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Nepal Public Expenditure Review

(In Five Volumes) Volume II: Agriculture and Rural Development

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CURRENCY

<u>Currency</u>	<u>NRs/US\$</u>
1980	12.00
1981	12.34
1982	13.24
1983	14.55
1984	16.46
1985	18.25
1986	21.23
1987	21.82
1988	23.29
1989	27.19
1990	29.37
1991	37.26
1992	42.72
1993	48.61
1994	49.40
1995	51.89
1996	56.69
1997	58.01
1998	65.97
1999	68.25

Note: The Nepali fiscal year runs from July 16 through July 15.

Source: IMF, International Finance Statistics (IFS), line "rf" (period average).

^a Starting November 30, 1985, the Nepali Rupee was linked to a basket of currencies. Subsequently in early 1992, a two-tier exchange rate system with partial convertibility was introduced. In February 1993, the dual exchange rate system was replaced by a unified market-determined exchange rate system providing de facto convertibility for all current account transactions.

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ABBREVIATIONS AND ACRONYMS

ADBN	Agricultural Development Bank of Nepal
AGDP	Agricultural Gross Domestic Product
AGO	Auditor Generals Office
AIC	Agriculture Inputs Corporation
APP	Agriculture Perspective Plan
AsDB	Asian Development Bank
CBO	Community Based Organizations
CIAA	Committee to Investigate the Abuse of Authority
DADO	District Agriculture Development Office
DDC	District Development Committee
DFID	Department for International Development
DFO	District Forestry Officer
DoI	Department of Irrigation
DSCWM	Department of Soil Conservation and Watershed Management
FAO	Food and Agriculture Organization
FCGO	Financial Comptroller General Office
GDP	Gross Domestic Product
GNP	Gross National Product
HMGN	His Majesty's Government of Nepal
JAT	Junior Agriculture Technicians
JTA	Junior Technical Assistants
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoFSC	Ministry of Forestry and Soil Conservation
MoLD	Ministry of Local Development
MoWR	Ministry of Water Resources
MTEF	Medium Term Expenditure Framework
NARC	Nepal Agriculture Research Council
NFC	Nepal Food Corporation
NGO	Non Governmental Organization
NPC	National Planning Commission
OAG	The Office of the Auditor General
PAC	Public Accounts Committee
SEP	Sector Expenditure Program
TCN	Timber Corporation of Nepal
TYRB	Three Year Rolling Budget
UNDP	United Nations Development Program
VDC	Village Development Committee

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ECONOMIC DEVELOPMENT DATA

GNP Per Capita (US\$, 1998): 210 a/

Gross Domestic Product (FY99) b/

	FY99		Annual Growth Rate (% p. a., constant prices)		
	US\$ Million	% of GDP	FY86-90	FY91-94	FY95-99
GDP at Factor Cost	4754	96.5	4.8	5.6	3.9
GDP at Producers' Prices	4926	100.0	4.6	5.6	3.9
Gross Domestic Investment	956	19.4	19.8/c	21.9/c	22.8/c
Gross National Saving	700	14.2	12.2/c	14.2/c	14.2/c
Current Account Balance	-256	-5.2	-7.6/c	-7.6/c	-8.6/c

Output, Employment and Productivity

	Value Added, FY 99b/		Labor Force d/		V.A. per Worker	
	US\$ Million	% of Total	Million	% of Total	US\$	% of Average
Agriculture	1906	40.1	7.2	76.1	265	52.7
Industry	998	21.0	0.9	9.8	1072	213.5
Services	1849	38.9	1.3	14.0	1391	277.0
Total	4754	100.0	9.5	100.0	502	100.0

Government Finance e/

	NRs. billion	% of GDP	As % of GDP		
	FY99		FY86-90	FY91-94	FY95-99
Revenue Receipts	37.2	11.1	9.0	9.2	11.1
Total Expenditures	63.2	18.9	18.8	17.4	18.4
Regular Expenditures	31.8	9.5	6.4	6.5	9.0
Development Expenditures	31.4	9.4	12.4	10.9	9.5
Overall Deficit	-24.7/f	-7.4/f	-9.8	-8.2	-7.4
External Assistance	18.7	5.6	7.4	6.2	5.5
Domestic Borrowings	6.0	1.8	2.4	2.0	1.9

Money, Credit, and Prices g/

	FY94	FY95	FY96	FY97	FY98	FY99
NRs. Billion outstanding, end of period						
Broad Money (M2) h/	69.8	81.0	92.7	103.7	126.5	152.9
Bank Credit to Government (net)	23.5	25.2	27.5	29.2	31.8	35.5
Bank Credit to Private Sector	32.3	44.9	57.7	64.7	76.8	90.8
Percentage or index number						
Broad Money as % of GDP	35.0	36.9	37.2	37.0	42.6	45.7
Consumer Price Index (1983/84=100)	284	305	330	356	370	417

Annual Percentage Changes in:

Consumer Price Index	9.0	7.6	8.1	7.8	4.0	12.7
Broad Money (M2)	19.6	16.1	14.4	11.9	21.9	20.9
Bank Credit to Government (net)	0.2	7.3	9.3	6.2	8.6	11.7
Bank Credit to Private Sector	35.1	38.8	28.7	12.0	18.8	18.2

a/ World Development Report 2000, The World Bank.

b/ National Accounts of Nepal 1999, Central Bureau of Statistics.

c/ Data for Gross Domestic Investment, Gross Domestic Savings and Current Account Balance are as percentage of GDP.

d/ Nepal Labor Force Survey 1998/99, Central Bureau of Statistics.

e/ Economic Survey FY99, Ministry of Finance.

f/ After "non-budgetary receipts" of Rs. 1.3 billion.

g/ Nepal Rastra Bank.

h/ Includes money supply (M1) and time deposits.

Balance of Payments (US\$ Million)**Merchandise Exports (Average FY95 - FY99)**

	<u>FY97</u>	<u>FY98</u>	<u>1FY99</u>		US\$ Million	% of Total
Exports of Goods & NFS	1295.0	1108.3	1061.9	Woolen Carpets	147.9	35.5
Merchandise, fob	397.4	444.6	525.3	Readymade Garments	112.1	26.9
Imports of Goods & NFS	1854.7	1645.7	1495.9	Others	156.5	37.6
Merchandise, cif	1642.3	1439.1	1290.6	Total	416.4	100.0
of which POL products	126.5	154.0	128.6			
Trade Balance	-1244.9	-994.6	-765.3	Total External Debt, 1998 a/		
Non Factor Services (net)	685.2	457.2	331.3		US\$ Million	
				External Debt	2646.0	
<u>Resource Balance</u>	<u>-559.7</u>	<u>-537.4</u>	<u>-434.0</u>			
				Debt Service Ratio for 1998 a/		
Net Factor Income	5.0	13.0	25.0		% of current Receipts	
Net Transfers	94.5	103.0	152.9	Debt Service	7.1	
<u>Current Account Balance</u>	<u>-460.3</u>	<u>-421.4</u>	<u>-256.1</u>			
				IDA Lending, January 2000 i/		
Official Grants	170.8	176.3	171.4		US\$ Million	
Medium & Long Term Capital				Outstanding & Disbursed	1211.1	
Gross Inflows	197.0	229.8	195.2	Undisbursed	253.6	
Principal Repayments	49.8	62.4	61.3			
Miscellaneous Capital Flows	198.5	254.8	95.5			
<u>Overall Balance (-Increase)</u>	<u>-56.1</u>	<u>-177.0</u>	<u>-144.8</u>			
Gross Reserves (end year)	865	969	1128			
Rate of Exchange						
Period Average Rate (US\$/NRs.)	57.03	61.95	67.95			

i/ The World Bank.

Nepal Social Indicators

	Latest single year			Same region/income group	
	1970-75	1980-85	1992-97	South Asia	Low-income
POPULATION					
Total population, mid-year (millions)	12.8	16.5	22.3	1,281.3	2,035.6
Growth rate (% annual average)	2.4	2.6	2.5	1.5	1.7
Urban population (% of population)	5.0	7.8	10.9	27.0	28.4
Total fertility rate (births per woman)	6.3	6.1	4.4	3.5	4.0
POVERTY					
(% of population)					
National headcount index	..	..	42.0	..	..
Urban headcount index	..	..	23.0	..	..
Rural headcount index	..	..	44.0	..	..
INCOME					
GNP per capita (US\$)	120	170	220	380	350
Consumer price index (1995=100)	17	35	114	117	122
Food price index (1995=100)	..	33	111	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Share of income or consumption					
Gini index	..	..	36.7	..	..
Lowest quintile (% of income or consumption)	..	..	7.6	..	..
Highest quintile (% of income or consumption)	..	..	44.8	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	..	1.2	0.8	1.0
Education (% of GNP)	1.5	2.6	2.8	3.0	..
Social security and welfare (% of GDP)	0.1	0.1	..	..	..
Net primary school enrollment rate					
(% of age group)					
Total	..	58	..	..	..
Male	..	79	..	..	..
Female	..	36	..	..	..
Access to safe water					
(% of population)					
Total	8	24	59	81	69
Urban	85	78	61	84	80
Rural	5	20	59	80	66
Immunization rate					
(% under 12 months)					
Measles	..	34	85	81	74
DPT	..	32	78	87	76
Child malnutrition (% under 5 years)	69	..	47	53	..
Life expectancy at birth					
(years)					
Total	43	49	57	62	59
Male	44	50	58	62	58
Female	43	48	57	63	60
Mortality					
Infant (per thousand live births)	160	125	83	77	82
Under 5 (per thousand live births)	234	180	117	100	118
Adult (15-59)					
Male (per 1,000 population)	482	376	274	219	274
Female (per 1,000 population)	476	395	314	212	255
Maternal (per 100,000 live births)	..	..	..	..	..

EXECUTIVE SUMMARY

This is the third public expenditure review for Nepal. Previous reports were issued in 1992, 1993 (roads only) and 1994.¹ Key findings in the 1994 review included the need to prioritize rural expenditures in line with available resources, improve planning and budgeting procedures and reign in the growth of the civil service. There was also an Economic Update issued in 1997 that included some key public expenditure management issues—including the need to increase expenditures on agriculture and make key policy decisions with regard to the fertilizer subsidy.²

This report includes a review of public sector management issues that affect the delivery of rural public services such as the planning and budgeting procedures. It also expands the analysis to review the incentives for good governance. The report reviews public expenditures for the period FY95-98 in four ministries that play a major role in rural development, namely Agriculture, Forestry and Soil Conservation, Water Resources (Irrigation) and Local Development. In addition, the report reviews the transport subsidy for the Nepal Food Corporation, managed by the Ministry of Supplies, and rural programs with allocations made through the Ministry of Finance. The rural roads sub-sector is not covered in this report.

INTRODUCTION

Poverty in Nepal is widespread, with an incidence close to 42 percent. Between 1976 and 1996, the number of poor increased by approximately 3.5 million people.³ Many basic services are still underdeveloped. Only 6 percent of the population has access to sanitation (compared to 30 percent in Bangladesh and India); only 44 percent has access to safe water (compared to an average of 77 percent in South Asia); and the illiteracy rate is 73 percent (compared to an average of 51 percent in South Asia). Poverty is more widespread in the rural areas than in the urban areas.

The stagnation of agriculture has been a major contributor to poverty. The rural sector has languished despite substantial foreign aid. The rate of real agricultural growth has been only about 2.6 percent per annum over the past two decades, barely keeping up with the population growth rate of 2.5 percent. Predictably this has had an adverse impact on rural welfare.

ISSUES AND TRENDS BY SECTOR

Rural spending has generally failed to keep pace with domestic inflation. While there have been some gains in irrigation and forestry, expenditures on agriculture have declined. The outcome

¹ World Bank, 1992. *Nepal: Public Resource Management in a Resource Scarce Economy*, Rp. No. 10324-NEP.
World Bank, 1993. *Nepal: Expenditures in the Road Sector*, Rp. No. 10988-NEP.

World Bank, 1994. *Nepal: Fiscal Restructuring and Public Resource Management in the Nineties*, Rp. No. 12281-NEP.

² World Bank, 1997. *Nepal: 1997 Economic Update: The Challenge of Accelerating Economic Growth*, Rp. No. 17034-NEP.

³ World Bank, 1998. *Nepal: Poverty at the Turn of the Century*.

for the level and quality of rural services in all three sub-sectors is inadequate. To the extent possible, the government should seek to increase resource allocations for rural services and, at the same time, seek more efficient use of those resources. Key actions for each sector include cost-cutting, better prioritization and a larger role for the private sector.

A. AGRICULTURE

Fertilizer

Nepal has the lowest nutrient application rate (only 33 kg/ha) in South Asia (compared to 78 kg/ha in India, 115 kg/ha in Bangladesh, 318 kg/ha in China and 101 kg/ha in Pakistan⁴). The low level of usage is consistent with the low share of crop land under irrigation, low road density and low per-capita income. More alarmingly, fertilizer sales in FY98 were the lowest in a decade

On-going reforms. The Government has effectively removed the subsidies on all fertilizers. The prices of chemical fertilizers have been deregulated both at the wholesale and retail levels. The private sector is to be allowed to import and distribute all inputs freely. The role of the government-owned Agriculture Inputs Corporation (AIC) is being reviewed with the possibility of privatization.

The Government discontinued the transport subsidy for AIC to deliver fertilizers to remote districts and the subsidy was converted into General Agriculture Development Fund (GADF) to be utilized by District Development Committees (DDCs). This fund is available for 23 remote districts, determined on the basis of road access and extent of food deficit.

Food Subsidy

The government has intervened in the food market for many years in order to help reduce poverty. The government strategy has, until recently, been to reduce food prices in 38 remote districts through a transport subsidy; increase farmer incomes by procuring food products at a floor price from farmers in less accessible areas; and intervene in the market to stabilize prices. These activities have been carried out through the Nepal Food Corporation (NFC) administered under the Ministry of Supplies. However, few farmers sell to NFC, the NFC supplies only a fraction of the consumer market and its capacity to influence market prices is negligible. Inefficiencies within NFC have resulted in losses as well as heavy subsidies from the Government amounting to NRs 225 million in FY98.

Steps towards the reform of NFC (January 2000) include: the number of districts served by NFC has been reduced from 38 to 27⁵; the number of employees has been reduced from 1,304 to 836; 36 depots have been closed; the retail price for government employees in remote areas has been increased by 25 percent; about 40,000 mt have been kept in reserve in strategic locations; NFC

⁴ From averages of 1990-97 FAO estimates.

⁵ At present definition of "remoteness" is those districts that do not have a road link nor production potential.

must compete commercially wherever possible and; steps have been taken for the introduction of a ration card system.

Research and Extension

The Ministry of Agriculture has failed to provide farmers with the research and extension services they need. The Nepal Agriculture Research Council (NARC) has the responsibility to carry out agricultural research but most of its work has not been well connected to the relative importance of different commodities. The performance of the Department of Agriculture, which is responsible for agricultural extension, has been ineffective. Its staff is spread thinly across the population and they have little incentive to work directly with farmers.

The Ministry of Agriculture has been advocating reforms of the research and extension systems through the "pocket" approach, but there has been little impact on agricultural growth. The recent mid-term review of the IDA-financed project, which is the largest contributor to the Department of Agriculture budget, indicated the need for decentralization of both research and extension. On extension, efforts to redefine and refocus the program would require: (i) modernizing public extension services; (ii) formulating a National Agricultural Extension Strategy; (iii) promoting partnerships with private extension providers; (iv) decentralizing extension services and (v) human resource development and management improvement for extension staff. On research, reforms would focus on: (i) improving the management and focus of NARC; (ii) improved regional and outreach technical research in NARC; (iii) development of a national agricultural research policy; (iv) funding mechanism for both public and private research facilities; and (v) training of research staff on issues such as agribusiness and post-harvest technology.

B. FORESTRY

The Ministry of Forestry and Soil Conservation (MoFSC) provides four inter-related services: forestry management and development; parks and wildlife management; soil and water conservation; and research and extension.

Forestry resources are spent almost exclusively on community forestry, leasehold forestry and the District Forest Offices that manage the national forests. District Forestry Officers (DFOs) are empowered to transfer any portion of a national forest to qualified Forest User Groups. User groups are allowed to use and freely sell forest products within general guidelines that promote good management. A recent decision by MoFSC to ban the green felling of community forests threatens the policy environment and sustainability of community forests. A recent circular (January/February 1999) also provides for 25 percent of total proceeds from the sale of forest products to be spent in development, conservation and management of forest and the rest on welfare activities of the community. The transfer process has gone smoothly in the hill districts but lags far behind in the Terai; there, only 5 districts out of 21 have actively handed over portions of the national forest. The reasons for the slow transfer have to do with the socio-economic and geographical conditions in the Terai.

The leasehold program brings in revenues equivalent to almost half of the forestry budget, and it may be an effective and profitable way for the government to reassert control over illegal logging. Legalizing logging operations, subject to restrictions for soil and forestry conservation purposes, would allow the government to increase its revenues. Raising leasehold fees to an appropriate level would provide an incentive to conserve the supply of trees.

The Timber Corporation of Nepal (TCN), a public sector enterprise, has a monopoly over the marketing of timber products at present. The corporation is running at a loss (NRs.15 million in 1996/97). In the interest of competition and a transparent pricing system, there is a need for TCN to open up for competition.

C. IRRIGATION

The share of crop land currently under irrigation in Nepal is quite low, at approximately 35 percent. The Terai, for example, contains three quarters of the irrigable land, but only a third is irrigated. The seasonal nature of most of its rivers reduces the possibility of year-round irrigation. The main issue for farmers depending on surface systems is water management and the temporary and rudimentary nature of water control head-works and conveyance structures. However, the full exploitation of the surface systems is also constrained by riparian and environmental issues. At the same time, real spending on operation and maintenance in public sector surface schemes is declining. The simple failure to de-silt the systems at regular intervals has resulted in the need for costly interventions to repair and rehabilitate systems. A declining trend is also observed for flood control and emergency repairs.

HMGN has been focussing on expanding the use of ground-water by increasing the number of tubewells in the country, mainly through its subsidy programs.⁶ The main issues here are high operation and maintenance costs of mechanical/electrical equipment and the need for these tubewells to be owned and operated by the farmers themselves – which involves community mobilization. Furthermore, the need for legislation to regulate the use of ground-water is urgent and HMGN is still to draft and ratify an appropriate legislation.

Irrigation Subsidies. In the last several years, capital subsidies have been made available to farmers for tubewell schemes. The capital subsidy for group-based tubewells is 60 percent of costs for shallow tubewells and about 84 percent of costs for deep and medium-sized tubewells. There are also credit programs for farmer-owned surface schemes. Funding for the subsidy programs has come from a variety of donor projects, as well as the government, and has been disbursed to farmers through the ADBN. The government also levies a tariff for water use for the large public surface schemes, but this covers only 40 percent of estimated costs at best. In practice, the collection rate is very poor, averaging only 30 percent, making the effective subsidy even greater. As a result, real expenditures on operation and maintenance are sub-optimal and undermine the performance of public irrigation systems.

⁶ The share of spending on tubewells would be much higher if the ADBN credit program were included in the analysis.

The Government's goal of subsidizing the installation of 8,200 new tubewells was too ambitious in terms of implementation capacity and financial feasibility. In fact, the number of new tubewells per year actually fell from 3,600 in FY95 to 2,360 in FY97. The introduction of the subsidy may actually have induced a slow-down in investment, as farmers waited for access to the subsidy. A large share of the subsidy was also diverted for administrative purposes on its way through the ADBN.

Ongoing reforms. The government's irrigation policy of 1997 improved a number of policies including cost recovery, greater beneficiary participation and an increased rate of transfer of operation and maintenance of large surface schemes to beneficiaries. Collection of water user charges was also transferred to beneficiaries with the expectation that recovery rates would improve. The capital subsidy for group-based tubewells was reduced—from 80 percent to 60 percent for shallow tubewells, to be eliminated by July 2000; and from 90 percent to 84 percent for deep and medium-sized tubewells. Subsidies for individually-owned shallow tubewells was completely eliminated. Customs duties on imported diesel tubewell pumpsets were eliminated—reducing their costs by another 22 percent. Under the ongoing Nepal Irrigation Sector Project (Cr. 3009), there are two studies being carried out; (i) a review of the irrigation subsidy policy (for both private and public irrigation schemes, including tubewells); and (ii) a review of O&M costs and cost recovery in the public irrigation schemes. A report on the former is expected shortly.

