style="list-style-type: none"> • - Availability of fund and resources
				<ul style="list-style-type: none"> • Rebate on transport, entertainment and health service, • Launch awareness programs to develop positive attitude toward disables in the society, • Strengthen the federation of disables and institutions, • Distribution of disables' 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				identity cards and updating of disables record.	
4. Capability development of senior citizens and guarantee of social security and dignified living.	<ul style="list-style-type: none"> Amendment in acts and reform legal system. Increase of social security of senior citizens and special arrangement for their respect and awareness increase. Utilize the ability, experience and knowledge of senior citizens in development work. Construction of old-age home and extend it. Keep in mind ageing population while preparing. 	<ul style="list-style-type: none"> Number of senior citizens and widows receiving allowances. Operation of old-age homes in 5 development regions. Number of geriatric ward in hospitals. 	<ul style="list-style-type: none"> Financial act/ budget red book. Annual report of Ministry of women, children, and social welfare Report of Ministry of Health 	<ul style="list-style-type: none"> Continuation of on-going social security programs of senior citizens and helpless widows. Arrange geriatric ward and consultation for treatment. Operate old-age homes and establish day-care centre and develop it for lecturing, entertaining and meditation study. Publicity of print materials related to respect creating of senior citizens. Establishment of senior citizens Fund. 	<ul style="list-style-type: none"> Availability of fund and resources. Realization of importance of birth, death and registration of individual events.
5. Establishment of institutional framework and strengthening of existing institutions.	<ul style="list-style-type: none"> Development of strengthened institutional framework to guarantee rights of women, children, disables and senior citizens. Development of monitoring and evaluation system. 	<ul style="list-style-type: none"> Statistics on gender discrimination Computer data base of statistics. 	<ul style="list-style-type: none"> Secretariat of parliament/ Gazette. Annual report of Ministry of Women. Annual report of Supreme Court 	<ul style="list-style-type: none"> Empowerment of national women commission and centre and district welfare committee and other committees with fund and resources. Establishment of resource centre (gender, children, senior 	<ul style="list-style-type: none"> Effectiveness in coordination Other ministries' response to their role and responsibility. Continuation of fund and

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				citizen, disables). <ul style="list-style-type: none"> Establishment and strengthening of women branch/unit in all line ministries. Make effective role of ministry of women, children and social welfare in keeping contact with other ministries to adjust, coordinate, monitoring and evaluation of programs related to children, disables and senior citizens. Equipped child hearing cases units (child courts) with physical facility and resources. 	resources
6. Encourage and motivate NGOs and civil societies to contribute in the development of women, children, disables and senior citizens.	<ul style="list-style-type: none"> Increase direct involvement of local institutions, NGOs and civil society in different programs of social and economic development as well as gender equality. Motivate NGOs to work in remote and backward areas. Make NGOs responsible and transparent their activities. 	<ul style="list-style-type: none"> Increase of NGOs (qualitative and quantitative) Code of conduct of NGOs 	<ul style="list-style-type: none"> Social Welfare Council / District Administrative Office. Association of NGOs. Report of Ministry of Information and Communication 	<ul style="list-style-type: none"> Amendment in acts and regulation coordinating with social welfare council and district administrative office for increasing rights and duties of NGOs and civil societies. Undertake joint working with NGOs in the fields of education, health, law, crime, children, 	<ul style="list-style-type: none"> Continuation of fund and resources. Active cooperation of institutions and agencies to rectify code of conduct. Continuation of objective

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				senior citizens, disables, community development, public awareness along with the programs related to agriculture, forestry, electricity drinking w ater and income generation. <ul style="list-style-type: none"> • Increase transpa rency, uniformity and self dependence of national and international NGOs, • Arrange award, prizes, etc. to NGOs contributing in creating environment for quality service and competition. 	evaluation.

* Quantitative targets are based upon 6.2% economic growth rate.

3.19 Policy Matrix (Logframe) Local Development*

Overarching National Objective: Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Comprehensive sector objective: Reduction in poverty due to the easy access of local people particularly of the economically and socially backward area, caste, nationalities and class to the services made locally available.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective Reduction in poverty due to the access of local people particularly of the economically and socially backward area, caste, nationalities and class to the services made locally available.</p>	<ul style="list-style-type: none"> • Make stakeholders directly participants in every phase of development plan preparation, implementation, monitoring and evaluation at the local level. • Focus the local development programs on the people of neglected and oppressed caste and nationality, backward group and backward geographical area based on development index and resources available at the local level. • Continuously increase coordination and cooperation among the programs to be implemented at the local level. • Implement development programs at the local level using environment friendly and labor-intensive technology. 	<ul style="list-style-type: none"> • Creation of 300,000 self employments • Creation of 40 million (400,000x100) man-days of employments due to construction work including the construction of infrastructures. • Increase in internal resources of local bodies by at least 50%. • Beneficiaries of programs will be at least 30% people of the backward caste, nationalities and class. • Women's participation in programs will be 40% 	<ul style="list-style-type: none"> • Report of Local Development Ministry and Department; Studies and reports made by local bodies; Report of target group and nationalities' academy; Report on regional and infrastructure work program 	<ol style="list-style-type: none"> 1. Organizational strengthening of local bodies 2. Increase in the resource mobilization ability of local bodies. 3. Improvement in the quality of delivering services by local bodies. 4. Durability of, maintenance of and use of physical infrastructures constructed/ repaired at the local level. 5. Implementation of income generating programs at the local level. 6. Social and economical capital formation and social transformation due to social mobilization at the community level. 	<p>Donor agencies will keep up their committed assistance.</p>
<p>Outcome/Results 1. Institutional strengthening of</p>	<p>Policy/action policy</p> <ul style="list-style-type: none"> • Make District Development Committees more capable and 	<ul style="list-style-type: none"> • All Districts and municipalities will prepare periodic plans. 	<ul style="list-style-type: none"> • Reports of the Ministry of Local 	<ul style="list-style-type: none"> • Strengthen the linkage of a local planning system with the center. • Prepare district development 	<p>-</p>

* Quantitative targets based on growth rate of 6.2%

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
local bodies.	<p>responsible. Further strengthening the coordination of District Development Committees with Regional Offices of National Planning Commission for making plan preparation, and monitoring and evaluation tasks effective.</p> <ul style="list-style-type: none"> • Make provision for integrating population management, environmental conservation and development in the plans prepared by local bodies through spatial planning. • Make an appropriate institutional setup for redefining the remote area, and for preparing and implementing strategy and program on remote area development accordingly. 	<ul style="list-style-type: none"> • All DDC & municipalities will set up and strengthen the information system (GIS). • All VDCs will gradually set up and operate an information system. • All assistant staffs of second grade working at local bodies will have training. • 12,000 DDC office holders, 50,000 VDC office holders and 1,500 municipal office holders (including women) will have training. 	Development and department.	<p>indicators, and then prepare development index.</p> <ul style="list-style-type: none"> • Set the sectors that donors will assist in local development programs (review and prepare donor assistance policy). • Systematize the information system. • Implement program on technical assistance to the local bodies. • Make pre-budget estimation and guidance effective. • Let local bodies prepare and implement local level programs; the ministry will provide them with guidance, assistance and effective monitoring system or assistance in effective monitoring system. • Make improvement in the monitoring system. • Prepare local development policy and provide feedback: <ul style="list-style-type: none"> - Identify the area and the class based on the GIS Poverty Mapping for preparing the development index of the very poor community, neglected, suppressed caste, nationalities and backward group and area. 	