D. GENERIC ISSUES

Over-ambitious strategies, poor planning and budgeting: A generic issue affecting all sectors is that plans are over-ambitious and are not integrated fully into the budget. The government's rural strategies (Eighth, Ninth Plans and in the Agricultural Perspective Plan) display an understanding of inter-sectoral linkages in the rural areas, but they are optimistic about goals and generally lack an assessment of their affordability and feasibility. Currently, the rural portfolio consists of over 200 programs, marginally financed, and there are about 21-34 new projects and programs added annually to the agriculture and rural development portfolio. Improvements to the institutional capacity of ministries to plan, create realistic budgets and monitor implementation progress are urgently needed.

Lack of prioritization. HMGN has been unable to implement the first phase of the APP on time due to a lack of resources and delays in supporting institutional change. Officials interviewed for this report noted they were unable to access foreign aid fully on account of insufficient counterpart funds and could not drop low priority projects due to political opposition. As a result, they routinely *underfund* many projects without making tangible physical progress. The data show that fully funding the 43 largest budget heads in FY97 would have consumed all of the resources actually spent on rural programs. HMGN needs to become more focused on available financing and administrative capacity. In order to make better use of scarce public sector resources, the government should consider creating a de-politicized process for identifying and dropping low priority and low return activities.

Ineffective Policies: There are a number of subsidy programs for fertilizer, tubewells and credit that are not targeted and are also ineffective. The fertilizer subsidy is a case in point where pricing decisions and other regulatory issues have not leveled the playing field between the Agriculture Inputs Corporation (AIC) and private importers. Similarly, the tubewell subsidy has not proven to be adequate to match demand, and a review is being taken to evaluate the most equitable and affordable level of subsidy.

Poor implementation. The implementation of programs and projects is very poor. For example, the outcome of most of Bank-assisted programs has been unsatisfactory. Project implementation has been adversely affected by the changes in government with resultant changes in project personnel. According to recent evaluations of completed Bank projects the impact of research and extension projects was limited because they did not respond to farmers' needs, the training and visit system was unsuitable in the hills, and there were weak linkages between research and extension and poor motivation in public agencies. In irrigation, projects failed to yield reliable water supply as they did not involve farmers and did not ensure cost recovery.

Donor programs and coordination. Most programs (over 60%) in the sector are financed by external donors. The largest donors in the sector are IDA, Asian Development Bank, Japan and Danida. In the Ministry of Agriculture FY97 budget, external assistance was expected to finance all the capital allocations and 41 percent of the recurrent budget allocations. The same year aid was expected to contribute substantially to the capital allocations for irrigation (81 percent), forestry (73 percent) and local development (61 percent).

If the planning and budgeting process is to be improved, rural ministries and local governments need to play a stronger role in coordinating contributions from the donor community. This is necessary in order to ensure a focused approach which can be adequately financed from domestic resources as well as foreign. The use of a Medium-Term Expenditure Framework under Ministry of Finance/National Planning Commission sponsorship would make this easier through the emphasis on objectives and outcomes rather than sources of funding. Donor coordination problems could also be reduced through the gradual introduction of Sector Expenditure Programs (SEPs), which would allow line ministries more freedom in deciding how best to make the intra-sectoral allocations across priority activities.

Public sector investments have not significantly arrested the declining health of the rural sector. The composition of expenditures must be critically re-evaluated and restructured. This means addressing the imbalances in resource allocation and inefficiencies in the management of the public expenditure programs. Furthermore, there is severe inadequacy in operation and maintenance and the private sector, both community-based organizations and non-governmental organizations, has not been sufficiently harnessed. A shift in public expenditure policy, changes in expenditure composition in the public sector and selective divestiture to the private sector are all urgently needed.

PRINCIPAL FINDINGS AND KEY RECOMMENDATIONS

Affordability of Rural Development Strategy

The Agriculture Perspective Plan (APP) has been articulated in the Ninth Plan as the HMGN strategy for growth in the rural sector. In the past few years spending on activities consistent with the APP has been less than budgeted. To rectify this, over two hundred heads of expenditure in the rural sector need to be reviewed by the government and the donors. Some of these will need to be eliminated or restructured, in particular those that are not consistent with APP objectives. For example, in FY97 priority APP activities received an average of 77 percent of the adjusted budget allocations. By contrast, grant programs and key administrative functions received almost their full allocations. Secondly, even if non-APP activities were eliminated the total funding consistent with the APP objectives would have fallen short of the original APP target of NRs.5 billion in FY97. In this sense, the full APP is not affordable and should be reviewed for a reduced scope.

Public Sector Management

A substantial improvement in the planning and budgeting process is needed. At present the programs are budgeted on the basis of previous years' expenditure and political motivation rather than on the merit of their impact on overall growth and strategy. Planning is based on annual incremental budget rather than on progress in implementation. Movement towards a fully-developed Medium-Term Expenditure Framework should be pursued.

The government is the provider of most services. Many of these could be carried out by the private sector e.g. extension services, research activities. The capacity of community-based organizations in irrigation and forestry should be enhanced and incentives provided for their sustainability. Both the agriculture and irrigation departments should be agencies that regulate activities rather than implement.

The capacity of the public sector to implement the programs within its purview needs to be strengthened. Institutional arrangements for transparency and accountability urgently need to be strengthened. The government needs to improve its ability to monitor spending and the impact of service delivery.

The government may wish to reinstate the old practice of monthly review meetings chaired by the Prime Minister. Such reviews should be aimed at those activities most likely to reduce poverty, regardless of size or cost, rather than being aimed at the largest projects. The government should also strongly consider strengthening the monitoring capacities of the MoF, NPC, FCGO, AGO and line ministries.

Agriculture Sector

Public Sector Enterprises such as the Nepal Food Corporation and the Agriculture Inputs Corporation need to be restructured and have their roles modified. Some progress has been made but much more is required. In September 1999, the government decided to include AIC in the privatization list of MoF. Subsequently, MoA formed a task force, in October 1999, to examine the details in executing the above decision of the government. The task force is expected to submit its report shortly.

Research and extension should be restructured and made more effective. Activities need to be refocused to take into account the decentralized initiatives of the government. Strategy needs to be developed to encourage private sector participation in delivery of services.

Forestry Sector

The Timber Marketing Corporation should give up monopoly rights in marketing forest products. At present there are allegations of rampant corruption in the organization. The private sector should be encouraged to enter the timber market with TCN and the Ministry of Forestry being the regulator.

The Ministry of Forests and Soil Conservation should also reverse the decision to ban the green felling of community forests, which threatens the policy environment and sustainability of community forests.

Irrigation Sector

In the Irrigation sector, the operation and maintenance of Agency Managed Irrigation Systems that are not transferred to users groups must be fully funded for efficiency. The current level of funding is only about 15-20 percent of the requirement. Cost recovery is limited and must be augmented.

The government is encouraging the development of tubewell irrigation in the Terai with limited options of exploiting surface systems. To ensure that the groundwater resources are not over-exploited the subsidies for tubewells must be reduced over time. The Department of Irrigation should become the policy, regulatory and monitoring agency and should empower private irrigation systems.

A water strategy is being formulated under the Irrigation Sector Project and this should provide the basis of further dialogue with the government.

Local Development.

To ensure sustainability and a demand-driven approach to development, administrative and financial capacity of local governments, village development councils and district development

councils need to be strengthened. There are a number of initiatives currently being carried out in Nepal and these should be replicated to cover all districts. The planning of projects and programs is ad-hoc and the resources being provided to local government have remained constant since inception. This needs to be reviewed and a more effective development program at the local level implemented. Many rural sector services should be developed within the context of decentralization initiatives to ensure sustainability.



INTRODUCTION

1. Nepal is the poorest country in the sub-continent and the ninth poorest country in the world. It has a per capita income of US\$210 and an estimated population of 21.5 million growing at 2.5 percent per annum. Rural outcomes have not met expectations. In particular, the rate of real agricultural growth has been only about 2.6 percent per annum over the past two decades, barely keeping up with the population growth rate. The government has been making sustained efforts to improve the situation but it has not been able to keep up with the demand for public services. Its programs are often poorly implemented and it is heavily dependent upon foreign aid, unable to raise enough revenue to pay for its programs on its own. Many basic services are still underdeveloped; only 6 percent of the population has access to sanitation (compared to 30 percent in Bangladesh and India) ; only 44 percent has access to safe water (compared to an average of 77 percent in South Asia); and the illiteracy rate is 64 percent (81 percent female and 46 percent males) (compared to an average of 51 percent in South Asia).

A. SCOPE OF REPORT

2. This report focuses on expenditures for the delivery of government services in rural areas, namely for agriculture, livestock and forestry since these sectors contribute about 43 percent of GDP and 80 percent of employment. To do this, the report examines expenditures made by the Ministry of Agriculture, the Ministry of Forestry and Soil Conservation and the Department of Irrigation in the Ministry of Water Resources. Selected expenditures from the Ministry of Supplies and the Ministry of Finance are included where relevant. The report also includes an assessment of activities under the Ministry of Local Development since many of its programs are aimed at rural areas.

3. The rest of the report reviews issues and trends associated with the government's rural strategy. **Chapter 2** opens with an assessment of resource availability for the government as a whole and for the rural sector in particular. It then reviews the strategies of the government for using those resources and concludes with a review of the efficacy of the government's programs to date. **Chapter 3** raises several issues of public sector management. In particular, it looks at what could be done to produce more affordable rural strategies and budgets and how incentives for governance play an important role. **Chapter 4** provides a review of key issues and trends in specific sub-sectors: agriculture and livestock, forestry, and irrigation. **Chapter 5** provides an assessment of the Ministry of Local Development because of its important role in supporting rural development and the process of decentralization. Key recommendations for each of the sub-sectors discussed are also provided.

B. THE INCIDENCE OF RURAL POVERTY IN NEPAL

4. Slow growth has had a long-term adverse impact on rural welfare. Between 1976 and 1996, the number of poor increased by approximately 3.5 million people.⁷ According to the World Bank's 1998 Poverty Assessment, 42 percent of the population lived below the poverty line in 1996.⁸ In rural areas, the share is slightly higher at 44 percent (Table 1.1).

5. Poverty has increased because the rate of agricultural growth has not kept pace with population growth. Non-agricultural GDP has grown quite rapidly, but its impact has been mainly in urban areas. Most of the population lives in the rural areas and is dependent on agriculture for its livelihood. 86 percent of households cultivate some land, 80 percent have some livestock and agriculture is the main sector of employment for 83 percent of the labor force. 80 percent of those employed in agriculture are self-employed, and the rest are wage workers dependent on agriculture. The poor in the rural areas are disadvantaged in terms of land, access to inputs and literacy levels.

6. Rural poverty increased compared to urban poverty based on data from the periods 1976-1996 and 1986-1996. These increases were significant in the rural areas of the West, Mid-West, and Far-West regions and the Eastern Hills, which outweighed declines in poverty in the Central Hills/mountains and Eastern and Central Terai. Among the rural areas, the remote areas (mid and far western development regions and the mountain belt where the poverty incidence is 72 percent) are further below the poverty line than the poor elsewhere. Social indicators mirror indicators in consumption levels. Illiteracy is twice as high in rural areas as it is in urban areas and 15 percent higher in the mid and far western regions than in other rural areas.

Table 1.1: Poverty Incidence - Regional, 1995/96

	<i>Poverty Incidence (%)</i>	<i>Poverty Gap</i>	<i>Illiteracy (% population)</i>
Nepal	42	.121	64
Urban	23	.070	37
Rural	44	.125	67
Urban Kathmandu Valley	4	.004	24
Other Urban	34	.109	45
Rural Eastern Terai	42	.095	62
Rural Central Terai	38	.082	77
Rural western Terai	40	.092	69
Rural-Mid-Far West Terai	53	.132	72
Rural Eastern Hills/Mtns	28	.068	59
Rural Central Hills/Mtns	67	.108	66
Rural Western Hills/Mtns	40	.128	54
Rural Mid and Far West Hills/Mtns	72	.281	73
Terai	42	.099	69
Hills	41	.136	58
Mountains	56	.185	75

Source: Nepal, *Poverty at the Turn of the Twenty-First Century*, July 1998

⁷ World Bank, 1998. *Nepal: Poverty at the Turn of the Century*.

⁸ Based on the Nepal Living Standards Survey, 1995/96.

7. Income inequality has also increased noticeably. There were significant income inequalities between urban and rural areas and within rural areas. Between 1984/85 and 1995/96 about a third of the increase in inequality is explained by an increase in inequality between urban and rural areas and the remaining two-thirds by increases within areas. However, between the period 1991/92 and 1995/96 there is a slight decline in poverty in the rural areas. This indicates that there has been some progress since 1991/92 but not enough to compensate for the deterioration that took place in previous years.

C. TRENDS IN THE RURAL SECTOR

8. The performance of the rural sector has been mixed with the low growth in food crops and forestry products outweighing the faster gains made in cash crops and livestock. Real growth in agricultural value-added and food crop output fell below the rate of population growth increase between 1990 and 1995, with only small gains in 1996 and 1997 (**Table 1.2**). Food grain yields, which were once the highest in South Asia, are now the lowest. Food production remains dependent on the monsoons because of difficult water management conditions. Less than a third of the land is effectively irrigated, of which only 20 percent is irrigated year-round. Extensive cropping has reduced soil nutrients yet the application rate of soil nutrients is very low, less than a quarter of the recommended levels at 33kg/ha (compared to 71 kg/ha for India and 101kgs/ha for Bangladesh).

9. The output of livestock products (milk, meat and eggs) has made good progress, increasing from an average of 1 percent per annum for 1991-93 to an average of 4 percent per annum for 1994-97. By contrast, the output of forestry products has fallen from 2.7 percent per annum for 1991-93 to just under 1 percent per annum for 1994-97 (**Table 1.2**). Pressure is increasing on the forest lands, as the human and livestock populations continue to increase. Livestock per hectare is among the highest in the world, putting additional pressure on pastures and forested areas. Nevertheless, recent successful efforts in forest management have helped in arresting the deterioration of the forest cover. Since the late 1980s, FAO data indicate that the forest cover has remained essentially constant with losses in the Terai being balanced by gains elsewhere. Preliminary data show improvements in the quality of some forest cover as well.

10. As a result of the weak performance outlined above, as many as 14 districts are frequently in food deficit according to government officials, notably in the hill and mountain areas. This has contributed to the migration of labor to the increasingly urbanized Kathmandu valley and to the lowland Terai areas. Population pressure is becoming extremely high in the Terai, creating strong competition for resources.

Table 1.2: Selected Indicators^{1/}

	1975-80	1980-85	1985-90	1991	1992	1993	1994	1995	1996	1997
Agricultural GDP/Total GDP	61.8	51.7	51.6	48.6	45.9	43.3	43.1	41.8	42.0	42.7
Agricultural GDP/Capita										
Index (1995=100)	87.8	98.9	106.1	105.6	101.8	98.5	103.1	100.0	101.7	102.4
Period Average Growth Rate	-3.3	2.0	1.5	-0.4	-3.6	-3.2	4.7	-3.1	1.7	0.7
Food Production Index										
Index (1995=100)	59.5	86.6	105.7	107.5	100.9	93.0	108.6	100.0	115.4	118.2
Growth Rate, Production	-2.9	6.0	4.3	1.7	-6.1	-7.9	16.8	-7.9	15.4	2.4
Growth Rate, Yield	-3.4	0.9	3.6	1.7	-4.1	-7.3	10.4	-7.7	10.5	2.0
Cash Crop Production										
Index (1995=100)	32.5	43.4	72.9	79.9	86.9	89.8	94.6	100.0	105.9	112.4
Growth Rate, Production	4.5	6.2	12.1	9.6	8.7	3.4	5.3	5.8	5.9	6.1
Growth Rate, Yield	0.1	5.7	12.8	7.7	6.9	0.7	3.6	1.2	-2.6	5.2
Milk, Meat, Eggs										
Index (1995=100)	..	77.9	90.7	91.4	92.0	93.8	96.8	100.0	106.2	110.1
Growth Rate, Production	..	..	3.4	0.7	0.7	1.9	3.2	3.3	6.2	3.7
Forestry Products										
Index (1995=100)	..	79.6	89.1	92.8	93.7	96.4	99.0	100.0	99.8	99.8
Growth Rate, Production	..	..	2.2	4.2	0.9	2.9	2.7	1.0	-0.2	0.0

1. Growth rates are period averages. Ratios and indices are end-of period. GDP share is calculated from current prices.

Source: FAO and World Bank databases.

D. WEAK PORTFOLIO PERFORMANCE

11. The government has been making efforts to improve the rural situation, but its programs are poorly implemented and many basic services are underdeveloped. Although none of the ministries reviewed for this report, including the NPC, were able to provide detailed evaluations of project outcomes, an evaluation of IDA-financed programs in the country demonstrates the poor performance of rural sector programs. These projects have suffered from a range of implementation problems, and there are serious doubts about their sustainability. At present, 47 percent of projects currently active are at risk of failure, while only 16 percent of closed projects were thought likely to be sustainable (compared to 55 percent in the South Asia and 59 percent globally). Performance is declining: 93 percent of the projects approved between 1981 and 1985 were satisfactory, compared to 66 percent of projects approved between 1986 and 1993. Among projects completed in the 1990s, 27 percent of original commitments were cancelled, the highest cancellation rate in the South Asia region. The average completion delay per project was 31 months, compared to 27 in Pakistan, 25 in Bangladesh, and 20 in Sri Lanka. The average Development Effectiveness Index (which combines outcome, institutional development, and sustainability ratings) for projects in Nepal was the lowest in the South Asia region. Ratings for government performance in preparation, implementation, and compliance were well below regional and Bank-wide norms.

12. **Table 1.3** mirrors this assessment for the ministries under review in this report. Between FY81 and FY85, four projects were satisfactory, two unsatisfactory. Between FY86 and FY93, only one project was satisfactory, two were not. Completion delays were substantial. Of these nine projects, sustainability was rated as likely for only one.

Table 1.3: Assessment of Selected Projects Financed by the World Bank

<i>Completed Projects</i>	<i>Commitment \$m</i>	<i>Fiscal Year</i>	<i>Outcome</i>	<i>Sustainability</i>	<i>Completion Delay (months)</i>	<i>Percent Cancelled</i>
Completed						
Agricultural Extension and Research	17.50	FY81	Satisfac.	Uncertain	37	18
Hill Food Production	8.00	FY81	Unsatis.	Uncertain	37	30
Bhairawa-Lumbini Groundwater	16.00	FY83	Satisfac.	Likely	24	0
Second Forestry Project	18.00	FY84	Unsatis.	Unlikely	31	80
Agricultural Extension 2	7.20	FY85	Satisfac.	Uncertain	37	19
Narayani Irrigation 3	24.50	FY86	Unsatis.	Unlikely	6	42
Sunsari Morang Irrigation 2	40.00	FY87	Satisfac.	Uncertain	6	9
Third Rural Development Project	19.10	FY87	Unsatis.	Unlikely	5	76
Sunsari Morang Headworks	28.00	FY93	Satisfac.	Uncertain	0	1

Source: World Bank, Operations Evaluation Department.

2 ISSUES AND TRENDS

13. The inadequate portfolio performance and weak capacity to deliver services outlined above are the result of a combination of over-ambitious strategies relative to available resources and poor implementation - compounding the impact of other factors such as difficult terrain and the low base of economic development.

A. RESOURCE AVAILABILITY AND ALLOCATIONS

14. **Broad Resource Envelope.** Nepal's spending as a share of GDP has been rather low compared to that of other low income nations. For example, in FY95, total spending was 17 percent of GDP compared to an average of 28 percent for a sample of 50 low income nations (Table 2.1). This is mainly due to Nepal's low revenue effort. In 1995, Nepal collected tax revenues equivalent to 9 percent of GDP compared to an average of 14 percent for the low-income sample – and an average of 20 percent for a sample of 46 lower-middle income countries.⁹ A high level of foreign aid has helped bridge the gap but not enough to bring the expenditure share in line with international norms (See Annex B for a short summary of the degree of aid dependency in Nepal's rural programs).