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				- Implement the local body - strengthening program.	
2 Increase in the capacity of local bodies for mobilizing resources.	<ul style="list-style-type: none"> Mobilize local resources with the direct involvement of local people. 	<ul style="list-style-type: none"> Local Development Fund will be set up at the local bodies (including DDCs, VDCs, & municipalities). Internal resources of the local bodies will increase by 50% 	<ul style="list-style-type: none"> Reports of the Ministry of Local Development and department 	<ul style="list-style-type: none"> Implement program on strengthening a local body tax revenue system. 	-
3 Improvement in the quality of delivering services by the local body.	<ul style="list-style-type: none"> Implement the target programs at the local level through the Poverty Alleviation Fund" in an integrated manner. Implement program on poverty alleviation through social mobilization in every VDC, and diversify the areas of investing the savings and loans created by community institutions. Make the personal event registration program effective. 	<ul style="list-style-type: none"> Issue Civic Charters for ensuring services (in 75 DDCs, 58 municipalities, 1,500 VDCs). Make use of the program budget more than 50%. Complete 50% projects out of the total approved programs. 	<ul style="list-style-type: none"> Reports of the Ministry of Local Development and department 	<ul style="list-style-type: none"> Implement program on strengthening the local body. Implement program on solid waste management and environmental protection at the local level. Implement the personal event registration program 	-
4 Physical infrastructures at the local level will be long lasting, will be used and maintained.	<ul style="list-style-type: none"> Turn over the responsibility for preparing and implementing programs on building rural infrastructures to the local bodies. Make the "fund" set up for repairing and maintaining rural infrastructures effective. Have the concept of systematic settlement in the geographically appropriate rural areas. Categorize the programs on rural infrastructure building, prioritize the 	<ul style="list-style-type: none"> All districts will have a transport master plan At the end of the plan, the country will complete constructing 1,200 km rural and agricultural rough roads, 600 km gravel; rehabilitating 250 km roads every year; regularly repairing 5,000 km roads and periodically repairing 600 km roads every year 	<ul style="list-style-type: none"> Reports of the Ministry of Local Development and department 	<p><u>Local infrastructure development program</u></p> <ul style="list-style-type: none"> Rough and gravel road construction Constructing 1,200 km rural and agricultural rough roads, 600 km gravel (RIDP); 500 km (RIP), 400 km (DRSP), 400 km (RAP), 500 km (RCIW); rehabilitating 250 km roads every year; regularly repairing 5,000 roads; periodically repairing 600 km every year. 	-

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>ongoing programs, and mobilize necessary resources for them.</p> <ul style="list-style-type: none"> • Set the tradition of implementing small-scale programs pursuant to the local master plan. 	<p>making total 20,000 km operational roads.</p> <ul style="list-style-type: none"> • New 500 suspension bridges will be constructed; comprehensive repair of 1,200 suspension bridges, general repair of 2,000 suspension bridges will be done. • One regional level laboratory will be set up at each development region for the quality control of construction work. 		<p>Suspension bridges: new construction 500; comprehensive repair 1,200; general repair 2,000.</p> <ul style="list-style-type: none"> • Setting up a labor-intensive technical training center. • Small-scale irrigation. • Rural drinking water & sanitation program - rural & sanitation project. • Settlement area development and land pooling. 	
		<ul style="list-style-type: none"> • Irrigation facilities for additional 200 ha will be available. • Additional 100,000 people will have drinking water facilities. • Land pooling and settlement development will be done in 20 locations. 			
5 Income-generating programs will be implemented at the local level.	<ul style="list-style-type: none"> • Encourage in using the knowledge & skills of retired army, police, civil servants, teachers and so on. • Identify the poor & implement the income-generating programs that will directly benefit them. 	<ul style="list-style-type: none"> • Number of people affected by the programs. 	<ul style="list-style-type: none"> • Reports of the Ministry of Local Development and department 	<ul style="list-style-type: none"> • Neglected, oppressed and <i>Dalit</i> people development program. • Social mobilization & self-employment program (in all VDCs, in all municipalities, in 75% wards of sub-metropolitan, & in 50% wards of metropolitan) • Local Development Fund (LDF). • Rural Development Program 	-

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>6 Social and economical capital formation & social transformation through the social mobilization at the community level.</p>	<ul style="list-style-type: none"> Focus the local development programs on the poorer community, neglected, oppressed caste, nationalities and backward community and backward geographical areas based on the locally available resources & region wise development index. 	<p>-----</p>	<ul style="list-style-type: none"> Reports of the Ministry of Local Development and department 	<p>(RDP)</p> <ul style="list-style-type: none"> Western hill poverty alleviation program. Western Terai poverty alleviation program Preparation of norms for categorizing various areas. Neglected, oppressed and <i>Dalit</i> people development program. Set up a Nationalities Development National Academy . <i>Praja</i> Development Program. <i>Gompa</i> Management & Preservation Program. Rural community infrastructures development program 	<p>-</p>