Table 2.1: Comparative Fiscal Indicators

	<i>Nepal 1995</i>	<i>Nepal 2002</i>	<i>Low Income Economies 1995</i>	<i>Middle Income Economies 1995</i>
GNP per Capita in US\$ 1/	200	260	376	1,576
Public Spending as Share of GDP 3/	17	19	28	35
Tax Revenue as Share of GDP 2/	9	10	14	20
Foreign Aid as Share of Spending	33	37	70	12

1. Low income economies have 1995 GNP per capita below US\$ 750 per capita using World Bank Atlas methodology. Lower-middle income economies have GNP per capita's between US\$750 and US\$3,200.
2. Omits non-tax revenues and foreign grants.
3. Excludes principle repayments.

Source: World Bank staff estimates and World Bank Social and Economic Database.

15. Even with moderately optimistic projections, the availability of resources over the next three years will not reach international standards. Tax revenues will increase but only to 10 percent of GDP. Foreign aid is also expected to increase, on the assumption that the capacity problems documented in this report are addressed, to cover 37 percent of public expenditures (Table 2.1). This will allow public spending to rise to 19 percent of GDP.

⁹ It is important to note that low revenue efforts are not necessarily a function of low per capita incomes. Many poor nations, such as Mozambique have a stronger revenue effort while some rich nations have weaker efforts.

16. **Rural Sector Resource Availability.** The level of real resources per capita that has been allocated to the rural sector has been falling – both from HMGN sources and from external donors. Taken together, real per capita expenditures in all four sub-sectors have been falling through FY97. Real per capita contributions from external donors have declined even faster, with the FY97 level only 73 percent of the FY95 level. If the expectations are confirmed, however, this will have improved to 90 percent of the FY95 level in FY98 (**Table 2.2**). It is important to point out that this outcome would have been better if actual spending had equaled the amounts allocated in the budget. Actual spending fell from 98 percent of the allocated amount in FY95 to 84 percent in FY97.

17. As shown in **Table 2.2**, both the government and the donor community have been shifting non-debt service resources away from agriculture and irrigation. Shares in total non-debt spending have fallen for these two activities. Spending on forestry has remained constant as a share of total non-debt spending. Spending on local development is the only activity which gained as a share of the total. This shift towards local government occurred because of the introduction of the grant programs for the district and village development councils (DDCs & VDCs) and increasing expenditure on rural infrastructure.

Table 2.2: Rural Resource Availability^{1/}

	<i>FY95 actual</i>	<i>FY96 actual</i>	<i>FY97 actual</i>	<i>FY98 budgeted</i>
GDP Shares				
Expenditures	4.0	3.9	3.4	3.9
Agriculture and Livestock 2/3/	1.3	1.0	0.8	1.0
Forestry 3/	0.4	0.4	0.3	0.4
Irrigation 3/	1.2	1.2	1.1	1.1
Local Development 3/	1.1	1.4	1.3	1.5
External Assistance Disbursements	2.6	2.1	1.8	2.3
Indices of Real Spending per Capita				
Expenditures	100.0	98.9	88.5	101.0
Agriculture and Livestock 2/3/	100.0	76.7	58.8	77.1
Forestry 3/	100.0	100.9	98.6	105.5
Irrigation 3/	100.0	100.7	89.9	94.9
Local Development 3/	100.0	122.6	118.6	134.3
External Assistance Disbursements	100.0	84.0	72.7	90.2
Actual Exp./Budgeted Exp. (%)	97.5	88.2	84.4	--
Share of Total Non-Debt Expenditures (%)				
Agriculture and Livestock 2/3/	8.9	6.2	4.9	5.4
Forestry 3/	2.4	2.3	2.3	2.0
Irrigation 3/	8.1	7.4	6.8	6.1
Local Development 3/	7.5	8.4	8.3	7.9

Notes:

1. Actual expenditures. Loans and grants are actual disbursements through FY96 and planned for FY97.
2. Includes transport subsidy for the Nepal Food Corporation managed by the Ministry of Supplies.
3. Includes rural projects with funding recorded under the Ministry of Finance.
4. FY98 – actual spending is likely to be lower- and rural share of actual will also be lower. Budgeted foreign aid is optimistic and may not have materialized. Sources: Ministry of Finance, UNDP 1996 Development Cooperation Report, 1995 Population Monograph of Nepal.

18. The data show that agricultural spending failed to keep pace with local inflation, so much so that real per capita spending in FY97 and FY98 was worth only 59 and 77 percent respectively of spending in FY95 (**Table 2.2**). Spending on local development expanded faster than inflation due to the introduction of the grants program. Spending on irrigation and forestry remained almost constant in real per capita terms.

B. RURAL DEVELOPMENT STRATEGIES IN NEPAL

19. Nepal's rural development strategies are well articulated but ambitious. They are not realistic however, because their cost exceeds the government's financial and administrative capacities. In addition, they rely too heavily on the role of government as an investor, with insufficient attention to operation and maintenance. There is little said about the role of government in making needed regulatory changes in support of its spending programs or in support of the private sector. Finally, there is very little said about opportunities for increasing revenues or about strengthening the capacity of the government to administer and implement its programs.

20. **Strategic Planning.** Nepal's rural strategies are articulated in the Plans and in the Agricultural Perspective Plan (APP). The strategic focus of all Plans in Nepal has been to focus on agriculture growth and rural development. The strategy of the Eighth Plan (1992- 1997) was to emphasize low-cost farming activities with high rates of return, such as intensive farming in irrigated areas, animal husbandry, bee keeping or sericulture. Crop diversification into higher-value crops was also emphasized in areas where there was access to services. In most cases, these changes in output were to be promoted through increased government support for inputs, subsidized irrigation water, subsidized fertilizer, subsidized credit, increased road density and rural electrification. The planning was well integrated. The irrigation plan, for example, assumed that tubewell investments would be supported by increased rural road building and a rural electrification program. The Eighth Plan also stated that sustainability of agricultural development cannot be achieved unless there is close ecological coordination between farming, livestock and forestry. Increasing rural poverty including disparities between the regions was also recognized as a problem that needed to be addressed. Infrastructure and social services were to be promoted in the far-western and mid-western regions so that the population would be able to access markets and employment opportunities.

21. The Ninth Plan is quite similar in content to the Eighth Plan. The main differences are that it correctly makes poverty alleviation the over-arching goal and it is more reflective of recent moves towards decentralization where the district and village level governments gain more responsibilities in the development effort. The Ninth Plan has developed strategies by ecological regions, and has focussed on priority outputs and inputs required to achieve growth in the rural sector.

22. The strategy for the rural sector is based on the Agriculture Perspective Plan (APP), a twenty year agricultural growth framework developed and incorporated in the Ninth Plan. The main objectives of the APP are to: (i) accelerate the growth rate of the agriculture sector through increased factor productivity; (ii) reduce poverty through growth and increased employment

opportunities; (iii) diversify into high-valued horticultural crops; (iv) ensure a sound policy environment for private sector participation; and (v) identify clear implementation strategies.

23. The implementation strategy is focused on: (i) expansion of year-round irrigation – shallow tubewells with farmer participation; (ii) growth in the supply of fertilizer with private sector participation; (iii) streamlining agricultural research; and (iv) provision of infrastructure. These investments from both the private and public sector are to be facilitated by policy and institutional reform and availability of credit. In practice, the implementation of the APP has been mixed and its impact on agricultural growth has not been noticeable. Irrigation and fertilizer have been inadequate, and the situation worsened with poor monsoons. However, on the policy front there has been some progress with elimination of all fertilizer subsidies, reduction of subsidies for irrigation (tubewells) and institutional reform of the Agriculture Inputs Corporation (AIC) – providing subsidized fertilizer and seed and Nepal Food Corporation (NFC)- providing subsidized grain.

24. **Local Government.** The government has started making efforts to decentralize development activities through the District Development Councils (DDCs) and the Village Development Councils (VDCs). A Local Governance Act has been passed that provides DDCs and VDCs greater autonomy in planning and implementation of development programs. However, this is a slow process as the capacity of the local governments is limited. The basic thrust of a number of recent donor-funded programs is to strengthen the local government and to involve community-based organizations to ensure sustainability of outcomes.

25. **Role of the Private Sector.** The low revenue effort of the government implies a need to share more of the responsibility for development with the private sector, the communities, self-supporting NGOs and foreign investors. HMGN has already put more reliance on the communities through its hand-over policies in forestry and surface irrigation systems. In both cases, however, there is room for more progress. For example, the transfer of the national forests in the Terai to local users groups has lagged far behind schedule. Foreign investment in rural activities is currently minimal though there is strong potential in areas such as water management, electrification, fertilizers and other inputs. The government may therefore wish to consider a review of the investment codes and tax laws with the aim of facilitating more foreign participation. The Bank has recently commissioned a study entitled “Terai Options Study”, which is reviewing alternative mechanisms to deliver services to rural Terai. The report is expected to be completed by June 2000. Preliminary findings of the study include the need for greater participation by private sector, community-based organizations and NGOs to deliver rural services.

26. **Role of the Government.** Encouraging the private sector is often better done through policies and regulatory reforms that make private participation more rewarding rather than spending by itself. Some examples of needed regulatory changes include fertilizer policies (pricing, tariff rates, income taxation, quality standards), water management for irrigation (through a continued effort to settle riparian issues with India and allowing greater foreign investment), and rural labor productivity (through changes in land tenure and land use laws which might promote more efficient application of inputs).

27. **Land Issues.** The Bank recently commissioned a paper on land issues (as part of the Terai Options Study) and the findings were discussed at a workshop ¹⁰ in June 1999. The workshop debate revolved around questions with respect to farm size and impact on agricultural productivity and the relative efficiency of sharecropping that is predominant in the Terai area. A general consensus emerged on the need for land reforms in Nepal and political will to address the issues. It was generally agreed that there is the need to review further the issues with respect to dual ownership, share cropping, land fragmentation, land registration and taxation.

28. **Decentralization.** The government, and the donor community, should be patient in the desire to decentralize. There is evidence that the transfer of responsibilities may be exceeding the administrative capacities of many district and village level governments while the lack of incentives for good governance is inducing corrupt behavior on the part of both central and local officials. Improving the incentives for good governance should be viewed as an essential prerequisite to further decentralization.

C. IMPLEMENTATION ISSUES

29. The performance of Nepal's public expenditure programs has been disappointing. Rural output and productivity, as documented in **Chapter I**, have not risen as quickly as hoped. Rural poverty is increasing. One reason for this is that Nepal has intrinsically high infrastructure investment costs because of its difficult terrain and late start in modern development. There are, however, other factors under Nepal's control that are critical to success. In particular, it appears that Nepal has been constrained by trying to do too much with the result that very little is done well. For example, officials in the Department of Irrigation noted they were often unable to fully access foreign aid due to insufficient counterpart funds – but they could not drop low priority projects due to political opposition. As a result, many projects are under-funded without making tangible physical progress. Project implementation is often spread out well beyond planned completion dates, completion costs rise and rates of return fall. HMGN efforts need to become more focused and more in line with available financing and administrative capacity.

30. **Over-Extension.** The planning and budgeting system has not constrained the number and cost of projects and programs to match available resources and capabilities. The data provide two very clear-cut illustrations of this point. In the first case, HMGN has been unable to implement the first phase of the APP as originally scheduled due to a lack of resources and delays in required institutional changes. In the second case, it is shown that fully funding the 43 largest budget heads in FY97 would have consumed all of the resources actually spent on rural programs, leaving nothing for any other activities. In fact, all activities consistent with the APP could have been fully funded if non-priority spending had been reduced.

¹⁰ Papers presented were: *Land Tenure in Nepal: A Constraint or Catalyst for Economic Growth* by Ravi Bhandari; *Land Tenure in Nepal : Status and Main Issues* by Devendra P. Chapagain (IMU/GTZ)

Table 2.3: Selected APP Targets and Actual Spending, FY95-97^{1/}

(NRs. Million)	FY95	FY96	FY97	FY98	FY99
Fertilizer					
Full Target	542	586	636	656	701
Actual Spending	573	500	502	..	..
Research 2/					
Full Target	360	389	422	435	466
Actual Spending	483	503	570	..	..
Livestock					
Full Target	456	493	535	551	590
Actual Spending	62	60	116	..	..
Horticulture					
Full Target	250	270	293	302	324
Actual Spending	73	64	43	..	..
Forestry					
Full Target	322	348	378	389	417
Actual Spending	341	316	372	..	..
Irrigation					
Full Target	2,352	2,542	2,760	2,845	3,044
Actual Spending	1,353	1,605	1,441	..	..
Other 3/					
Actual Spending	589	153	276	..	..
Total					
Full Target	4,282	4,628	5,024	5,179	5,541
Reduced Target	3,303	3,570	3,875	3,995	4,274
Actual Spending	3,474	3,202	3,319	..	..
Actual/Full Target (%)	81	69	66	..	..
Actual/Reduced Target (%)	105	90	86	..	..

1. Omits agribusiness, roads and institutional strengthening.

APP provided estimates only for a single year and the 5 year multiple in 1995 prices. Individual years have been calculated by applying consumer price inflation to the first year's annual average cost estimate. FY98 inflation rate is assumed to be 7 percent in line with the previous 5 year average.

2. Actual spending includes research and extension expenditures for agriculture and livestock combined.

3. Includes expenditures by the Ministry of Agriculture, the Ministry of Finance and the Ministry of Local Development that appear to be consistent with APP objectives.

Sources: APP Table 16-1 and 16-5, Revised Final Draft, April 1995 and Ministry of Finance.

31. **APP.** The first phase of the APP was originally intended to cover the years 1995 through 1999. The necessary investments represented a major increase in investment spending compared to previous levels.¹¹ In fact, because of the difficulties of planning under political uncertainty and the general lack of adequate resources, the government was unable to achieve more than 81 percent of the target levels in its first three years - and this level declined to 66 percent in the third year.¹² In some sectors, such as livestock or horticulture, it was far less. This is shown in **Table 2.3**. The APP also included an alternative implementation plan with lower investment levels - but its authors recommended against this on the grounds that the plan's effectiveness would be markedly reduced. The data show that the government did match this reduced level of

¹¹ The APP generally failed to project recurrent financing requirements needed to sustain the recommended investments.
¹² An official in the APP Independent Monitoring Unit noted that there are no APP projects *per se*. Instead, a project is determined to be, or not to be, consistent with APP objectives.

spending – but only for FY95. The delays in funding and accompanying institutional changes have motivated a change in the official APP start date to January 1998. Given that the second phase of the APP calls for even higher real spending, it should be clear that the APP is not affordable under any reasonable circumstances.

Table 2.4: Selected Rural Project and Program Indicators, FY97

Budget Head		Budget NRs Mill	Percent of Budget	Actual Expenditure (NRs. Mill.)	Budget as Share of Total Actual (%)
	Min. Agriculture	1,152	10.0	907	12.0
40/4/800	Agriculture Input Price & Transportation Grant	600	5.2	502	6.2
40/5/410	Agricultural Extension Program	198	1.7	184	2.1
40/5/512	Livestock Extension	154	1.3	146	1.6
40/4/560	Animal Health Strengthening Project	131	1.1	36	1.4
40/4/260	Secondary Crop Development Project	69	0.6	40	0.7
	Dept. Irrigation	1,652	14.3	1,368	17.2
47/4/314	Second Irrigation Sector Project	374	3.2	285	3.9
47/4/315	Irrigation Line of Credit	364	3.2	235	3.8
47/4/406	Bhairahawa Lumbini Irrigation Project (III Phase)	344	3.0	241	3.6
47/4/411	Mahakali Irrigation Project, Kanchanpur	332	2.9	382	3.5
47/4/404	Bagmati Irrigation Project	238	2.1	225	2.5
	Min. Forestry	574	5.0	548	6.0
59/3/122	District Forest Offices	221	1.9	217	2.3
59/3/152	National Park (Security Group)	217	1.9	206	2.3
59/5/311	Community Forest Development Program	50	0.4	44	0.5
59/5/650	District Soil and Water Conservation Program	48	0.4	45	0.5
59/3/151	Shivapuri Watershed and Wildlife Protection	39	0.3	35	0.4
	Min. Local Development	3,151	27.3	2,916	32.8
69/5/520	Village Self Reliance Grant	2,010	17.4	1,855	20.9
69/5/500	District Development Committee Grant	620	5.4	719	6.5
69/5/400	Solid Waste Management Program	207	1.8	90	2.2
69/5/280	Rural Community Infrastructure Dev. Program	186	1.6	142	1.9
69/5/610	Local Development Construction Program	128	1.1	111	1.3
69/5/530	Election Area Development Program	106	0.9	106	1.1
	Min. Finance	853	7.4	437	8.9
87/4/822	Small Farmers Development Program (III Phase)	500	4.3	170	5.2
35/4/825	Farmer Irrigation Subsidy- Capital Subsidy	110	1.0	110	1.1
87/4/820	Agriculture Development Bank (Share Investment)	109	0.9	109	1.1
35/4/817	Biogas Production Subsidy- Capital Subsidy	99	0.9	45	1.0
35/4/819	Small Farmers Interest Subsidy- Price Subsidy	35	0.3	4	0.4
87/4/828	Gulmi Argakanchi I.R.D. (Credit)	30	0.3	30	0.3
	Total, Five Largest per Ministry	7,382	64.1	6,176	76.8
	Total Recurrent and Capital	11,525	100.0	9,608	120.0

Source: Ministry of Finance.

32. **An excess of projects and programs.** The financing requirements for rural sector projects and programs exceed available resources. If all spending had met targeted allocations, required spending in FY97 would have been 20 percent higher than actual spending (**Table 2.4**). If the government and donors had decided instead to fund as many of the largest programs as possible in FY97, it would have run out of resources after the forty-third largest budget head - leaving nothing for the remaining 154 budget heads. The 5 largest projects and programs in each ministry accounted for 64 percent of the total allocation for FY97 and 77 percent of all actual spending. In order to compensate for the shortfall many projects and programs are routinely under-funded. Interviews with officials confirm that ad-hoc control measures have become necessary. Chief among these are the practices of withholding domestic funds from various activities or spreading funding thinly across a wide variety of activities. As shown in the concluding section of this chapter, the MoLD seems to have a special problem in this regard.

33. **Reprioritizing and restructuring.** A better solution would be to prioritize and restructure or drop non-essential projects. One of the key criteria for such an exercise should be consistency with the APP. Other relevant criteria are laid out in Appendix A. HMGN and the donor community will need to work together to decide which activities should be dropped and which should be restructured. As an illustration of how spending on priority activities could be made more sustainable, **Table 2.5** shows how the composition of spending would have changed if only those activities consistent with the APP had been fully financed, along the local development grants and key administrative functions outside of the APP mandate.¹³

34. **Table 2.5** shows that priority APP activities received an average of 77 percent of the adjusted budget allocations in FY97. By contrast, the grant programs and key administrative functions received almost their full allocations and other non-APP activities received 76 percent of their allocations. *This outcome should be reversed, with APP activities fully funded and non-priority activities reduced or eliminated.* The two columns on the right-hand side of Table 2.5 show how this could have been accomplished in FY97 without exceeding actual total spending. Actual spending in each ministry is maintained or increased: APP activities are fully financed as are key non-APP administrative functions and the MoLD grant programs. The reduced remainder is left for other non-APP activities. This would have meant the elimination of the entire non-APP portfolio in two ministries. Ministry of Supplies, and Ministry of Agriculture. This would leave a small amount (NRs. 166 million) for reallocation to other uses. If these reallocations had been made, other non-APP activities would have received only 39 percent of the budgeted allocation while APP priorities would have been fully funded according to FY97 budget allocations. Even so, this remains far short of the original APP target of NRs. 5,024 million set for FY97.¹⁴

13 The Department of National Park & Wildlife Protection is an example of the latter.

14 Inflation adjusted annual average. From table 2.3 above.

Table 2.5: Alternative Financing of Priority Expenditures, FY97, NRs Millions.