3.20.1 Policy Matrix (Logframe)- Good Governance and Development Administration*

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective Provide support for achieving the poverty alleviation & sustainable economical & social development by creating the sense of good governance in the minds of people making the public management /administration competitive, cost-effective, transparent, service-oriented, result oriented, responsible & gender equality oriented.</p>	<ul style="list-style-type: none"> • Improve quantity & quality of the services and materials to be delivered by the government. • Increase the performance capability of the entire civil service. • Encourage the involvement of women in the civil service. • Make the civil service of an appropriate size for clean & prompt services, & increase the financial efficiency of the civil service. • Increase the institutional capacity of the institutions involved in control on corruption and abuse of authority. • Strengthen the system of monitoring and evaluation of development policies, programs and projects. 	<ul style="list-style-type: none"> • Increase in the percentage of the progresses of development projects. • Number of economical and administrative irregularities. • Cost and time required for delivering services to the people. • Monitoring and evaluation indicators at various levels. • Provision for linking the budget release with the progress of project. • Number of women in the civil service. 	<ul style="list-style-type: none"> • Auditor General's report • Various parliamentary committees' reports • National Human Right Commission's report • Public Service Commission's report • Annual report on staff vacancy positions. 	<ol style="list-style-type: none"> 1. Leadership and capacity development program 2. Civil servants' performance capacity & motivation building program. 3. Setting up good conduct, corruption control and transparency expansion program 4. Performance improvement of the government agencies program. 5. Monitoring and evaluation strengthening program 	<p>Political commitment to the reform efforts will not have continuity.</p>
<p>Outcome/Results 2. Leadership and capacity development</p>	<p>Policy/action policy</p> <ul style="list-style-type: none"> • Make political and high level managerial leadership committed to the reform process. 	<ul style="list-style-type: none"> • Various policy decisions. 	<p>-----</p>	<ul style="list-style-type: none"> • Develop experts and committed managers required for the government agencies, and make sustainable transfer of them 	<ul style="list-style-type: none"> • Possibility of having tendency of being unable

* Quantitative targets based on growth rate of 6.2%

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<ul style="list-style-type: none"> Develop the sense of civic awareness in different stakeholders; and increase their involvement in project implementation. 			<ul style="list-style-type: none"> Gradually increase the involvement of civic society and stakeholders in the reform process. 	to involve the civic society.
2 Increase in performance ability and motivation of civil servants.	<ul style="list-style-type: none"> Involve the civic society in evaluation of the performances of the agencies that deliver public services. Prepare civic charters of the administrative units at the central and local levels. Adopt the policy on contracting out non-core jobs of the central level government agencies. Promote the accountability of and transparency in the performances of the government agencies. Adopt the policy on recruiting and promoting staffs on merits in addition to making the training job-oriented for making the civil service more effective; and introduce transparent policy on making the employee transferring system effective. Increase women's participation in the civil service. Make structural changes in the policy on salary. Keep the number of employees in a right size for making the civil service clean and prompt. 	<ul style="list-style-type: none"> Number of civic charters. Handover of feasible tasks from the center to the local bodies. 	--	<ul style="list-style-type: none"> Introduce the process of civic society evaluating the services and materials to be delivered to the people. Prepare & implement the program on making the training job-oriented & on improving the curriculum and examination technique. Adopt action plans on increasing women's participation in the civil service. Adopt a new long-term salary policy. Strengthen Nepal Administrative Training Academy & gradually integrate other training centers. Make provision for contracting out non-core jobs of the government agencies. Right sizing the civil service for making it clean & prompt by studying the number of employees required & gradually reducing the unproductive staff positions 	<ul style="list-style-type: none"> Non-uniformity of definition of merits & probability of accepting academic qualifications as merits. Difficulty in making the promotion system transparent Possibility of unable to pay the salary pursuant to the salary policy.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
3. Establishment of good conduct, corruption control and increase in transparency.	<ul style="list-style-type: none"> • Develop a mechanism for watching the assets and conduct of political leadership and high-level managers. • Implement activities such as anti-corruption investigation & pleading skill development. • Increase the capacity of the agency involved in controlling corruption. 	---	---	<ul style="list-style-type: none"> • Developing the capacity of Commission on Investigation into Abuse of Authority & the Watchdog Center. • Creating favorable environment for anti-corruption investigation by providing the investigating officers & staffs with professional training & with physical resources. • Every ministry and every central level administrative unit will prepare action plans on implementing the national anti-corruption strategy. • Making additional legal provision for preventing money laundering & for taking actions against amassing wealth through illegal means & from various illegal sources. • Making necessary legal provision for protecting a staff or an individual who gives information on irregularity or on corruption from within the concerned agency. 	-
4. Improvement in the performances of the government institutions.	<ul style="list-style-type: none"> • Implement the provisions for improving the institutional job performance standard of the government institutions. 	<ul style="list-style-type: none"> • Development of norms. • Setting up of a "Performance Incentive Fund". 	--	<ul style="list-style-type: none"> • Setting up and operating a "Performance Incentive Fund" for improving the performance standard of ministries. • Preparing and implementing annual action plans of the 	-