	Adjusted Budget	Actual Expenditures		Alternative Expenditures	
		NRs Millions	Percent	NRs Millions	Percent
Min. Finance	969	497	51	497	51
APP	202	124	61	202	100
Other	768	374	49	296	39
Min. Supplies	225	172	77	0	0
Min. Agriculture	1,915	1,605	84	1,611	84
APP	1,572	1,323	84	1,572	100
Administration	39	36	92	39	100
Other	303	247	81	0	0
Dept. Irrigation	3,282	2,825	86	2,825	86
APP	1,787	1,331	74	1,787	100
Administration	109	99	91	109	100
Non-APP Priorities	295	291	99	295	100
Other	1,091	1,105	101	635	58
Min. Forestry	1,023	970	95	970	95
APP	385	366	95	385	100
Administration	521	493	95	521	100
Non-APP Priorities	12	12	95	12	100
Other	106	99	94	52	50
Min. Local Development	4,112	3,538	86	3,538	86
APP	350	176	50	350	100
Administration	13	13	100	13	100
Grant	2,820	2,763	98	2,820	100
Non-APP Priorities	6	3	50	6	100
Other	924	584	63	350	38
Grand Total	11,525	9,608	83	9,608	83
APP	4,295	3,319	77	4,295	100
Administration	681	641	94	681	100
Grant	2,820	2,763	98	2,820	100
Non-APP Priorities	313	305	98	313	100
Other	3,416	2,580	76	1,333	39
Remainder				166	
APP Target				5,024	
				729	

Source: World Bank staff judgements.

Other Implementation Issues

35. There are other implementation issues that need to be addressed. Some, like problems due to contractors, natural disasters or slow donor procedures, are common to all countries. Others are a result of factors under the government's control. These are summarized below. An example of a problem project is provided in **Box 2.1**.

- Program or project designs that lack political support, due to a lack of consensus within government and/or a lack of support from beneficiaries tend to become problems.
- Programs or projects are sometimes delegated to agencies that lack the necessary mix of skills for design, supervision or monitoring. The MoLD, for example, must monitor

thousands of small projects in agriculture, rural roads, water supplies etc. – with little resident expertise and only imperfect coordination with appropriate line ministries.

- Frequent changes in senior government officials and project managers have reduced the capacity to formulate consistent policy and manage projects. The FY98 amendment to civil service code should help in this regard. It is noted that the reform also created some new problems due to an additional round of transfers of some officers back to the agencies which originally employed them. In addition, the reform included NRs3 billion in additional salary and pension adjustments which may not be affordable.
- Personnel have little incentive to be posted to the rural districts and often spend little time working directly with beneficiaries. This is an especially relevant concern for agricultural extension.
- Standard bidding documents have recently been introduced to help reduce procurement delays but they now need to be made operational.
- The procurement of local and foreign consultants often takes as long as 18 months as officials address concerns about loyalty to their ministry, office or district.
- Funds are often not released until as much as 6 months after the budget year has begun.
- There are leakages as funds and goods are diverted for private use by project managers, local officials, and central government personnel. Interviews with project beneficiaries and officials indicate the problem is widespread. The food-for-works program is one well documented example.¹⁵

Box 2.1: The Upper Sagarmantha Agricultural Project

The past performance of the Upper Sagarmantha Agricultural Project illustrates several of the issues raised above. This project is intended to increase the agricultural productivity, employment, and income of rural people through the provision of credit, training and improvements in infrastructure. Some of the key problems included:

- Weak capacity of implementing agencies.
- Politicization in order to extract private benefits. Political debate and interference in what should be constructed and where.
- Political interference in the selection of NGOs, Auditor General detected irregularities resulting in the NGO component being discontinued.
- Frequent changes of project manager.
- Initially Dept. of Roads (DOR) involvement resulted in top-down approach. DOR standard roads were too big, costly and environmentally unfriendly. It was then decided to involve user groups.

36. Interviews with ministry officials revealed there is a labor- related implementation problem at the district and village levels. Many agencies rely on communities and beneficiary groups to contribute their time and labor in planning and operating various projects. For example, the Department of Livestock has established 5,000 users' groups, the Department of Irrigation (DoI) transfers the operation of some irrigation projects and the Ministry of Forestry and Soil Conservation (MoFSC) transfers the administration of selected forested areas. The problem occurs when a substantial number of communities within a district become overburdened with too many activities. This is not uncommon. Officials claimed they have problems finding labor needed for operation and maintenance due to competing local demands the key to the solution. Making this tax *explicit* through monetization would provide the

government and the communities with additional flexibility. Use of tax monies would allow the use of labor hired from inside or outside the communities, according to availability. Where justified, that DDCs or VDCs cannot pay the additional taxation, could be subsidized.

37. Officials report that in many cases they have also been forced to create local positions for central government staff because it has been difficult to gather together enough competent individuals for planning and administrative purposes due to competing demands from their farms and communities. The MoFSC has tried, with some success, to utilize pre-existing groups formed for other purposes and which meet basic criteria for leadership and savings. This is a good tactic but it might be even more efficient for the ministries and donors to rely on the DDCs and VDCs to represent the interests of their constituencies rather than setting up numerous other representative bodies. To facilitate this, in some cases, it may be necessary to help DDC and VDCs upgrade their administrative capacity. For more on these issues, **Chapter 5**.

38. **Under-funding as a symptom.** Actual spending typically falls well short of budget targets, often by large margins in some sectors, because of the implementation issues described above.¹⁶ The result shows up clearly when actual spending is calculated as a share of budgeted allocations (**Table 2.6**). For example, in the Ministry of Local Development, actual spending declined to only 86 percent of the budgeted allocation in FY97 from 91 percent in FY95. Interestingly, this performance varied radically within the Ministry, ranging from an average of just over 100 percent for grant programs to below 55 percent for women's programs.¹⁷ The same pattern can be observed in the other ministries reviewed in this report and even in individual projects (see also the section below on expenditure controls).

Table 2.6: Expenditures as Percent of Allocations, FY95-97

	FY95	FY96	FY97
Agriculture	96	86	72
Forestry	87	82	95
Irrigation	110	94	89
Local Development	91	87	86
A. Administration	93	89	93
B. Grant Programs	106	100	98
C. Area Development	101	53	64
D. Rural Infrastructure	39	64	64
1. Agricultural Roads	5	8	21
2. Rural Water Supply	n.a.	70	91
3. Other Infrastructure	68	101	80
E. Women	78	80	71
F. All Others	52	43	49

Source: Ministry of Finance and World Bank staff calculations.

¹⁶ There are also a some cases of over-spending. The frequency of such excesses is, no doubt, reduced by the law that total spending is not supposed to exceed the overall budget limit approved by Parliament.

¹⁷ Ministry of Local Development road projects show even lower percentages but this is partially due to a lack of administrative and technical capacity.

3 PUBLIC SECTOR MANAGEMENT

39. The previous chapters have made the case that rural outcomes have not been satisfactory and that the government will need to improve the manner in which it spends and uses its resources. Part of the answer lies in better procedures for prioritization and implementation. Even when expenditures are brought into line with available resources, however, the delivery of rural services is also hampered by distorted incentives which lower morale among civil servants and induce government employees to avoid accountability. **Box 3.1** contains a short summary of the government's own findings on key factors limiting Nepal's success to date. Several of those issues are explored in this chapter. Part A explores procedural reforms and Part B reviews the incentives for good governance. These are generic issues applicable to almost all government agencies but this does not diminish their importance in the assessment of rural issues.

Box 3.1: HMGN Review of Development Constraints

In formulating the Ninth Development Plan, HMGN identified a number of shortcomings in Nepalese development efforts. The 1997 paper titled "Approach to the Ninth Plan" noted that "Despite a considerable period of planned development effort, the inability to bring about fundamental changes ... emerged as a major challenge for the nation. The document then went on to mention 15 major problems in planning and implementation. Among these were the following:

- Inadequate attention to the efficient allocation and utilization of limited resources
- Poor use of foreign aid
- Weak procedures for formulating the development plans
- Insufficient people's participation in development planning
- Lack of clarity in the roles of public and private sectors and their complementarity
- Absence of coordination between plan policies and strategies
- Lack of standardized project selection and implementation processes
- Weak implementation of public accountability and transparency
- Weak control of pilferage and other undesirable activities

Extracted from *Approach to the Ninth Plan 1997-2002*, unofficial English translation, Nov. 1997.

A. PROCEDURAL REFORMS

40. HMGN needs to improve the institutional capacity of the rural ministries through better planning, budgeting and monitoring procedures. Better planning and budgeting can help match resources and capacities to activities. It can also help strengthen the links between investment, staffing and operation and maintenance - thus improving implementation and reducing waste. Better monitoring will improve planning quality and, when problems occur, allow faster response time and more appropriate solutions.

41. The MoF is responsible for the Regular Budget and setting its annual spending ceilings. The Regular Budget covers mainly recurrent spending. The National Planning Commission (NPC) is responsible for the Development Budget and its annual spending ceilings which it sets

in consultation with the MoF. The Development Budget covers mainly capital expenditures. The NPC is also responsible for the production of the Plans and for advising and monitoring the physical progress of the government's projects. The sectoral line ministries are responsible for preparing budget proposals for submission to the MoF and NPC and for the authorization of the release of funds. There is also a separate process at the district and village levels described in **Chapter 5**.

42. **Timing.** The fiscal year starts on July 16. Calls for budget proposals from central government line ministries are usually issued by the MoF and NPC in December or January. Proposals for the Regular Budget are usually received a month or two later and are finalized into a draft budget by the MoF no later than April. Proposals for the Development Budget are usually received no later than April. The process of finalizing the Development Budget requires the line ministries to hold discussions with both the NPC and the MoF under separate schedules. The results are finalized by the NPC, in consultation with the MoF, no later than July. The combined budgets are then presented to Parliament in July and an Appropriations Bill is issued by September or October. Spending in the first three or four months of the year must therefore be covered by a Vote on Accounts Bill that authorizes spending up to one-third of the proposed budget.

43. Current scheduling practices in the budgetary process have created some problems. The MoF and NPC often shorten the amount of time between the call for proposals and the deadline for their receipt. The result is that proposals are often too aggregated or not well thought through. The need for dual discussions on the Development Budget creates confusion and often ends up in delays so that quality is compromised in order to meet the obligation to Parliament. After Parliament has issued a Vote on Accounts Bill, the actual release of funds may be delayed by as much as 6 months. There are several reasons for this. The first is the need for ad-hoc control measures via under-funding as documented above. Second, Letters of Authorization may not be issued by the MoF Department of Foreign Aid when arrangements for donor assistance have not been finalized. Third, since FY98, the NPC has insisted on approved work plans from all spending units before making the first release of funds. Only a few ministries have been able to supply all of the necessary work plans for all of their activities. Finally, funds are released in two-month tranches but only after each previous release has been utilized.¹⁸ In this way, a large implementation problem in one period can be dragged out into the next period. HMGN is currently receiving assistance from DFID to resolve many of these issues.

44. **Dual budget system.** Development planning in Nepal is, in practice, viewed mainly as an activity to be financed by external donors. For this reason, there is a dual budgeting scheme where a Regular Budget is financed almost entirely out of domestic resources and a Development Budget is financed mainly from external loans and grants. Recurrent and capital spending can be found in both budgets but the links between the two are weak. As indicated above, the two budgets are negotiated separately and the Regular Budget is completed several months before the Development Budget. Given the prior claim by recurrent budget needs, capital allocations from

¹⁸ Four months' of funds requirements for priority projects and two months' requirements for non-priority projects are released at the beginning of the year.

domestic sources are often viewed as a residual. This system also implies that the allocations for recurrent resources to operate and maintain projects is generally unrelated to actual needs. The government is now moving towards a more integrated approach, with DFID assistance, but progress has been slow.

45. Replacing the dual budget system. The government is currently exploring the formation of a three-year rolling budget (TYRB) for development expenditures, with DFID assistance, but implementation has been slow. This effort should now be accelerated and expanded to cover all spending in the context of a rolling, medium-term expenditure framework (MTEF) that links policies, priorities, plans into a single unified budget.¹⁹ Under a MTEF, the practice of dual budgeting is eliminated - but this need not to diminish the need for both the NPC and the MoF as distinct institutions. A MTEF is characterized by six main processes. These are listed below:

- (a) Defining the overall level of resources available to the government - not for one year but for three. Macroeconomic revenue and aid forecasts must be accurate and should not be overestimated in order to justify spending. At this stage, government and donors need to agree that funding is being solicited for objectives rather than for specific projects. Once this has been determined, MoF should establish a solid budget constraint by sending a clear message to all the ministries via a single annual call circular that this level of spending cannot be exceeded.

The government needs to do more to avoid over-estimating revenues and foreign aid availability. Concerns during the annual planning cycle about making realistic spending plans seem to be softened by overly optimistic forecasts. For example, an official in the MoFSC complained that they had received less than half of the annual amounts specified in their master plan – without considering the possibility that the plan itself was over-ambitious in the light of actual resource availability and competing needs. This optimism, combined with a lack of prioritization, has also contributed to excessive growth in the number of projects. Within the last 2 years, there are now over one hundred more projects in the development budget.

- (b) Reaching consensus within and across ministries on objectives - what services shall the government provide to the citizens of Nepal and what monitorable targets shall be set? This process should include frequent consultations with a broad range of citizenry. In this regard, it would be extremely useful to introduce the practice of *nation-wide participatory surveys* conducted at the village level. The results should be carefully prioritized. The NPC can play a strong role in this regard.

Setting preliminary monitorable targets is very helpful at this stage because it focuses attention on feasibility and accountability. An examination of previous development plans, and even the APP to some extent, indicates the need for more monitorable details

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The same concept was referred to as a Three Year Rolling Expenditure Program (TYREP) in the 1997 World Bank report entitled *Nepal: 1997 Economic Update: The Challenge of Accelerating Growth*.

about what is to be achieved and how. With regard to the latter, officials in the NPC and AGO indicate that feasibility studies are often lacking and, when they exist, are often not analyzed or cited in the plans.

- (c) Identifying policies and activities required to achieve the agreed objectives - regulatory changes as well as spending programs.
- (d) Assessing the revenue and cost implications of the desired policies and programs - again for three years - and then *prioritizing* as to which can be included in the budget.

It is important in this process to include all recurrent and capital costs associated with each goal: investment, staffing, overhead, maintenance and so on - without regard to their placement in the regular or development budgets. In this light, the APP could be made more useful for budgetary purposes if it could be revised to include estimates for recurrent operation and maintenance costs in addition to capital costs. In order to be relevant, these also need to be shown on an annual basis rather than for five-year periods.

- (e) Developing some contingency plans in case expected resources do not materialize or critical programs run into difficulties. This will include a further prioritization of key activities which can be maintained while others are halted or dropped. The concept of a core set of activities that can be maintained, even under resource shortages, may also be helpful.
- (f) Drawing up a formal budget for the next year, with an indicative budget for the following two years. This process, when repeated on an annual basis, produces a rolling budget which is easier to monitor and reduces the cost of future planning. The rolling cycle also ameliorates another problem: the five year plans have often been finalized one or even two years after the period they cover has begun. The 1997-2002 plan, for example, was finalized only in mid-1998.

46. **Prioritization.** Prioritization is urgently needed because of Nepal's low revenue effort and it is an activity repeated throughout the MTEF process. Ministries providing rural services will need to become more methodical about prioritizing according to policy objectives. At present, according to government officials, projects are given priority according to their strategic economic importance, their size, availability of foreign financing, and their degree of completion. With the exception of the first item, these criteria may not serve the best interests of the nation. The degree of project completion, for example, is irrelevant if a project is a money loser. Moreover, according to many officials, there is a reactive expediency of assigning priority mainly to those projects that have run into trouble through price escalations, delays or lack of counterpart funding. In order to make better use of scarce public sector resources, the government should consider creating a de-politicized process for identifying and dropping low priority and low return activities. To be consistent with the MTEF process, the prioritization should be done at the level of objectives first, programs second, and specific activities or projects last. A list of useful selection criteria can be found in Annex A. In this effort, the MoF, NPC

and line ministries may need to strengthen their capacity for project screening and prioritization through increased training, adequate staffing and adequate financing.

47. **Donor Coordination.** If the planning and budgeting process is to be improved, rural ministries will also need to play a stronger role in coordinating the contributions from the donor community. This is necessary in order to ensure a focused approach which can be adequately financed from domestic resources as well as foreign. The use of a MTEF under MoF/NPC sponsorship would make this easier through the emphasis on objectives and outcomes rather than sources of funding.

48. Donor coordination problems could also be reduced through the gradual introduction of Sector Expenditure Programs (SEPs). A SEP is the sum of a country's medium-term strategy and activities in a specific sector. Donor resources allocated to a SEP are meant for general use within the targeted sector thus allowing the line ministries more freedom in deciding how best to make intra-sectoral allocations.²⁰ A natural result of this change is greater reliance on the government's own procurement code since there would be less direct donor financing of various activities. In return for this additional freedom, it should be expected that donors would insist that HMGN ensure open and transparent procedures. A SEP includes a clear strategy, measurable outcomes, a policy framework that may encompass regulatory changes as well as spending programs, and clear assignments of responsibility--within government and among the donors and NGOs--for spending, monitoring and financing. This approach is being used with success in an increasing number of countries.

49. Making the transition away from project based lending is not straightforward.²¹ To make SEPs work properly, the government must provide a clear articulation of its strategy, plans and resource requirements for the donor community. The fungibility of resources makes it important to demonstrate to donors that inappropriate or wasteful activities, whether inside or outside the rural sector, will not be funded. At the outset, it will be very important to strengthen the administrative capacity of the line ministries because they will need to take over the responsibilities currently performed for them by numerous project implementation units. This process will need to be focused on only one or two ministries at a time, paying special attention to issues of staffing, training, incentives and accountability. As alluded to above, HMGN would need to pay special attention to the transparency of the procurement code and ensure the civil service adhere to it. The MoF and NPC would also need to strengthen their capacity to play the coordinating role between the donors and the line ministries.

50. **Monitoring.** Each ministry visited during the course of the research for this report indicated that they were weak with regard to monitoring. Most ministries need to do more to set and monitor measurable targets for service delivery. Several ministries have established offices in each of Nepal's 75 districts. Despite this, ministry staff do not systematically visit and assess each of their projects on a regular basis: staff are often reluctant to be posted to regions outside Kathmandu and are constrained by poor roads and poor communications. In none of the

20 The logical extension of this concept is support for the entire budget across all sectors.

21 World Bank, 1998. Sector Investment Programs. (AFTM2)

ministries were officials able to provide data on the estimated costs of completion for their projects and only a few could provide summaries of performance for more than a handful of their projects. This capacity has clearly eroded. The 1994 World Bank Public Expenditure Review included many references to the government's ratings of projects, which cannot currently be duplicated.

51. The government may also wish to reinstate, the old practice of monthly review meetings chaired by the Prime Minister aimed at those activities most likely to reduce poverty, regardless of size or cost. This review of critical activities will remain necessary even if the government were to adopt the proposed MTEF and SEP approaches. Finally, the government should strongly consider strengthening the monitoring capacities of the MoF, NPC, FCGO, AGO and line ministries to monitor spending and service delivery and the impact of service delivery on citizen welfare. This effort should include improvements in staffing, skills mix, training, computerization and provision of adequate financing.

B. INCENTIVES

52. The previous section indicated the need for the government to strengthen its capacity for effective planning, budgeting, implementing and monitoring the delivery of needed rural services. The prospects for improvement can be increased by providing the right kind of environment. In particular, it would be helpful to reduce the level of political instability and to increase incentives for good governance. These issues are addressed below.

53. **Political instability.** Political instability has weakened the capacity of government to administer and implement its programs. Nepal has had eight governments in the last decade. Donors and government officials have complained that programs and projects have suffered as key personnel has been shifted from programs/projects with changes in government. There may also be reverse causality due to the rising level of inequality. For example, the recent Maoist insurgency is most active mainly in the poorest districts, especially in the western region. Reducing the level of instability will require leadership from many parts of society. Political instability can also be reduced, in part, by attacking poverty through growth and development. This is an urgent challenge.

54. **Institutions and Incentives.** The actions and effectiveness of government officials can be judged by those within government, by the citizenry, or by foreign agencies. The former is referred to as internal accountability, the latter as external accountability. Better internal accountability can motivate performance - judged against existing HMGN policy. Better external accountability (to citizens) can help motivate improvements to existing policies. In Nepal, the institutions which support *external* accountability include the democratic election of key officials, a free and inquisitive press, and audits performed by the Office of the Auditor-General which are reported, via His Majesty the King, to the Public Accounts Committee (PAC) of Parliament. The institutions which support *internal* accountability include the internal audit function supervised by the FCGO and the Committee to Investigate the Abuse of Authority

(CIAA). These are briefly reviewed below. The mission found that several institutions are in need of strengthening.

55. **Internal Audit.** The internal audit function has been compromised by the system of bureaucratic incentives and organizational structure.²² FCGO staff is stationed in each payment center of each ministry. These staff is expected to maintain the accounts of each payment center in addition to reporting problems when they occur. This mixes responsibility for accounting and auditing and introduces the possibility that some audits will be biased in order to justify various accounting decisions. The government should consider separating these two functions.

56. The accounting officers do not have a strong incentive to report problems. This is because they report not only to the FCGO but also to the head of the spending unit they are assigned to. Within the existing system, the evaluation of the head of the spending unit carries more weight than that of the FCGO in performance grading.

Box 3.2: Internal Audit and Authority to Spend in Nigeria.

In 1988, the Nigerian government made two changes which strongly undermined fiscal control and accountability. The first was to give the authority to spend to political appointees including ministers. The second was to make the internal audit officers responsible to the ministers rather than the Office of the Accountant-General. As a result, the share of over-spending and unbudgeted expenditures in total expenditures rose from 15 percent in 1989 to 67 percent in 1992. These policy errors were not corrected until 1995. The share of unbudgeted expenditures subsequently fell to almost zero the next year. World Bank Report 14447-UNI 1996

57. The organizational structure of the payments system also makes auditing difficult. There are payment centers at the central level and sub-centers distributed across the 75 districts. In order to assemble the picture for a single ministry, the reports of 75 DTCOs and 1 or more central offices have to be collated. This system has worked well for minor abuses but larger abuses may be harder to detect on a timely basis since communications are poor, few treasury officers have the complete picture for any single ministry-and some projects are spread across several ministries. The government may therefore wish to review the efficacy of the organizational structure of the internal audit force.²³

58. There are a few other agencies that also perform internal audit functions. These include the CIAA which is a constitutional body intended to investigate and control corrupt practices, the Revenue Intelligence Department and the Special Police Department. An earlier Bank mission identified these as being in need of strengthening.²⁴

59. **External Audit.** The Office of the Auditor-General is the supreme audit institution in Nepal. It is an independent institution which conducts its own audits and reports to His Majesty the King. The OAG has, up until very recently, been reluctant to take on the issues of waste and corruption in a substantive way. Annual reports have tended to focus on a large number of small abuses without regard to the larger abuses and without regard to the context they take place in.

²² World Bank, 1998. *Nepal: Country Profile of Financial Accountability.*

²³ Government is currently examining several options with assistance from DFID.

²⁴ World Bank, 29 June 1998. *Nepal: Country Profile of Financial Accountability.*

In FY98, the OAG issued a more aggressive report which identified misuse of funds, delays in funds releases, delays in implementation, projects entered into the budget without proper feasibility studies or prioritization, externally funded projects entered into the budget without confirmed funding and so on. Even this latest OAG report, however, failed to include reviews of key issues such as ghost workers and ineffective subsidies on fertilizer, credit, and food which do not reach the poor in sufficient quantity and quality.

60. The OAG must rely on Parliament to take action on the cases it raises. The PAC in the House of Representatives holds detailed discussions of the OAG's reports. The PAC frequently reviews cases of waste, fraud and corruption. These cases are usually minor and few disciplinary actions have been recommended in the major cases. Parliament has occasionally formed committees to investigate allegations of corruption. PAC reports are submitted to Parliament prior to the submission of budget estimates.

61. **Public information.** External accountability can also be increased by making more information available to the public. Draft development plans, for example, should be made available, with monitorable targets, for public debate well in advance of their finalization. Budgets should be published with actual outcomes not only in aggregate, as is the case now, but also for each budget head and line item.

62. **Other incentives.** Other incentives play a role too. These include the ability to wield power through policy making or spending, salaries and benefits. When these are well balanced and stable, good results are obtained. When they are not, governments often suffer from some degree of corruption. Nepal is no exception. This is briefly explored in **Box 3.3**.

Box 3.3: Corruption.

Poor planning and budgeting practices are not the only reasons why government programs are not performing better. Corruption is a major obstacle to using Nepal's assets more productively. Corruption is generally perceived to be widespread, contributing to misallocation of government resources, severe delays in project implementation, difficulties in obtaining approval for private investments, and rapid turnover and perverse incentives for civil servants.

What encourages corruption? Recent research points to several key factors in explaining the level of corruption. First, incentives for corruption arise whenever public officials have wide discretion with little accountability. The potential gain from corruption can be increased when policy makers create policy distortions such as restrictive regulations on land use or subsidies on inputs. The chances of a penalty for corrupt practices is reduced when the judicial system is either weak or lacks credibility. Poverty and low wages also create incentives for corruption. Government salaries are very low. Senior civil servants' salaries are about US\$1,000 a year. This is well below what they could earn in the private sector. Under such circumstances, in order to ensure their future security, those who have power will have a strong incentive to use it to obtain as much wealth as possible. Finally, the current political instability has made the situation worse: it has focused the attention of politicians on short-term maneuvering and led to increasing politicization of the administration. In this situation, not only would one exercise power to obtain wealth, one would also do so as quickly as possible before power is shifted to others.

Reducing Corrupt Behavior. Given the above, some obvious corrective measures include the elimination of excessive authority to set policy and to spend, more transparency and accountability in taking decisions, the elimination of policy distortions, the establishment of a strong and credible judiciary, adequate remuneration for civil servants, merit based recruitment and promotion, establishment of a stable political system and the elimination of patronage as the foundation of political power.

4 ISSUES AND TRENDS BY SECTOR

63. This chapter provides a summary of the general trends between FY95 and FY98 along with key issues. The trend analysis is for 4 years beginning FY95. As shown in Chapter 2, rural spending generally failed to keep pace with domestic inflation, with the largest losses accruing to the Ministry of Agriculture (MoA). Spending on irrigation and forestry did gain with respect to inflation but remained almost constant in real per capita terms. This outcome, for all three sectors, is not adequate if significant improvement is required on the level and quality of rural services. To the extent possible the government should seek to increase resource allocations for rural services and, at the same time, seek more efficient use of those resources. Key strategies for each sector include cost-cutting, prioritization, and a larger role for the private sector in some activities. An important first step would be to eliminate or restructure activities that are not consistent with the APP, thus releasing resources for APP priorities.

A. AGRICULTURE

64. In Chapter 1, it was shown that agriculture suffered a severe decline in real per capita spending between FY94 and FY98. This puts a great deal of stress on the capacity of the MoA and other agencies to fully fund and implement their agricultural programs and projects. Some of the critical issues covered in this section include the fertilizer subsidy, the food subsidy, and research and extension.

65. **Budgetary composition and services.** Most agricultural spending (66 percent in FY97) reviewed in this report is managed by the Ministry of Agriculture. Allocations for several projects and programs are made through the MoF and the food transport subsidy is managed by the Ministry of Supplies.

66. The largest programs administered by the Ministry of Agriculture include the fertilizer subsidy, livestock development, extension services, general administration and the Nepal Agricultural Research Centre (NARC). The fertilizer subsidy accounted for 31 percent of the FY97 MoA budget and 21 percent of the sectoral total (**Table 4.1**). Most of the remaining expenditures within the MoA are either directly or indirectly for salaries and benefits. Direct payments for salaries and benefits in FY97 were 23 percent of the MoA total and 15 percent of the sectoral total. Much of the transfer payments to NARC were indirectly for the same purpose. The only deviation from this pattern of heavy salary expenditures is in the Department of Livestock where the largest allocations are for overhead--mainly for the Livestock Medical Improvement Project. Nearly all of the allocations for the Ministry of Supplies is for the subsidy to transport food items (**Table 4.1**). The remainder is spent on administrative expenses. In contrast, all of the MoF allocations are for projects and are recorded mainly as financial investment or as transfers and grants. The largest MoF allocation for an agricultural project in FY97 was NRs 500 million for the Small Farmer Development Program, Phase III.

67. **Budgetary Trends.** The pattern over time for budgetary allocations for agriculture in all three ministries shows that there were some significant shifts in the composition of spending. In particular, the allocations for agricultural credit was reduced from 33 percent of the total in FY95 to zero by FY98 because of a withdrawal of AsDB support to the Agriculture Development Bank of Nepal (ADBN), channeled through the MoF, due to poor performance in loan recoveries (Table 4.2, Part B). Allocations for livestock development were boosted, notably for extension services and input supplies. This was a welcome improvement given Nepal's high livestock density. There were also large increases in the FY98 shares for research and for administration.

Table 4.1: Composition of FY97 Budgetary Allocations, Agriculture

	Total	Salaries & Benefits	Over- head	Trans- fers & Grants	Product- ion Services	Capital Trans- fer	Physical Invest- ment	Finan- cial Invest.	Cash Grant
	Millions of Rupees								
Total	2,911.2	448.5	309.8	1,218.4	37.0	2.8	160.0	650.0	49.2
	Percent of Total								
Total	100.0	15.4	10.6	41.9	1.3	0.1	5.5	22.3	1.7
Ministry of Agriculture	65.7	15.3	10.6	31.2	1.3	0.1	5.5	0.0	1.7
Subsidy	20.6	0.0	0.0	20.6	0.0	0.0	0.0	0.0	0.0
Ministry of Agriculture	1.2	0.5	0.2	0.5	0.0	0.0	0.0	0.0	0.0
Dept. Agriculture	20.5	8.3	3.0	2.5	1.1	0.1	4.7	0.0	0.8
Dept. Livestock	14.5	5.3	7.0	1.2	0.2	0.0	0.8	0.0	0.0
Cooperative	2.0	1.3	0.4	0.2	0.0	0.0	0.0	0.0	0.0
NARC	7.0	0.0	0.0	6.1	0.0	0.0	0.0	0.0	0.8
Ministry of Finance	25.2	0.0	0.0	2.9	0.0	0.0	0.0	22.3	0.0
Small Farmer Training Grant	1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Gulmi Arghakhanchi IRDP	0.5	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Livestock Insurance	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Small Farmer Interest Grant	1.2	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0
ADBN, Share Investment	3.6	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.0
Small Farmer Dev. III	17.2	0.0	0.0	0.0	0.0	0.0	0.0	17.2	0.0
Rural Women Dev. Prod.	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0
Gulmi Arghakhanchi IRDP	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
Ministry of Supplies	7.8	0.1	0.0	7.7	0.0	0.0	0.0	0.0	0.0
Administration	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nepal Food Corporation	7.7	0.0	0.0	7.7	0.0	0.0	0.0	0.0	0.0
Other	1.2	na	na	na	na	na	na	na	na

Source: Ministry of Finance.

68. **Actual and real expenditures.** Actual spending declined from an average of 96 percent of the total allocation in FY95 to an average of only 72 percent in FY97 (Table 4.2, Part C). After adjusting for inflation, real spending fell even more. Total real spending in FY97 was only 61 percent of the level spent in FY95 – and down by 86 percent even after the credit program is excluded from the calculation (Table 4.2, Part C). Other than the credit program, the largest losses in real terms for extension services and for programs in horticulture, aquaculture and crop protection (Table 4.2, Part D). Real allocations for fertilizer fell to 74 percent of the FY95 level. The largest real gains in FY97 were for livestock development. This was primarily because of the introduction of three donor financed programs. More details on the subsidies for fertilizer and food appear below along with a review of research and extension services.

Table 4.2: Expenditure Trends in Agriculture, FY95-98

	FY95	FY96	FY97	FY98
Part A	Millions of Rupees			
Budgeted Allocations	3,053	2,885	2,911	2,913
Actual Expenditures	2,927	2,480	2,109	--
Part B	Budget Allocations as Percent of Total			
Total	100	100	100	100
A. Credit	33	26	17	0
B. Fertilizer & Other Supplies	20	21	23	23
C. Extension & Training	17	18	13	13
D. NFC Transport Subsidy	8	8	8	8
E. Research and Development	5	6	6	10
F. Livestock Development	3	5	18	24
G. Policy Analysis & Admin.	4	4	5	12
H. Other (Horticulture, Aquaculture, etc.)	11	12	11	9
Part C	Expenditures as Percent of Allocations			
Total	96	86	72	--
Part D	Expenditure Indices In Constant 1995 Rs '000			
Total	100	78	61	--
A. Credit	100	62	14	--
B. Fertilizer & Other Supplies	100	85	74	--
C. Extension & Training	100	105	66	--
D. NFC Transport Subsidy	100	91	80	--
E. Research and Development	100	103	109	--
F. Livestock Development	100	90	438	--
G. Policy Analysis & Admin.	100	95	99	--
H. Other (Horticulture, Aquaculture, etc.)	100	60	54	--
<i>Memo: Total excluding Credit</i>	100	87	86	--

1. Includes the transport subsidy for NFC.

Sources: Ministry of Finance and staff estimates.

Fertilizer

69. According to government and FAO estimates, Nepal has the lowest nutrient application rate of only 23 kg/ha (current estimates are 33 kg/ha) in the region compared to 78 kg/ha in India, 115 kg/ha in Bangladesh, 318 kg/ha in China and 101 kg/ha in Pakistan.²⁵ The low rate of usage is consistent with the low share of crop land under irrigation, the low road density and low per-capita incomes (Table 4.3). More alarmingly, fertilizer sales in FY98 were the lowest in a decade.

²⁵ From averages of 1990-97 FAO estimates.

Table 4.3: Fertilizer Sales^{a/}

	Nutrients (Mt)	Nutrients (Kg/ha)
FY89	56,840	17
FY90	67,286	20
FY91	72,718	22
FY92	84,443	26
FY93	83,332	26
FY94	73,809	22
FY95	90,026	26
FY96	69,720	19
FY97	64,149	18
FY98	46,423	13
Average FY90-96		23

a. Excludes unofficial cross border imports from India. FY97-98 data include private sector distribution.

Source: AIC for fertilizer and Economic Survey for hectares under crops.

70. **Previous policy.** The government strategy up until 1992 had been to try to increase fertilizer use through a subsidy. The government set selling prices and subsidized the procurement price and transport costs through the Agricultural Inputs Corporation (AIC). As the data in **Table 4.3** indicate, this strategy produced only mild gains and certainly did not bring fertilizer use closer to the standards set by other countries in the region. The main supply constraint was the cost of the subsidy itself: resources that could have been directed towards increased imports were used instead for the subsidy. This approach also necessitated a delicate balancing act. The quality of Indian fertilizer is generally considered to be lower than imports from major suppliers elsewhere. Thus, if prices in Nepal were set too low, there would be an incentive to smuggle Nepal imported fertilizer into India. Conversely, if prices were set too high, there would be an incentive to smuggle from India into Nepal. In general, prices have usually been slightly higher than Indian prices. HMGN authorities estimate that cross-border inflows have contributed from 10 to 45 percent of total consumption in any given year.²⁶ Finally, it has been observed that the subsidy has not been equitable. Available data indicate that the well-off households tend to have more access to the subsidized fertilizers than poor households (**Table 4.4**).

Table 4.4: Use of Urea

	Households Using Urea (percent)	Households Purchasing from AIC	Average Quantity Purchased from AIC (Kg)
Bottom 25 percent	37	24	10
Lower Middle 25-50 percent	55	33	19
Upper Middle 50-75 percent	58	39	30
Top 25 percent	63	44	39
Average	54	36	26

Source: World Bank 1998. *Nepal: Poverty at the Turn of the Twenty-First Century*.

71. **Current strategy:** With effect from November 1997, subsidies on DAP and Muriate of Potash (MOP) was removed and the price subsidy on urea was reduced in a phased manner and in November 1999 eliminated. The prices of chemical fertilizers have been deregulated both at the wholesale and retail levels. The implicit fertilizer subsidy that existed prior to November 1999 is shown in **Table 4.5**. The FY99 budget allocation of NRs501.6 million, down from NRs600 million in FY98 and FY97, should therefore be the last.

Table 4.5: Implicit Fertilizer Subsidy, October 1998.

	Urea	DAP
Import Cost CIF Nepal	10,602	19,219
Other NRs Costs (Commission, interest etc.)	1,574	2,052
Total Landed Cost	12,176	21,271
less Subsidy	4,776	2,701
o/w Official Subsidy	2,728	-
equals AIC Selling Price	7,400	18,570
Subsidy as Percent of Landed Cost (%)	39	13

Source: NPC 1998. Report of the Study on Fertilizer Policy and Institutions. Table 12.

72. In addition, under the reforms, AIC's monopoly on the import and distribution of fertilizers has been removed. The fertilizer policy is designed to encourage private sector participation in the import and distribution of fertilizers. As a result of these policies private sector imports of urea increased from 17,550 mt in Fiscal Year 1997/98 to 91,049 mt in Fiscal Year 1998/99. Import and distribution of DAP and MOP continue to be carried out mainly by AIC.

73. In August 1998, the Government discontinued the provision of the transport subsidy for AIC to deliver fertilizers to remote districts and converted this subsidy into a General Agriculture Development Fund (GADF) to be utilized by District Development Committees (DDCs). This fund is available for 23 remote districts, (based on road access and extent of food deficit). For FY 1999/2000 the Government has allocated NRs.74.9 million towards the fund. To acquire fertilizers using the Fund AIC will assist 14 DDCs and MoA will assist the remaining nine DDCs. The private sector is also allowed to distribute the fertilizers in these areas. Additionally, the government has decided that fertilizers received from bilateral grants will be distributed to AIC and private sector on a transparent and competitive basis.

74. **Determinants of demand.** The elimination of the fertilizer subsidy is not likely to reduce demand by a significant amount. The response rate of fertilizer is high and the terms of trade have been moving in favor of the farmer. Available research indicates demand in Nepal is inelastic with respect to price. Thus, the evidence indicates the main constraints for low fertilizer utilization are the low per capita income, the small share of cultivable land with predictable year round irrigation (35 percent) and the low density of the road network making it difficult for the free flow of inputs and outputs. This is illustrated in **Table 4.6** which shows that countries with low road densities and poor irrigation consume less fertilizer. In the case of irrigation, Nepal's coverage is actually fairly high—the problem is the unpredictability of the water flows (see the sub-section on riparian issues in the section on irrigation below). Weak research and extension

services and inadequate access to formal credit – current estimates indicate that formal credit only reaches 20 percent of the market—are also important determinants of demand. Redirecting resources formerly allocated to the subsidy to water management, roads, research, extension services and credit reforms would all help increase fertilizer use in the long-run.

Table 4.6: Determinants of Fertilizer Use

	<i>Fertilizer Use (kg/ha)</i>	<i>GNP per Capita (US\$)</i>	<i>Road Density (km/km²)</i>	<i>Cultivable Land under Irrigation (%)</i>
Low Road, Low Irrigation	17	1,221	12	3
Low Road, High Irrigation	94	1,070	11	28
High Road, Low Irrigation	157	10,680	535	4
High Road, High Irrigation	167	7,285	468	29
Nepal ^{1/}	23	206	35	35
India	78	348	231	29
Bangladesh	115	233	51	35
Pakistan	101	440	113	80

1. AIC for fertilizer and Economic Survey for land under crops.

Source: FAO and 1994 World Development Report. Data are for 79 countries and averages cover 1990-96.

75. **Recommendation:** With the elimination of fertilizer subsidies and the increasing role of the private sector, the role of AIC is currently being determined by a Task force which includes possible privatization. AIC's exit from the distribution of seed and fertilizer would release budgetary resources that could be redirected to productive activities. For reasons of equity and political economy, the government may consider implementing a temporary safety net program for the poorer districts if the prices of fertilizers rise too rapidly. There is however a need for the Government, to designate an agency to regulate the quality of inputs, both fertilizer and seed. This is all the more important as there is a likelihood that there would be an increase in informal trade of subsidized fertilizers from India.

Food Subsidy

76. The government has intervened in the food market for many years in order to help reduce poverty. The government strategy has, until recently, been to reduce food prices in 38 remote districts through a transport subsidy; increase farmer incomes by procuring food products at a floor price from farmers in less accessible areas; and intervene in the market to stabilize prices. These activities have been carried out through the Nepal Food Corporation (NFC) administered by the Ministry of Supplies. NFC's subsidies from the government have grown from NRs. 142.4 million in FY92 to NRs. 225 million in FY98 and FY99. The rationale for the government's strategy has been weakened by recent events. Few farmers sell to NFC, NFC supplies only a fraction of the consumer market, and its capacity to influence prices is negligible.