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
				ministries on delivering services and on setting the quality norms of services. <ul style="list-style-type: none"> • Providing training on managerial and onsite problem analysis, and on developing skills in designing feasible professional resolutions. • Making provision for regularly publishing the information on cost and quantity of services and materials delivered by the government agencies. 	
5. Strengthening the monitoring and evaluation system.	<ul style="list-style-type: none"> • Strengthen the monitoring & evaluation system for getting anticipated achievement in specified quantity, in appropriate quality at the estimated cost & time from the implementation of development policies, programs and projects. 	<ul style="list-style-type: none"> • Monitoring/evaluation report. • Provision for linking the budget release with the progress. 	---	<ul style="list-style-type: none"> • Activating National Development Action Committee & Ministerial Development Action Committee & making them effective. • Linking the budget release with the progress. 	-

3.20.2 Policy Matrix (Logframe)- Human Rights *

Overarching National Objective : Poverty incidence of the Nepalese people (men and women) will be reduced significantly and in a sustainable manner.

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
<p>Sector objective: Support the poverty alleviation task by ensuring the fundamental human rights of Nepalese people, and by linking the human rights development task with the national development program</p>	<ul style="list-style-type: none"> Develop the culture of respecting human rights by effectively protecting, promoting and honoring the fundamental human rights enshrined in the Constitution of Nepal of 2047 (1990) and in the international conventions ratified by Nepal. Make the job of preparing and amending laws modern, transparent and qualitative. Place emphasis on institutional improvement in the judiciary. 	<ul style="list-style-type: none"> Improvement in the human rights situation. 	---	<ol style="list-style-type: none"> Promotion of human rights. Institutional improvement in the judiciary. 	---
<p>Outcome/Results 3. Protection and promotion of human rights.</p>	<p>Policy/action policy</p> <ul style="list-style-type: none"> Effectively protect and promote the fundamental human rights provided by the Constitution of Nepal of 2047 (1990) and by the international conventions ratified by Nepal. Gradually link the human rights program with the national development program to implement the international commitment to human rights as much as possible based on the available resources. 	<ul style="list-style-type: none"> Make human rights organizations able to play an effective role in human rights protection & promotion because of their institutional strengthening. Improvement in human rights situation. Increase in the inclusion of subject matters concerning human rights in preparation and implementation of development program. 	-----	<ul style="list-style-type: none"> Preparing a national action plan on human rights. Implementing children, women, nationality, minority and <i>Dalit</i>, labor, education and culture, environment & development, health, jail, judicial administration, law and legislation, & conflict management & so on programs concerning the human rights in a coordinated manner. 	---

* Quantitative targets based on growth rate of 6.2%

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<ul style="list-style-type: none"> • Timely amendment to the existing laws based on the international ideals of human rights. 		<ul style="list-style-type: none"> • Implementing human rights programs for effectively putting into practice various international conventions, & implementing various awareness programs on increasing the people's concern about the implementation of national action plan. • Institutional strengthening of National Human rights Commission, Women's Commission, Dalis't Commission, Nationality Academy and other institutions concerning human rights. • Gradually include the human rights education in the curriculum of educational institutions, governmental training centers and training institutions for developing the culture of honoring the human rights. 	
2 Institutional improvements in the judiciary.	<ul style="list-style-type: none"> • Place emphasis on necessary basic services, institutional and manpower development for making prevailing laws concerning human rights 	---	--	<ul style="list-style-type: none"> • Making timely amendment to the prevailing laws concerning human rights based on the international 	---

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>pursuant to the principles of international human rights & making the tasks of preparing & improving the laws qualitative.</p> <ul style="list-style-type: none"> • Develop physical facilities of the law courts; make institutional improvement in the law courts, & develop human power for the law courts. 			<p>ideals of human rights.</p> <ul style="list-style-type: none"> • Preparing and implementing programs on the institutional development of Law, Justice and Parliamentary Affairs Ministry, & its manpower for making the preparation of laws and amendment to them qualitative. • Making improvement in physical facilities of the law courts, and developing their human power, & using the modern information technology for making the record system more systematic for delivering justice in a prompt, fair, easy and transparent manner. Making institutional improvement in the Judicial Academy to increase the skills of manpower involved in the Law and Justice sector. 	