77. **Food Procurement:** Improved infrastructure development including the East-West Highway and the Karnali bridge has resulted in farmers having better access to markets. Quantitative restrictions on exports on all food items, including rice, have been removed. There is now only a marginal export duty. The basic policy framework is now in place for the market

to function effectively without the need for NFC's continued involvement in food procurement. NFC's operations are primarily in the two westernmost districts of the Terai – Kailali and Kanchanpur. About 40,000 mt was procured in FY96. Operations in these areas have been mostly loss making. Performance has been poor in the hill and mountainous districts where NFC procurement was around 2,000 mt.

78. **Supplies to consumers:** In theory, there is a rationale for subsidizing food. As many as 14 districts are frequently in food deficit according to government officials, notably in the hill and mountain areas. In reality, however, the subsidy program has provided only a fraction of the food requirements in the deficit districts while diverting food to the wealthy Kathmandu valley.²⁷ The amount of food actually supplied is far below requirements, having fallen from 8 percent to 4 percent in recent years due to escalating transport costs. In 1996/97 the amounts supplied to this area was only about 11,800 mt. Revising the program to reach all of the poor (where over 42 percent of the population is below the poverty line) would be prohibitively expensive for Nepal. The bottom line is that the market seems to be distributing food fairly satisfactorily with little need for NFC intervention.

79. **Price stabilization:** There is little justification for NFC's role in stabilization because the market is functioning quite well – and the potential to make an impact is negligible with only 4 percent of the food supply in only 38 out of 75 districts.

80. NFC may have a role to play in ensuring food security. Reorganization of NFC to have a National Strategic Food reserve could be beneficial, but the management of such reserves is extremely demanding. Food security issues are critical in the remote areas where there is food deficit. At present definition of "remoteness" is those districts in need of food transport. Hence many of these districts that are food surplus are areas that benefit from the subsidy. Hence a redefinition to take into account food deficit areas is required.

81. **Recommendation:** The AsDB, under the Program Loan has proposed that NFC should be revamped so that it could be more strategic and hold stocks for security purposes only. Food security is of concern in Nepal due to its geography. Natural disasters such as monsoon flooding, drought, earthquakes and landslides can all significantly affect food production and transport. Current estimates of the food reserve required would be about 20,000 mt of grain.

82. Steps towards the transformation of NFC (January 2000) include: the number of districts served by NFC has been reduced from 38 to 27.²⁸; the number of employees has been reduced from 1304 staff to 836; thirty-six depots have been closed; an increase of 25 percent of the retail price for government employees in remote areas; about 40,000 mt have been kept in reserve in strategic locations; NFC to compete commercially wherever possible; and steps have been taken for the introduction of a ration card system.

²⁷ Earlier studies that have shown that the effect of NFC's market intervention activities have primarily been to subsidize to certain consumers- i.e. government servants and public sector employees.

²⁸ At present definition of "remoteness" is those district that do not have a road link nor production potential.

Research and Extension

83. The delivery of effective agricultural research and extension services is part of the package of essential strategic inputs needed to achieve improved agriculture growth. Nepal's agricultural research and extension system has, unfortunately, been largely ineffective in delivering services to farmers. This has been reflected by declining productivity in agriculture.

84. Nepal's Agriculture Research Council (NARC) has the responsibility to carry out agricultural research through a network of stations in the hills and the Terai. In 1992, the budget allocated to NARC was 0.46 percent of agricultural GDP (AGDP) compared to the FAO recommendation of 1 percent of agricultural GDP. NARC's expenditures on research do not relate well to the relative importance of different commodities. Rice research is about half the average level of other commodities in relation to its contribution to AGDP whereas research on oilseeds and sugarcane is respectively 5 and 3 times higher than their relative contribution to AGDP. In the interim, it is suggested that research funds be devoted to where there is the greatest need. Partially as a result of inappropriate resource allocation, the technology used in the Terai for main crops such as rice is outdated. The most common modern rice variety grown in the Terai is Mansuli, developed in 1965 in Malaysia and introduced to Nepal in 1973 and, even on irrigated land, 50 percent more Mansuli variety is grown than other modern IRRI varieties²⁹.

85. However, besides these, there are issues related to organizational/institutional framework of MoA and inadequate prioritization of activities for both research and extension, responsible for wasteful expenditures and little or no impact on productivity. For example, with the creation of NARC there is no rationale for continuing with several experimental and seed multiplication farms, commercial horticultural and fisheries farms within the Department of Agriculture, and livestock breeds production and dairy production farms within the Department of Livestock Services of MoA. Annual budgetary allocations are high for some of the farms compared to the negligible services provided by these farms to farmers and negligible revenues coming from these farms to HMG. In addition, large number of highly qualified technical people are wastefully engaged in these farms mainly for managing seeds, sapling and breeding production, while there is a dearth of qualified manpower both in research and extension. These farms should be privatized or given on long-term lease to farmers/private sector. Many of the research experiments and trials continue to be planned at the behest of individual interests of researchers and not on farmers' needs. Likewise, extension demonstrations and training are planned without taking due cognizance of the needs of the farmers.

86. The performance of the extension service operated by the Department of Agriculture has also been poor. Part of the problem is that staff are spread thinly and many are not well qualified. The department's staff includes some 2,000 junior agriculture technicians (JT) and junior technical assistants (JTA) based in Nepal's 75 districts. Each technician is responsible for extension services in 2-6 VDCs, but the programs they work on are not well defined with objectively measurable outputs and clear expected outcomes. An allied problem, however, is

29 Nepal Agricultural Perspective Plan, 1995

that the incentives for these technicians are poor. Instead of working with farmers in their area, they spend most of their time in the District Agricultural Development Office (DADO) in the district headquarters or outside of the district on leave. They are rarely, if ever, seen in the rural areas they are meant to serve.

87. The government, with support from IDA³⁰ and following the recommendations of the APP, is working to strengthen the national agricultural research, extension and training systems. The government aims to strengthen relevant public institutions, promote a decentralized user-oriented approach to research which focuses on the specific needs of farmers in each district, emphasize adaptive research, strengthen coordination mechanisms and maintain linkages with relevant international research institutes. According to the proposed agricultural research strategy, research management for the Terai would be decentralized to 4 regional research stations. Technologies would be transferred to the farms of lead farmers for validation and adapted to incorporate farmers' practices before being packaged for dissemination. The stations would concentrate on research on: (i) rice-wheat based production systems; (ii) integrated pest management; (iii) production systems based on rainfed and fragile ecosystems; and (iv) high-value commodity-based production systems including horticulture and livestock commodities.

88. Under the same reforms, the District Agriculture Development Offices (DADOs) would select high-potential areas, or "pockets", in their district and focus agricultural extension inputs into these areas. Within these pockets, agricultural extension workers would work with groups rather than individual farmers. There is some concern that the pocket approach could be inequitable and ineffective. Agricultural extension should be demand-driven based on farmers' needs and part of the income of agricultural extension workers should be paid for by fees charged to farmers for services rendered. Payments by beneficiaries are not expected in the short term but should be a long-term goal. In the medium term the private sector may be contracted by beneficiaries. The private sector can also be contracted to provide the services. This would be similar to what is already happening in the livestock sector where animal health workers charge for their services if they make farm visits. The DADOs would have greater autonomy in defining extension priorities based on demand from their "clients" (the farmers) rather than implementing top-down programs designed at the central level.

89. The implementation of these policies on the part of the Ministry of Agriculture has so far been below expectations. In November 1998, the APP implementation monitoring unit in the National Planning Council (NPC) reported that the pocket approach to agricultural extension had only been implemented in 12 of the country's 75 districts. There has been some progress recently where instructions have been provided to field level staff, but progress has to be expedited.

90. **Recommendation:** The resources allocated to agricultural research and extension in Nepal are low compared to other countries in South Asia. However, lack of implementation of policies and institutional capacity is the main cause of the Ministry of Agriculture's inability to provide farmers with the research and extension services they need. Innovative alternatives

³⁰ Through the Agricultural Research and Extension Project (AREP) Cr, 2977-NEP., a 5 year project.

which are being tested in other parts of South Asia should be considered such as the sub-contracting by Government of research and extension to specialized NGOs and firms. In the long-run, the Ministry of Agriculture's role should be limited to the formulation of overall policies and the monitoring and evaluation of private sector service providers.

91. A mid-term review of the IDA financed project, which is financing a large part of the research and extension activities of the government, has been completed (February 2000). The mid-term review suggested the need to redefine the problems of extension and research operation; refocus activities on priority areas and develop appropriate work programs and revitalize the main agencies, DOA and NARC, to implement programs with clear outcomes. The need to take into account the Local Governance Act and decentralization was emphasized for both research and extension. On extension, efforts to redefine and refocus the program would require: (i) modernizing public extension services by improving district extension infrastructure, and technical support; formulating a National Agricultural Extension Strategy; (ii) promoting partnerships with private extension providers; (iii) decentralizing extension services by developing more effective bottom-up planning and priority setting; and (iv) human resource development and management improvement for extension staff. On research, it was agreed that reforms would focus on: (i) improving the management and focus of NARC; (ii) improved regional and outreach technical research in NARC; (iii) development of a national agricultural research policy; (iv) a funding mechanism for both public and private research facilities; and (v) training for research staff on issues such as agribusiness and post harvest technology.

B. FORESTRY

92. **Services and Budgetary Composition.** The Ministry of Forestry and Soil Conservation (MoFSC) provides four inter-related services: forestry management and development; parks and wildlife management; soil and water conservation; and research and extension.³¹ The largest allocations are for salaries and physical investment (**Table 4.7**). This is consistent with the fact that the MoFSC makes direct investments in public works for soil and watershed conservation and for reforestation in addition to acting as a service provider – notably for the protection of the forests and national parks. In fact, the salary and benefits allocations for the Department of Forestry and for the Department of National Parks and Wildlife were the two largest allocations for any purpose in the entire FY97 MoFSC budget.

93. **Forestry.** There are 4 main categories of forests within the Nepalese system: national forests, community forests, leasehold forests and private forests. National forests are owned and managed by the government. Community forests are owned by the government but managed by Forest User Groups. Leasehold forests are owned by the government but leased to individuals or organizations for commercial purposes. MoFSC expenditures for all categories of forestry make up 44 percent of its FY97 budget (**Table 4.8**). Government resources are spent almost exclusively on community forestry, leasehold forestry and the District Forest Offices. The

³¹ All of the governments' forestry and soil conservation programs, and all but one forestry project, are managed by the Ministry of Forestry and Soil Conservation (MoFSC). Allocations for the Hilly Leasehold Forest and Charan Development Project are, however, made through the MoF for control purposes.

MoFSC does contribute towards private forestry but mainly through the free distribution of seedlings and limited technical assistance.

Table 4.7: Composition of FY97 Budgetary Allocations, Forestry

	Total	Salaries & Benefits	Over-head	Trans-fers & Grants	Product-ion Services	Capital Trans-fer	Physical Invest-ment	Finan-cial Invest.	Cash Grant	Conting-ency
Millions of Rupees										
Total	1,021.4	599.7	69.9	7.7	1.4	2.9	287.9	15.0	36.6	0.3
Percent of Total										
Total	100.0	58.7	6.8	0.8	0.1	0.3	28.2	1.5	3.6	0.0
Min. of Forest Land Cons.	98.5	58.7	6.8	0.8	0.1	0.3	28.2	-	3.6	0.0
Admin. and Planning	3.1	1.1	0.5	-	-	0.0	0.5	-	1.0	0.0
Dept. Forestry	45.4	24.3	3.0	0.1	-	0.0	15.3	-	2.6	-
Dept. Botany	3.3	1.2	0.8	0.0	0.0	0.0	1.2	-	-	-
Dept. Soil Conservation	13.8	2.7	1.4	-	-	-	9.6	-	-	-
Dept. Nat'l Park & Wild Life	33.0	29.4	1.1	0.6	0.1	0.2	1.5	-	-	-
Ministry of Finance	1.5	-	-	-	-	-	-	1.5	-	-
Hilly Leasehold Forest	1.5	-	-	-	-	-	-	1.5	-	-

Source: Ministry of Finance.

Table 4.8: Expenditure Trends in Forestry, FY95-98

	FY95	FY96	FY97	FY98
Part A				
Millions of Rupees				
Budgeted Allocations	928	1,095	1,021	1,099
Actual Expenditures	807	899	975	--
Part B				
Budget Allocations as Percent of Total				
Total	100	100	100	100
A. Forest Development	48	47	45	44
1. Community Forest	15	16	14	16
2. Leasehold Forestry	9	10	7	9
3. Private Forestry	1	1	2	1
4. National & Commercial Forestry	1	0	0	0
5. District Forestry Offices	21	20	22	19
B. Soil & Water Conservation	13	10	13	14
C. National Park and Wildlife Proct.	22	27	26	25
D. Research and Extension	8	6	6	4
E. Administration	10	10	9	11
Part C				
Expenditures as Percent of Allocations				
Total	87	82	95	--
of which Community Forest	75	62	74	--
Leasehold Forestry	85	83	70	--
Research and Extension	91	78	89	--
Part D				
Expenditure Indices In Constant 1995 NRs '000				
Total	100	103	103	--
A. Forest Development	100	104	95	--
of which Community Forest	100	99	90	--
Leasehold Forestry	100	116	64	--
B. Soil & Water Conservation	100	70	130	--
C. National Park and Wildlife Proct.	100	118	109	--
D. Research and Extension	100	67	74	--
E. Administration	100	132	112	--

Source: Ministry of Finance and staff estimates.

94. **Community forestry.** Under the Forestry Act of 1993 and the Forest Bylaws of 1995, District Forestry Officers (DFOs) are empowered to handover any portion of a national forest to a qualified Forest User Group. User groups are allowed to use and freely sell forest products within general guidelines that promote good management. A recent decision by MoFSC to ban the green felling of community forests threatens the policy environment and sustainability of community forests. A recent circular (January/February 1999) also provides for 25 percent of total proceeds from the sale of forest products to be spent in development, conservation and management of forests and the rest on welfare activities of the community. The transfer process has gone smoothly in the hill districts but lags far behind in the Terai: there, only 5 districts out of 21 have actively handed over portions of the national forest. According to government officials the major reasons for the slow transfer of forests to user groups are socio-economic and geographical. A large number of forest dwellers in the Terai are encroachers, and these forests are also considered to be production forests that cater to the entire nation. As the forests are different in the Terai, there is a need for different models of forest management compared to the Hill region, with community/private and other stakeholder participation. Development of such models is required before going ahead with any arrangements. The models would have to take into account the social conditions, benefit sharing arrangements, governance issues – with the high valued production, and marketing issues with respect to the role of the Timber Corporation of Nepal (TCN). TCN has been operating with losses and there are allegations of political interference with respect to the pricing of timber. De-monopolizing TCN has been high on the agenda of the policy dialogue between the donors and HMGN.

95. **Leasehold forestry.** The leasehold program has been a profitable venture for the government. The government earned NRs 442 million (US\$8 million or just under half of the forestry budget) in FY96 from the leasehold program and has estimated revenues of NRs 450 million for FY97 and FY98. These funds are remitted to the central treasury, however, and are not retained by the MoFSC. The leasehold program may be an effective and profitable way for the government to reassert control over illegal logging. Legalizing the logging operations, subject to restrictions for soil and forestry conservation purposes, would allow the government to increase its revenues. Raising the leasehold fees to an appropriate level would provide an incentive not to exhaust the supply of trees. There is also a need to strengthen the linkages of this program with community forestry.

96. Real spending on the leasehold program occurs in only two activities. These are the Hill Leasehold Forest and Pasture Development Project and the National and Leasehold Forest Development Program. These activities are primarily financed by donors. Allocations to the latter fell sharply in FY97 and there has been significant under-spending on both (**Parts C and D of Table 4.8**).

97. **District Forest Offices.** As mentioned above, all portions of the national forests which have not been transferred or leased are managed by the DFOs. Expenditures on DFOs are large, and these that are related to managing community forests, accounting for 21 percent of the FY97 MoFSC budget. Real spending on DFO activities increased slightly in FY96 and FY97. In fact, as more forest is transferred, real DFO spending should be going down. To reduce government expenditures communities should be encouraged to contract private sector for post hand-over

activities. This has been piloted under the recently -completed IDA -financed Hill Community Forestry Project (Cr. 2028-Nep.) Government may wish to expedite the rate of transfer and ensure that DFO resources are adjusted accordingly.

98. **Parks and wildlife.** The Department of National Parks and Wildlife Protection provides protective services for the national parks and items of important cultural heritage. Its operations in the national parks also generate revenues worth roughly NRs. 70 million annually from the national parks, mainly from Chitwan. This is equivalent to roughly one quarter of the Department's annual expenses (the DPWP uses 25 percent of the FY97 MoFSC budget). Real spending on parks and wildlife management in FY96-97 has increased slightly over the amounts spent in FY95. Almost all of the budget for the Department is for a transfer to the military service to pay for the patrol and protection of the parks.

99. The programs of DPWP are generally successful. Officials noted, for example, that rhinoceros and tiger populations, though small, were increasing. The Department is currently beginning to set up buffer zones around the parks in order to further protect them. These buffer zones would be controlled by local communities who would be entitled to use the land's resources in exchange for proper management. There would also be some revenue sharing between the Department and the buffer zone communities. The major challenge raised by officials was the need for better coordination in planning with other ministries. For example, there are proposals for road project that would divide Chitwan National Park and for an irrigation project that would adversely affect Bardiya National Park. The Department noted it would also benefit from improved coordination with the new Environmental Protection Agency.

100. **Soil conservation.** The Department of Soil Conservation and Watershed Management (DSCWM) provides services to 55 out of 75 districts for land use planning, land use management (tree and grass plantings etc.), infrastructure (road slope stabilization, trail protection etc.) and hazard prevention programs such as landslide treatments and streambank protection. The DSCWM used 14 percent of the MoFSC budget in FY97. Almost all of the DSCWM budgetary allocations are made through the development budget. Spending therefore rises and falls with project performance and donor support: real spending fell sharply in FY96 but then more than recovered in FY97.

101. Activities are generally small-scale and tend to rely on local labor. Officials in the DSCWM noted that this tends to create problems when communities have already committed their labor to other competing needs. Finding people and keeping them has proven to be difficult. In response, the DSCWM is now trying to utilize pre-existing community user groups, that had been set up for other purposes, which demonstrate signs of sustainability. The DSCWM is also concerned that the NPC and the donor community should acknowledge that the participatory nature of their activities requires new thinking about how to set targets for performance evaluation. Certainly annual physical targets for inputs such as streambank stabilization would be less appropriate than 3-year targets for outcomes such as streamflow volatility.

102. The programs for soil conservation, that have a large community participation component, need to be strengthened. Government staff see the need for linkages with agriculture and irrigation at the district level. Concern has been raised that budgetary constraints have prevented an integrated approach to soil conservation. Within the context of the APP a number of programs in the agriculture/irrigation sector should incorporate and consolidate existing soil conservation activities.

103. **Research and extension.** The MoFSC has a number of research and extension activities under way that accounted for only 4 percent of the FY98 MoFSC budget, down from 6 percent in FY97 and 8 percent in FY95. These include the Botanical Research Division, the Forest Research & Survey Program, the Forest Products Development Program, the Tree Improvement Program, the Training and Extension Program and the Plant Development Program. Actual spending on these activities has fallen steeply in real terms, in part due to inadequate allocations but also due to under-spending (**parts C and D of Table 4.8**). Given the poor performance of forestry in recorded output and exports, the government may wish to identify ways to fully utilize the resources allocated and consider making some moderate real increases in expenditures—perhaps restoring real spending to FY95 levels.

104. **Administration.** Administrative activities have consistently used roughly 10 percent of the MoFSC budget over the years. Real spending, however, has increased. The Ministry may wish to explore the possibility that some of these resources could be reallocated towards research and extension.

C. IRRIGATION

105. The share of crop land currently under irrigation in Nepal is quite low, approximately 35 percent. The Terai, which contains three quarters of the irrigable land, is only one-third irrigated. The seasonal nature of most of the rivers further reduces the possibility of year-round irrigation of these lands from the existing run-of the rivers irrigation schemes. But surface schemes supply over 85 percent of the national total. Of that amount, 75 percent of existing surface schemes were put in place by farmers. The main issues for these farmer-managed schemes are lack of water management, temporary and rudimentary nature of water control headwork and poor conveyance structures. Many of them are washed away during floods and have to be restored. (see the section on riparian issues below). The main focus of the government, however, is to expand the use of ground-water by increasing the number of tubewells in the country, mainly through its subsidy programs. This is reflected in the currently escalated Government's FY99 program of APP tubewell program, AsDB funded Community Shallow Tube Well Irrigation Project and IDA-funded ground-water irrigation component under the ongoing Nepal Irrigation Sector Project. (See the section on subsidies below.) This may be a second-best solution and choice to farmers; as these tubewells are high in operation and maintenance costs relative to surface schemes. However this is unavoidable and most rational solutions for Nepal, as large scale water management schemes, are expensive and riparian issues and environmental problems make surface schemes unfeasible. Surface irrigation would only be economically feasible if it is

within the context of a multipurpose water resources development program where the costs of the expensive headwork is shared among other sub-sectors i.e hydro-electric.

106. **Composition of services and expenditures:** Most of the governments' irrigation programs are managed by the Ministry of Water Resources (MoWR).³² There is also a credit program managed by the ADBN which is not covered in this review. The composition of expenditures is clearly for a ministry heavily involved with direct physical investments in infrastructure. Irrigation works consumed 87 percent of FY97 allocations to the irrigation sector while only 5 percent was devoted to salaries and benefits. *Only 3.1 percent was allocated for overhead – mostly for operations and maintenance (Table 4.9).* The largest MoWR irrigation investments were for surface schemes. The tubewell programs were next largest and the lift irrigation project (Marchawar), the smallest.³³ The Farmer Irrigation Grant and the Underground Irrigation and Flood Disaster Reconstruction Project managed by the MoF are for cash grants and financial investment respectively. These represented less than 4 percent of the FY97 allocations to irrigation.

Table 4.9: Composition of FY97 Budgetary Allocations, Irrigation

	Salaries & Total	Over- head Benefits	Trans- fers & Grants	Product ion Services	Capital Trans- fer	Physical Invest- ment	Finan- cial Invest.	Cash Grant	Conting- ency
Millions of Rupees									
Total	3,290.2	178.2	102.1	4.3	0.0	22.5	2,866.1	7.0	110.0
Percent of Total									
Total	100.0	5.4	3.1	0.1	0.0	0.7	87.1	0.2	3.3
A. Administration	3.7	2.9	0.4	0.0	0.0	0.0	0.3	0.0	0.0
B. Irrigation Development	78.9	1.4	1.5	0.1	0.0	0.6	71.7	0.2	3.3
1. Large Surface	33.9	0.6	0.5	0.0	0.0	0.5	32.3	0.0	0.0
2. Small/Medium Surface	32.1	0.4	0.5	0.0	0.0	0.0	27.8	0.0	3.3
3. Deep Tubewell	10.5	0.3	0.3	0.1	0.0	0.1	9.7	0.0	0.0
4. Shallow Tubewell	1.7	0.0	0.0	0.0	0.0	0.0	1.4	0.2	0.0
5. Lift Irrigation	0.6	0.0	0.1	0.0	0.0	0.0	0.5	0.0	0.0
C. O&M and Management	8.5	1.0	1.1	0.0	0.0	0.1	6.3	0.0	0.0
D. Flood Control & Emerg.	9.0	0.1	0.1	0.0	0.0	0.0	8.8	0.0	0.0
Memo: Ministry of Finance	3.6	0.0	0.0	0.0	0.0	0.0	0.0	0.2	3.3

Source: Ministry of Finance.

107. **Budgetary Trends.** There has been a shift in allocations away from Irrigation Development and towards Flood Control and Emergency Repair, though the former continues to dominate spending at 79 percent of total FY98 allocations (Table 4.10, Part B). Within Irrigation development, there has been a shift away from large surface water projects and away from deep tubewell projects. This has allowed larger shares to be taken up by shallow tubewells and by small-and medium-scale surface schemes, mostly for rehabilitation. No new surface irrigation scheme has been implemented in the last decade. These changes are consistent with the strategy laid out in the APP and Ninth Plan. These trends, however, are only imperfectly mirrored in actual expenditures.

32 The allocations for the Farmer Irrigation Grant and the Underground Irrigation and Flood Disaster Reconstruction Project are made through the MoF for control purposes.

33 The share of spending on tubewells would be much higher if the ADBN credit program were included in the analysis.

108. **Real Expenditures.** Real spending on the tubewell programs has increased dramatically as directed under the APP (**Table 4.10, Part D**). At the same time, however, real spending on surface schemes has not been reduced. Real spending on deep tubewells nearly doubled in FY96, mainly because the allocation to the Bhairahawa Lumbini Irrigation Project (III Phase) was doubled. This allocation was subsequently reduced in FY97. Real spending on shallow tubewells tripled in FY96 partly because actual spending on the Community Shallow Tubewell Irrigation Program was also tripled. Large surface schemes gained in real terms mainly because their allocation share was increased. Small and medium surface schemes gained in FY96 and then fell back a bit in FY97 as spending was less than allocated. Spending on the lift irrigation project declined as a result of falling allocations and failure to spend all that was allocated

109. Real spending on operation and maintenance and water management declined as allocations fell in FY96 and then failed to keep up with inflation even though spending was increased in FY97. The simple failure to de-silt the systems at regular intervals has resulted in the need for costly interventions to repair and rehabilitate systems at a later date in the form not so much as deferred maintenance but expensive capital investment. A declining trend is also observed for flood control and emergency repairs – despite the addition of 3 new, small projects in FY96. Finally, spending on administration generally did not keep up with inflation. In fact, there is scope for additional reductions: the DoI maintains offices in all 75 districts, even though many of the mountain districts have negligible need for DoI services or irrigation.

4.10: Expenditure Trends in Irrigation, FY95-98

	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>FY98</i>
Part A	Millions of Rupees			
Budgeted Allocations	2,417	3,154	3,290	3,263
Actual Expenditures	2,664	2,963	2,935	--
Part B	Budget Allocations as Percent of Total			
Total	100	100	100	100
A. Administration	5	4	4	4
B. Irrigation Development	81	82	79	79
1. Large Surface	32	32	34	28
2. Small/Medium Surface	38	35	32	39
3. Deep Tubewell	9	12	10	8
4. Shallow Tubewell	0	2	2	4
5. Lift Irrigation	2	1	1	0
C. O&M and Management	8	7	8	6
D. Flood Control & Emergency Repair	5	6	9	11
Part C	Expenditures as Percent of Allocations			
Total	110	94	89	--
Part D	Expenditure Indices In Constant 1995 NRs '000			
Total	100	103	94	--
A. Administration	100	94	84	--
B. Irrigation Development	100	124	104	--
1. Large Surface	100	122	113	--
2. Small/Medium Surface	100	113	92	--
3. Deep Tubewell	100	181	114	--
4. Shallow Tubewell	100	309	361	--
5. Lift Irrigation	100	81	45	--
C. O&M and Management	100	55	65	--
D. Flood Control & Emergency Repair	100	38	70	--

Source: Ministry of Finance and staff estimates.

Riparian Issues

110. The seasonal monsoon creates highly variable river flows with high silt content. This makes water management for irrigation purposes difficult and expensive. More to the point, water usage is low because of its unpredictability. Farmers need to time the arrival of seeds, water, and fertilizer carefully. At present, there is only one surface storage reservoir in the nation for water management. Additional large-scale water management schemes could mitigate these two problems. In particular, it is estimated that proper water management would permit a doubling of cropping intensity over all of Nepal's arable land.

111. The high financial and environmental costs, combined with the international ramifications with India, have inhibited the implementation of such schemes. The alternative, the shift towards tubewell schemes, allows a more predictable water supply, which is closer to farmer's fields -- the trade-off is higher operation and maintenance costs. A framework for regional cooperation is urgently needed, not only for the resolution of downstream issues but also for the resolution of the environmental and financial issues. One financial solution may be for HMGN to allow private investors and India to invest a higher share in the water management works. A comprehensive Water Resources Management Strategy will also be required as an input for this process because large-scale water management schemes will have a significant impact on the nation's rivers and ecology. A strategy is currently being prepared financed by the IDA-financed Nepal Irrigation Sector Project (Cr. 3009).

Irrigation Subsidies

112. In the last several years, capital subsidies have been made available to farmers for tubewell schemes. The capital subsidy for group-based tubewells is 60 percent of costs for shallow tubewells and about 84 percent of costs for deep and medium-sized tubewells. The average investment cost per well was NRs 43,000 for all types of tubewells in FY97. There are also credit programs for farmer-owned surface schemes disbursed through the ADBN (Table 4.11). Funding for the subsidy programs comes mainly from the government as well as a variety of donor projects.

Table 4.11: Agricultural Development Bank Irrigation Program, (NRs.'000).

	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>FY98</i>
Capital Investment – by Instrument	211,571	178,680	168,016	98,114
Loan	113,036	113,944	107,457	64,780
Grant	98,536	64,736	50,559	33,334
Capital Investment – by Use	211,571	178,680	168,016	98,114
Shallow Tubewell	121,411	126,340	121,594	67,275
Surface Irrigation	33,244	10,871	12,680	9,478
Other Irrigation	56,916	41,480	33,742	21,361
MoF Transfer for Capital Subsidy	120,000	100,00	100,00	80,200
Number of Schemes	7,521	6,547	4,262	2,832

Source: Agricultural Development Bank.

113. The government levies a tariff for water use (200 NRs./ha or about \$3/ha) for the large public surface schemes but this covers only 40 percent of estimated costs at best.³⁴ In addition, the collection rate is very poor, averaging only 30 percent, making the effective subsidy even greater. In FY96, actual revenues collected from irrigation amounted to only NRs. 1.6 million (approximately US\$29,000). As a result, real expenditures on operation and maintenance are sub-optimal and undermine the performance of the public irrigation systems.

114. **Ongoing reforms.** The Government's irrigation policy of 1997 improved a number of policies including cost recovery, greater beneficiary participation and an increased rate of transfer of operation and maintenance responsibilities of large surface schemes to beneficiaries. Collection of water user charges were also transferred to beneficiaries with the expectation that recovery rates would improve. The capital subsidy for group-based tubewells has been reduced to 60 percent for shallow tubewells, to be totally eliminated by July 2000; and from 90 percent to 84 percent for deep and medium-sized tubewells. Subsidies for individually owned shallow tubewells have been completely eliminated. Customs duties on imported diesel tubewell pumpsets have been eliminated – reducing their costs by another 22 percent. Under the ongoing Nepal Irrigation Sector Project (Cr. 3009), there are two studies being carried out; (i) a review of the irrigation subsidy policy (for both private and public irrigation schemes, including tubewells); and (ii) a review of O&M costs and cost recovery in the public irrigation schemes. A report on the former is expected shortly.

115. **Unresolved issues.** Discussions with officials revealed three concerns about the tubewell subsidy program. First, the government's goal of subsidizing the installation of 8,200 new tubewells per year is too ambitious in terms of implementation capacity and financial feasibility. As noted in the APP, a tubewell-based strategy requires supporting investments in additional roads, rural electrification and/or more diesel servicing facilities, and, in some areas, the consolidation of fragmented lands. In fact, the number of new tubewells per year had been falling in recent years from 3,600 in FY95 to 2,360 in FY97. Thus, to reach the government's target, real resources would have to be more than tripled. Second, the introduction of the subsidy may actually be inducing a slow-down in investment as farmers wait for access to the subsidy. Third, some officials voiced reservations that a large share of the subsidy was diverted for administrative purposes on its way through the ADBN. The government may wish to explore these issues further to determine the efficacy of its subsidy program. The on-going studies on subsidies are expected to provide some guidance on these issues.

5 LOCAL DEVELOPMENT AND DECENTRALIZATION

116. This chapter reviews the Ministry of Local Development (MoLD) because of its key role in rural development through its important grant programs and many projects. The main finding are that the MoLD would do well to concentrate exclusively on its grant programs and transfer its projects to appropriate line ministries. The chapter concludes with a review of critical issues in decentralization. The main conclusion is that the incentives for good governance should be a prerequisite to further decentralization.

A. THE MINISTRY OF LOCAL DEVELOPMENT

117. **Budgetary Composition:** All but two local development projects are managed by the Ministry of Local Development (MoLD). The Gulmi Arghakhanchi IRDP is funded by MoF and the Rural Women Development for Production Loan Program. The MoLD is involved almost exclusively in two activities: administering the local government grant programs (68 percent of the total) and making physical investments (21 percent of the total) (Table 5.1). There are four main grant programs. From largest to smallest, these are the Village Development Committee (VDC) grants, the District Development Committee (DDC) grants, the Election Area Development grants, and the Municipality grants. The largest physical investments are for the Rural Community Development Program, the Solid Waste Management Program, the Local Development Construction Program and the Sadhan Labor Intensive Road Reconstruction Project.

Table 5.1: Composition of FY97 Budgetary Allocations, Local Development

	Salaries & Total	Over- head	Trans- fers & Grants	Product -ion Services	Capital Trans- fer	Physical Invest- ment	Finan- cial Invest.	Cash Grant	Conti- gency
Millions of Rupees									
Total	4,162.3	85.8	33.0	243.8	0.0	15.0	887.6	45.0	2,774.6
Percent of Total									
Total	100.0	2.1	0.8	5.9	0.0	0.4	21.3	1.1	66.7
A. Administration	0.7	0.5	0.1	0.0	0.0	0.0	0.0	0.0	0.0
B. Grant Programs	67.8	0.0	0.0	3.1	0.0	0.0	0.0	0.0	64.6
1. VDC Grant	48.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48.3
2. DDC Grant	14.9	0.0	0.0	3.1	0.0	0.0	0.0	0.0	11.8
3. Election Area Dev.	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5
4. Municipality Grant	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
C. Area Development	6.3	0.0	0.0	1.0	0.0	0.0	4.2	0.7	0.2
D. Rural Infrastructure	13.5	0.3	0.2	0.0	0.0	0.0	12.3	0.0	0.8
1. Roads	3.7	0.1	0.1	0.0	0.0	0.0	3.5	0.0	0.0
2. Water Supplies	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8
3. Other Infrastructure	9.0	0.2	0.1	0.0	0.0	0.0	8.8	0.0	0.0
E. Women	3.0	0.8	0.3	1.0	0.0	0.0	0.5	0.4	0.0
F. Other	8.8	0.4	0.2	0.7	0.0	0.4	4.4	0.0	1.8
Memo Item: Min. Finance	1.4	0.0	0.0	0.4	0.0	0.0	0.0	1.1	0.0

Source: Ministry of Finance.

118. **Budgetary Trends:** The largest changes in composition were an 8 percentage point gain for the VDC grant program in FY96 and a 4 point loss in FY97 (**Table 5.2, Part B**). The DDC suffered a 5 point loss in FY96 as well. Municipal grants were quite small in FY95 but were substantially increased in FY96 and FY97 to 2 percent of the total. The share in total allocations for rural infrastructure projects gained 6 percentage points in FY97. All other projects, as a category, lost 4 points in FY97.

Table 5.2: Expenditure Trends in Local Development, FY95-98

	FY95	FY96	FY97	FY98
Part A				
	Millions of Rupees			
Adjusted Budgeted Allocations	2,701	3,852	4,162	4,280
Actual Expenditures	2,469	3,343	3,588	--
Part B				
	Budget Allocations as Percent of Total			
Grand Total	100	100	100	100
A. Administration	1	1	1	na
B. Grant Programs	67	71	68	na
1. VDC Grant	44	52	48	na
2. DDC Grant	20	15	15	na
3. Election Area Dev. Program	2	3	3	na
4. Municipal Grant	0	2	2	na
C. Area Development	7	4	6	3
D. Rural Infrastructure	10	8	14	17
1. Agricultural Roads	4	3	4	11
2. Rural Water Supply	0	1	1	1
3. Other Infrastructure	5	4	9	5
E. Women	4	3	3	na
F. All Others	12	13	9	na
Part C				
	Expenditures as Percent of Budget			
Grand Total	91	87	86	
A. Administration	93	89	93	
B. Grant Programs	106	100	98	
C. Area Development	101	53	64	
D. Rural Infrastructure	39	64	64	
1. Agricultural Roads	5	8	21	
2. Rural Water Supply	Na	70	91	
3. Other Infrastructure	68	101	80	
E. Women	78	80	71	
F. All Others	52	43	49	
Part D				
	Expenditure Indices In Constant 1995 NRs. '000			
Grand Total	100	125	124	
A. Administration	100	96	96	
B. Grant Programs	100	132	123	
1. VDC Grant	100	155	132	
2. DDC Grant	100	81	95	
3. Election Area Dev. Program	100	174	176	
4. Municipal Grant	100	445	595	
C. Area Development	100	41	76	
D. Rural Infrastructure	100	177	297	
1. Agricultural Roads	100	133	505	
2. Rural Water Supply	na	na	na	
3. Other Infrastructure	100	141	258	
E. Women	100	96	94	
F. All Others	100	123	92	

Source: Ministry of Finance and staff estimates.

119. **Actual Expenditures:** The MoLD displays a consistent pattern of under-spending in some categories. Spending on the grants programs is generally quite close to the budgeted amounts while spending on projects is generally lower than programmed (**Table 5.2, Part C**). This is especially the case for the MoLD roads projects, area development and other projects. This observation is consistent with concerns expressed by several government officials that the MoLD does not have the capacity to properly manage sector projects. In fact, it may be more efficient to let the MoLD focus exclusively on the grants programs and transfer all other projects administered directly by the MoLD to the DDCs.

120. **Real Expenditures.** Inflation adjusted spending rose substantially in all categories except administration, the DDC grant, women's projects, other projects and area development. The latter category is the only one which saw a real decline in purchasing power, falling to 41 percent of the FY95 level in FY96 and 76 percent in FY97 (**Table 5.2, Part D**). This could have been partially averted if actual spending had matched the amounts allocated. Instead, spending on area development was 53 percent and 64 percent of the budgeted allocation in FY96 and FY97 respectively (**Table 5.2, Part C**). Real spending on rural infrastructure nearly doubled in FY96 and nearly tripled the FY95 level in FY97. This was partially due to the significant under-spending in FY95 and partly due to large increases mainly in two projects: Rural Community Infrastructure Development and Local Development Construction.

121. Real spending on the grants programs also expanded. The VDC grant grew by 55 percent in FY96 and then shrank back a bit in FY97 as inflation overcame the amount spent. The election area development grant grew by 74 percent in FY96 and the municipalities grant was quadrupled in FY96 and expanded still more to nearly 600 percent of the FY95 level in FY97.

B. DECENTRALIZATION

122. Nepal is divided into 75 districts (21 of which are in the Terai) each governed by a district development committee (DDC). Each district is sub-divided into an average of 50 village development areas, each governed by a village development committee (VDC). There are currently some 4,000 VDCs in Nepal. Urban areas with more than 10,000 people (20,000 in the Terai) are designated as municipalities and there are currently 58 municipalities in the country. The VDC chairperson and municipal mayor are directly elected by voters in their areas. The DDC chairperson is elected by a college formed by members of the VDCs and municipalities in the district.

District Expenditures

123. District expenditures indicate that the regions with a higher poverty incidence have been getting a larger share of the budget (**Table 5.3**). Significant declines in the last 3 years in the Central Terai/Hills and Mountains, whilst there has been an increase in resources to the Western, Mid western and Far western regions. In the central region if Kathmandu and Lalitpur are excluded the per capita expenditures are reduced significantly indicating that the urban areas are heavily funded.

Framework

124. Building on the basic prescriptions of the 1990 constitution, the local government legislation of 1992 provided the legal framework for a decentralization process and an opportunity for a greater participation in government for the people of Nepal. However, the legislation was criticized on the grounds that insufficient powers were devolved to local bodies and that local officials were insufficiently accountable for their actions to their constituency³⁵. The first elections of local bodies were held in 1992 and a second round of elections was held in 1997. That same year, an act amending the 1992 legislation was enacted. The principle changes related to the organization of local bodies. The act increased the powers of the ward committees elected by voters in each of the 9 wards of each VDC. The act made provisions for the formation of village and municipal councils to oversee the work and approve the financial decisions of the VDCs and municipalities. In 1998, the Local Autonomy bill was passed devolving additional development, financial and judicial powers and functions to local bodies.