3.21 Policy Matrix (Logframe)- Decentralization *

Sector objective: Local bodies will have increased ability to deliver services and benefits effectively at the local level

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
Decentralization practice will be in place at the local level.	<ul style="list-style-type: none"> • Give autonomy to the local bodies for performing duties pursuant to the Local Self-governance Act of 2055 (1998). • Increase the institutional capacity of local bodies. • Increase the people's participation in the local development process considerably. • Make the local bodies capable of mobilizing internal and external resources. 	<ul style="list-style-type: none"> • The Local Self governance Act of 2055 (1998) will be fully implemented. 	<ul style="list-style-type: none"> • Annual report of Decentralization Implementation and Monitoring Committee. • Annual report of the Ministry of Local Development & Report on the final evaluation of the Tenth Plan. 	<ol style="list-style-type: none"> 1. Program on local body strengthening. 2. Program on strengthening the planning procedure of the local body. 3. Program on financial resource management. 4. Program on manpower development. 5. Program on policy and institutional improvement. 	<ul style="list-style-type: none"> • Commitment of stakeholders will continue.
<p>Outcome/Results</p> <p>4. Local bodies will be strengthened.</p>	<p>Policy/action policy</p> <ul style="list-style-type: none"> • Implement the Local Self-governance Act of 2055 (1998) in a timely manner. Categorize the responsibility and the programs to be implemented at the central and local levels then turn over the responsibility and the programs to be implemented at the local level to local bodies. • Effectively amend the Local Self governance Act of 2055 (1998) and Rules as required. Amend other Acts conflicting with this Act. Prepare & implement action plans on decentralizing the tasks and resources 	<ul style="list-style-type: none"> • All local bodies will be reorganized as viable units from the development & administrative points of view after the review of their number & structure. • Prepare five new work procedures, & review 10 current procedures; prepare handbooks of operating Poverty Alleviation Fund, 	<ul style="list-style-type: none"> • Annual report of Decentralization Implementation and Monitoring Committee. • Report on the final evaluation of the Tenth Plan. & Annual report of the Ministry of Local Development 	<ul style="list-style-type: none"> • Program on reviewing the number, structure, boundary of local bodies, and of functions, duties and authority of the local body and office holders. • Program on making amendments to the Local Self-governance Act based on the review results. • Program on setting up a Local Service Commission. • Program on preparing a Local Service Commission Act in the first year. 	<ul style="list-style-type: none"> • Political commitment will be implemented. • Foreign assistance will continue.

* Quantitative targets based on growth rate of 6.2%

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>that various agencies of His Majesty's Government of Nepal are going to turn over to the local bodies.</p> <ul style="list-style-type: none"> • Set up a Local Service Commission for recruiting & supplying skilled manpower to the local bodies. • Review the structure & number of the local bodies including the number of elected office holders as required. • Categorize all local bodies; & increase their internal management capacity for financial management, plan preparation & monitoring. 	<p>Social Mobilization, Environmental Management, & Local Development Fund.</p>		<ul style="list-style-type: none"> • Program on simplifying the procedures of local bodies. • Program on categorizing the local bodies. • Program on making institutional improvement in the local bodies. • Program on implementing the judicial authority of the local bodies. 	
2 Local bodies will have a strengthened planning system.	<ul style="list-style-type: none"> • Complete the preparati on of the periodic plan of all District Development Committees, municipalities and VDCs within the plan period. Prioritize & effectively implement these plans in partnership with non-governmental organizations, civic society, & the private sector. 	<ul style="list-style-type: none"> • All local bodies will have prepared a periodic plan. • Local bodies will achieve 80% targets of their plans in coordination with the national plan 	<ul style="list-style-type: none"> • Annual reports of DDCs; a National Planning Commission's booklet; an annual report of the Local Development Ministry. 	<ul style="list-style-type: none"> • Program on setting up GIS, MIS Information networking. • Program on preparing annual plans pursuant to the periodic plan. • Program on monitoring review & evaluation of annual plans. • Linkage with local & central. 	<ul style="list-style-type: none"> • Political commitment will be implemented. • Foreign assistance will continue
3 The financial management capability of local bodies will increase.	<ul style="list-style-type: none"> • Implement the recommendations made by the Local Body Financial Commission for Decentralization as scheduled. • Increase the resources to be provided by the center to the local bodies based on their absorption capacity. • Increase the internal resources based on the feasibility of mobilizing the internal resources at the local level, & systematize the spending process. 	<ul style="list-style-type: none"> • Resource mobilization capability of local bodies will increase; & their internal resources will increase by 50% of the current resources. • They will use 80% of the available 	<ul style="list-style-type: none"> • Annual reports & the audit report of DDCs, & the annual report of the Local Development Ministry. 	<ul style="list-style-type: none"> • Grant program (improving revenue & revenue allocation; formulating the basis of revenue allocation, & improving it every year.) • Grant distribution (making available a lump sum grant according to the category of local bodies as set by the Financial Commission). • Financial source transfer 	<ul style="list-style-type: none"> • Political commitment will be implemented • Foreign assistance will continue

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
		<p>resources.</p> <ul style="list-style-type: none"> They will reduce the irregularities in their accounts to 10% of the total expenditures; they will regularly take actions on settling the irregularities. 		(identifying the revenue sources (taxes) that can be transferred to local bodies, & transferring the revenue sources & collection responsibility to them).	
	<ul style="list-style-type: none"> Prepare and implement action plans on decentralizing the tasks of His Majesty's Government of Nepal & of various central agencies to be turned over to the local bodies. Formulate local condition-specific policy on allocating the use of the locally available natural resources, & formulate other policies appropriate to the local area in coordination with the local bodies rather than making a single universal policy. 			<ul style="list-style-type: none"> Strengthening the local body tax system. Increasing the capability of local bodies for collecting taxes, & for conducting a tax feasibility study. Setting up an Auditing Board. Preparing a computerized accounting system, & introducing it in DDCs, municipalities & 25 VDCs of the kingdom. Making institutional provision for settling irregularities in the accounts (setting up an unit for regularly monitoring by the Local Development Ministry). 	
4. Local bodies will have required manpower, & increased capability.	<ul style="list-style-type: none"> Review the role of the Local Development Training Academy & the training centers under it; train local level officeholders, staffs & other manpower required at the local level. Link Nepal Agricultural Research 	<ul style="list-style-type: none"> Setting up of a Local Service Commission. Number of personnel receiving training. 	<ul style="list-style-type: none"> Annual report of Decentralization Implementation and Monitoring Committee; Annual report of the 	<ul style="list-style-type: none"> Developing & improving the organization of the Local Development Ministry. Organizing orientation, training, study tour, exchange of views & study research for 	<ul style="list-style-type: none"> Political commitment will be implemented. Foreign assistance will

Objective	Strategies	Indicators	Sources of Information	Major Programs	Risks and Obstacles
	<p>Council (NARC) and Council of Technical Education & Vocational Training (CTEVT) with the local bodies for increasing their capability.</p>		<p>Ministry of Local Development & Report on the evaluation of the Tenth Plan.</p>	<p>office holders & staffs of the local bodies.</p> <ul style="list-style-type: none"> • Setting up a Local Service Commission. • Capability building of local bodies for taking over the transferred authority, duties & functions. 	<p>continue</p>
<p>5 Policy improvement & institutional improvement will be.</p>	<ul style="list-style-type: none"> • Improve the organizational structure of the Local Development Ministry; make explicit its role as a coordinator, and its responsibility for it • Strengthen the regional offices for coordinating the neighboring districts with each other for local development activities; make explicit the authority & the responsibility of the regional administrators & regional level agencies, their institutional development for preparing & implementing development plans pursuant to decentralization, for periodic monitoring & evaluation of these plans, & for making the service delivery process effective. • Give priority to the existing users' groups while organizing users' groups for implementing local level programs. • Make special provision for women leadership training. 	<p>---</p>	<p>---</p>	<ul style="list-style-type: none"> • Categorizing district, town & village level programs in coordination with local bodies. • Developing leadership of women. • Coordinating with ministries. • Setting up a separate desk at the ministry for coordinating with ministries to set up line agency sections at DDCs. • Making provision for setting up a Commission on Controlling Abuse of Authority of Local Body/ombudsman; for preparing & implementing code of conduct for it. • Monitoring the program of the local bodies. • Implementing E-governance. 	<ul style="list-style-type: none"> • Political commitment will be implemented. • Foreign assistance will continue