Table 5.3: District Expenditures by Region

	Rural Poverty (% Population)	Real per Capita Expenditures			
		FY95	FY96	FY97	FY95-97
		(NRs.'000)			
Eastern Hills & Mountains	28	273	280	277	277
Central Terai	38	391	341	309	347
Western Terai	40	214	268	300	261
Western Central	40	164	88	237	163
Eastern Terai	42	309	272	236	272
Mid & Far West Terai	53	289	436	436	387
Central Hills & Mountains	67	1,288	1,142	888	1,106
<i>excl. Kath & Lalitpur</i>		[320]	[362]	[322]	[335]
Mid- & Far-West Hills & Mountains	72	295	471	308	358
Hills	41	583	546	476	535
<i>excl. Kath. & Lalitpur</i>		[229]	[256]	[268]	[251]
Terai	42	318	326	310	318
Mountains	56	350	416	338	368
Nepal	42	436	430	384	417
<i>excl. Kath. & Lalitpur</i>		[286]	[307]	[296]	[296]

Sources: Ministry of Finance and World Bank staff calculations.

125. According to the provisions of the new law, the VDC's main development functions include the procurement of projects from ward committees and NGOs, the formulation of annual plans, the management of a local development fund, the preparation of a resource map for their area, the explanation of projects to local people, the training of user groups for the implementation of their projects, and the formal coordination of NGOs. The main development functions of the DDC include the formulation of an annual district development plan,

³⁵ Murgatroyd, Chris, The Legal Framework for Decentralization, Report presented to the World Bank, June 1998.

management of a district development fund, the coordination of NGO activity, the supervision of line agency, municipal and VDC development activities, and the explanation of projects to local people.

Funding

126. The central government provides each VDC with a local development fund of NRs 500,000 per year³⁶ to finance small infrastructure, economic and social projects based on proposals received from the ward committees in their area. The local development fund gives an opportunity for the population in rural areas to work with their locally elected government to plan and implement small projects addressing their needs. These funds are transferred by the Ministry of Local Development (MoLD) to the District Development Committee (DDC) in several installments according to the expenditure reported by the DDC. Each VDC must present plans for approval by the DDC in order to obtain the funds allocated to their VDC area. The engineer NRs from the DDC's technical unit appraise the technical feasibility and costing of all proposed infrastructure projects. Once a project is approved by the DDC, funds are released to the VDC in installments according to physical and financial execution of each project. The VDC must submit complete account reports to be revised by the DDC's accounting unit before any additional funds are released. Plans from line Ministries are also expected to be approved by the DDCs, though this has yet to happen.

Mixed Results

127. In practice, the results achieved by the local development fund have been mixed. Typically, decision-making power for the allocation of VDC local development funds is usually concentrated in the hands of the VDC chairperson and the VDC secretary. Participation of other members of the VDC committee, the VDC council, local institutions and the population is marginal in the best of cases. As a result, the allocation of funds is often based on the political interests of the VDC chairperson rather than on development needs expressed by the population. In a recent survey³⁷ of 32 VDCs in 8 districts of Nepal, it was found that 45 percent of VDC development funds are typically expended on rural roads, 38 percent on buildings such as VDC offices or schools. The remaining funds go to the development of drinking water, small irrigation schemes and grants for schools. There tends to be little spending on the maintenance of existing infrastructure, on social needs or on human resource development. The population, CBOs and local NGOs are seldom involved in the planning and implementation of local development fund projects.

128. The financial record-keeping of the VDC and DDC is weak, and neither the VDC or the DDC chairpersons report to the population or to other members of their respective committees on financial or physical progress of their program. Irregularities in the selection of contractors for infrastructure projects and kickbacks to locally elected officials are commonplace. Cases of VDC chairpersons using their influence to illegally obtain large personal advances from their

³⁶ \$ 7,350 per year.

³⁷ The Human Resource Development Centre (HURDEC), *The Impact of Decentralization on the Poor*, September 1998.

VDC's local development fund are widespread. Accusations against local officials for misappropriating funds are common, particularly in the Terai. Results of another survey³⁸ of 30 VDCs in 15 districts of Nepal indicate that there is no internal audit system and that the performance and financial management of local government is not assessed. There is also no system for making public the financial results of projects implemented with local development funds. The Act provides for a financial action committee at the VDC level, but this has not been implemented in all VDCs.

Ongoing Reforms

129. In an attempt to address the shortcomings of local government, several large programs are being implemented in Nepal to strengthen the management and technical capacity of local government³⁹. These programs have focused mainly on transferring skills but have arguably achieved little in changing the attitudes and behavior of locally elected government officials and their staff. Without any effective checks on their powers, the authoritarian habits and misuse of local public funds are likely to continue. The experience of programs in other countries that were designed to strengthen civil society suggests that accountability to a well-informed and empowered constituency may prove to be the most effective check on the abuses of power and financial mismanagement by local government. When made aware of the responsibilities and duties of their local government, Community Based Organizations (CBOs) and NGOs put pressure on VDCs and municipalities to consult their constituency before allocating local development funds, and to be more transparent in the use of public resources⁴⁰. There is some concern amongst staff in HMGN that there are numerous VDCs, this would have to be reviewed, as this has resource implications.

130. In conclusion, the legislation enacted since the adoption of the 1990 constitution indicates that there is strong political support for decentralization in Nepal. Ever-increasing powers and duties are being devolved to locally elected bodies. However, there is a risk that in the rush to support further decentralization of power, the Government may simply transfer responsibility for service delivery in rural areas from ineffective and corrupt line agencies to incompetent and readily corrupted local government. The large donor-supported programs to increase the administrative and technical skills of VDCs, municipalities and DDCs may not be sufficient to redress the management problems of these local bodies. The main issue at stake in the decentralization process is arguably improved governance rather than increased management capability. This is particularly true in the Terai where financial irregularities in the use of local development funds is widespread and unchecked. The Government's first priority should therefore be to increase the accountability of local government to their constituencies. This can be achieved in two ways. One, local governments should increase transparency by regularly

38 Suwal, Rajendra, Village Development and the Self-Reliance Programme: an Assessment, the Journal of Development and Local Government, Local Development Training Academy, Nepal, May 1998.

39 The largest of which are UNDP's PDDP and LGP programs and DANIDA's local government training Programme. Similar smaller programs have been supported by the Swiss (SDC) and the Dutch (SNV).

40 CBOs such as Saving and Credit Organizations (SCOs), farmers marketing associations and Forest User Groups (FUGs) formed in Jumla, Baitadi and Dadeldhura districts with support from CECI's Community Based Economic Development project (CBED) are demanding greater transparency and accountability from their locally elected bodies.

publishing objectives and outcomes. Two, civil society should be strengthened through the formation and strengthening of a significant network of self-reliant CBOs and NGOs capable of interacting constructively with local bodies to address local development issues. The Local Governance Act has already been approved with the Royal Seal. And the Self-Governance regulations have also recently been approved by the Cabinet.

Annex A

Expenditure Prioritization Criteria

The analysis contained in this report indicates that HMGN should seek to reduce the number and cost of projects and programs to better match available resources and administrative capacity. Some criteria which would be helpful in achieving this task are presented below.

Objectives and Risks

- **Policy.** This is the first criteria that should be considered. Are the *objectives* of the proposed activity consistent with official policy goals and priorities? If not, the activity should be rejected. If yes, then, the rest of the criteria should be applied.
- **Prerequisites.** Does the success of the proposed activity depend upon success in one or more other projects? Does success depend upon policy changes? If the answer is yes, then the prerequisites must be taken care of first. An example might be the decision to create apple orchards in areas without all weather roads connecting directly to the Kathmandu market.
- **Risks.** This is related to the issue of prerequisites. What are the major risk factors which could render the proposed activity unsuccessful? Are there contingency plans in place to deal with these risks? If not, does the government have an “exit strategy” that will allow it to drop the project if a damaging risk factor materializes?

Who and How

- **Role of Private Sector.** Could the project or program be handled by the private sector? If yes, then the government should reduce or eliminate its own participation. In general, this would apply to investments in all potentially marketable goods and services. An example is the recent decision to allow private sector traders to import fertilizer rather than rely only on the AIC. The result was a substantial increase in the availability of fertilizer in 1998.
- By similar logic, HMGN should gradually withdraw from financing (directly or indirectly through subsidized credit) most of the small scale surface and tubewell irrigation projects and concentrate instead on water resources management. This strategy would allow HMGN to reallocate its funds towards the provision an expensive but important public good--a more predictable water supply.
- If private sector participation seems lacking, there is a high probability that HMGN has not included all the relevant factors into the analysis: for example, there may be problems land use laws, inappropriate government pricing decisions, lack of access to credit, problems with

regulatory agencies, or problems with the overall macroeconomic environment. Fixing these problems is a better solution than substituting government for private funds.

- **Role of Government.** Could the project or program objectives be achieved through regulatory changes rather than spending? If yes, does the net benefit of the regulatory change—on society—exceed the net benefit of the project or program? If yes, then the project or program should be reduced or dropped.

What is the Best Option?

- **Which is the best Way to Achieve the Objective?** How does the proposed activity compare with other options which could achieve the same objective? In many cases, a different approach may be more cost-effective.
- **Rate of return.** Projects with high investment content and clearly defined completion dates such as irrigation projects can be evaluated in terms of their financial and economic rates of return. The measurement of costs and benefits should include an analysis of social benefits and opportunity costs. In general, a project should be rejected when the expected net present value, discounted at the opportunity cost of capital, is negative.
- Projects should also be rejected when the expected net present value is not higher than or equal to the expected net present value of mutually exclusive project alternatives.

Other projects, such as those in the areas of research or extension services provide benefits which cannot be easily captured or evaluated in terms of financial rate of return. Yet these projects clearly facilitate and complement all other forms of investment. In such cases, the least cost alternative for achieving the desired result should be chosen.

- **Maintenance.** Projects which emphasize good management, maintenance, and rehabilitation of existing assets are usually less expensive than new projects which substitute new for old assets.

Affordability

Programs and projects carry more than one type of cost. Financial costs are but one of many costs incurred when a government decides to undertake an activity.

- **Counterpart funding requirements.** In many cases, donors will not advance funding without the provision of these counterpart funds. This is especially true of the multilateral agencies. In order to meet this requirement without becoming overburdened, the HMGN should focus on projects which will help generate more tax revenues or which help reduce domestic costs.

- **Recurrent funding requirements.** Does the proposed activity require continued expense after investment costs are completed? For example, would the creation of a secondary irrigation network require annual maintenance? If yes, are the recurrent costs affordable—knowing that there are many other competing activities which also require recurrent funding? If not, the proposed activity should be dropped. See the next point on cost recovery as well.
- **Cost recovery.** Does the proposed activity have the potential to be self-financing if user charges are applied? If not, is the government willing and able to sustain the proposed activity indefinitely? The activity should be dropped if the answer is no to either question. This criteria can be well applied to issues such as the provision of credit, agricultural inputs or to irrigation and extension services.
- **Administrative capacity.** Can the staff in the appropriate administering agency properly supervise and monitor the project? The answer may be no if there are already many projects, or if a few projects are especially troublesome or complex. Agency staff may also need more managerial, financial or technical training before certain projects can be productively taken on board. The data show that an average of 27 projects per year have been added to the rural project. At this pace, it is not hard to imagine that this could lead to a situation where HMGN staff would be unable to properly look after each project.
- **Environmental costs.** Deforestation, soil degradation, water shortages, and water contamination reduce economic productivity, damage natural resources, and impair human health. Projects which help reduce over-population or which help restore the environment should be given as much priority as those which provide more income or employment.

Cautionary Notes

There are also some common criteria, used by many governments, which are often mis-used or should not be applied. These are briefly reviewed below.

- **Project completion.** The degree of project completion is usually not relevant except in the special case of two competing projects with approximately the same (ex-ante) rate of return. In such a case, the nearly finished project should be completed and the other dropped or shelved. In most cases, a poorly designed project will be a money loser no matter how far along it is. Attempts to redesign money losers are often costly as well.
- **Size.** The size of a project should normally have little bearing on prioritization. As in the case of the availability of financing, the objectives and the net return are more important. There are exceptions. Extraordinarily large projects may require so much funding that other worthy projects could be pre-empted. In such circumstances, the net benefit of the *entire* expenditure program should be weighed with and without the project.
- **Availability External Financing.** Availability is important but it should never take precedence over the issue of whether a proposed activity is consistent with official policy

objectives and priorities. Moreover, availability of financing does not imply anything about the net benefit of the proposed activity.

- **Internal Rate of Return.** The rule that projects should be rejected if the economic rate of return does not equal or exceed the opportunity cost of capital can be helpful but there are two problems. One, there are mathematical examples where a stream of project benefits may produce more than one IRR. Second, IRRs cannot be ranked or compared across sectors.
- **Problem projects.** When faced with a problem project, many governments, all over the world, choose to apply their staff and their resources ever more intensely. In hindsight, these same governments will later observe that their efforts were wasted. It is more important to spend those resources upfront in the design and decision stages—and to include exit strategies when problems become intractable.

Annex B

Foreign Aid

The depth of dependency. Many of Nepal's public sector activities are sustainable only with continued high levels of foreign aid. This is clearly seen in the high share of aid not only in capital costs but also, in the case of agricultural programs, recurrent costs (**Table B.1**). For example, 81 percent of the capital investments in irrigation and 73 percent of all forestry investments are financed by aid. In the MoLD, 61 percent of all non-grant investments are financed by aid. In the MoA, 100 percent of capital investment *and* 41 percent of all *recurrent* expenditures are financed by foreign aid.

Table B.1: Budgeted Donor Contributions, FY97

	<i>Aid as Percent of Total Allocations</i>	<i>Capital as Percent of Total Allocations</i>	<i>Percent Capital Financed by Aid</i>	<i>Percent Recurrent Financed by Aid</i>
Agriculture	52	30	100	32
A. Min. Agriculture Allocations	48	11	100	41
B. Min. Finance Allocations	63	98	64	0
Forestry	25	34	73	0
Irrigation	74	91	81	0
Local Development	15	90	16	0
. Grant Programs	-	95	0	0
. Others	47	77	61	0

Source: Ministry of Finance FY97 Redbook.

The danger of dependency. If this aid were to vanish, much of the MoA projects and programs would collapse. In fact, Nepal's projects and programs are in fact at risk: the data show aid to Nepal has been falling while global aid to all nations has been falling as well.

Falling foreign contributions. Gross donor contributions to rural sector projects in the ministries reviewed by this report have been falling as a share of GDP. They were the equivalent to 2.6 percent of GDP in FY95, 2.1 percent in FY96, 1.8 percent in FY97 and 2.3 percent in FY98 (**Table B.2**). The level of foreign aid contributions to the rural sector has been falling in real terms for several years. For example, in FY97 the real level of aid was only 80 percent of the level achieved in FY95. More specifically, real sectoral contributions have been falling between FY95 and FY97 for agriculture, irrigation and forestry (**Table B.2**). The FY97 donor contribution for agriculture was only 64 percent of the level made available in FY95. The estimated contribution for FY98 shows a rebound to 79 percent was expected. The pattern is very similar for forestry. In contrast, real contributions to Local Development have climbed rapidly in FY97.

Future trends. The Bank's projections of foreign aid include a prediction that the level of foreign aid will stop falling and increase slightly as a share of GDP. This is based on the assumption that the implementation and governance problems will be quickly and demonstrably overcome. If not, then the overall downward trend is likely to continue over the next several years.

Table B.2: Sectoral Donor Dependency

	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>FY98</i>
Part A	Millions of Rupees			
Actual Donor Contributions	5,689,088	5,276,893	5,066,845	6,618,109
As Percent of GDP	2.6	2.1	1.8	2.3
Part B	Donor Contribution Indices In Constant 1995 NRs. '000			
Total	100	88	80	100
Agriculture	100	82	64	79
Forestry	100	91	67	94
Irrigation	100	98	90	104
Local Development	100	65	117	179
<i>excluding grant programs</i>	100			

1. FY98 data are estimates.

Sources: Ministry of Finance and staff estimates.

Annex C

Table C1: Budgetary Allocations, FY95-98

Table C2: Actual Expenditures, FY95-97

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 95	35/4/815	AG	01.2.3	Mixed Small Farmer Training and Institutional Development Project	10,500	-	-	10,500	-	-	-	-	-	-
FY 95	35/4/818	AG	02.2.3	HMG Livestock Insurance (Including Loan Guarantee)- Price Subs	5,000	-	-	5,000	-	-	-	-	-	-
FY 95	35/4/819	AG	01.2.3	HMG Small Farmers Interest Subsidy- Price Subsidy	50,000	-	-	50,000	-	-	-	-	-	-
FY 95	35/4/810	AG	01.2.3	Mixed Small Farmer development Project (Unicef)	40,000	-	-	40,000	-	-	-	-	-	-
FY 95	36/4/200	AG	04	HMG Food Subsidy for Nepal Food Corporation	250,000	-	-	240,000	-	-	-	10,000	-	-
FY 95	40/3/110	AG	06.4	HMG Agriculture Ministry	6,881	5,215	616	-	-	-	30	-	-	1,000
FY 95	40/3/120	AG	06.1	HMG Department of Agriculture Development	8,733	7,279	1,446	-	-	-	8	-	-	-
FY 95	40/3/121	AG	06.1	HMG Regional Agriculture Development Directorate	8,952	4,813	1,870	-	-	-	1,714	-	555	-
FY 95	40/3/122	AG	05	HMG Agricultural Statistics	1,900	1,047	553	-	-	-	-	-	-	300
FY 95	40/3/123	AG	05	HMG Economic Analysis	1,592	1,048	394	-	-	-	150	-	-	-
FY 95	40/3/140	AG	06.4	HMG Department of Cooperative	2,833	1,845	988	-	-	-	-	-	-	-
FY 95	40/3/141	AG	06.4	HMG District Cooperative Offices	35,382	29,525	5,022	-	-	200	635	-	-	-
FY 95	40/3/191	AG	06.4	HMG National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY 95	40/3/193	AG	06.4	HMG Tea & Coffee Development Board	6,200	-	-	6,200	-	-	-	-	-	-
FY 95	40/3/194	AG	06.2	HMG Dairy Development Board	500	-	-	500	-	-	-	-	-	-
FY 95	40/4/200	AG	05	HMG Women Farmer Development Programme	1,453	160	491	802	-	-	-	-	-	-
FY 95	40/4/250	AG	06.1	Mixed Upper Sagarmatha Agri. Dev. Project	28,384	987	1,134	396	-	500	25,367	-	-	-
FY 95	40/4/260	AG	01.2.2	Mixed Secondary Crop Development Project	26,083	985	2,878	1,700	-	-	20,520	-	-	-
FY 95	40/4/270	AG	01.2.2	Mixed Agriculture Development Project, Janakpur	34,803	3,825	2,070	-	705	-	10,332	-	17,871	-
FY 95	40/4/272	AG	01.1	HMG Agriculture Farm	3,846	772	650	-	1,870	-	554	-	-	-
FY 95	40/4/280	AG	04	Mixed Sericulture Development Programme	42,153	5,001	4,500	3,622	8,440	10,000	10,590	-	-	-
FY 95	40/4/290	AG	03	Mixed Hill Fruits Development Project	47,658	1,663	1,918	274	776	2,000	26,800	-	-	14,227
FY 95	40/4/291	AG	03	Mixed Kirtipur Horticulture Dev. Project	6,475	991	2,888	1,005	1,090	-	501	-	-	-
FY 95	40/4/292	AG	03	HMG Horticulture Farms	19,020	8,040	2,488	-	5,628	-	2,866	-	-	-
FY 95	40/4/294	AG	04	HMG Cardoman and Orange development	1,384	982	357	-	-	-	45	-	-	-
FY 95	40/4/300	AG	03	Mixed Vegetable Seed Production Centre	4,864	2,121	859	10	1,478	35	361	-	-	-
FY 95	40/4/302	AG	04	Mixed Potato Research and Development Program	1,868	1,239	406	50	155	-	18	-	-	-
FY 95	40/4/320	AG	04	HMG Fishery Dev. Programme	16,462	6,894	6,046	684	2,261	40	537	-	-	-
FY 95	40/4/330	AG	04	HMG Food Nutrition and Technology	12,772	8,312	3,534	376	-	-	550	-	-	-
FY 95	40/4/350	AG	04	HMG Crop Protection and Silkworm Development	16,386	6,470	3,369	701	2,556	-	1,322	-	-	1,968
FY 95	40/4/360	AG	01.2.2	HMG Crop and Cash crops Development Project	3,397	846	142	-	-	-	45	-	-	2,364
FY 95	40/4/370	AG	01.2.2	HMG Agriculture Communication Service Programme	5,000	1,317	3,652	15	-	-	16	-	-	-
FY 95	40/4/380	AG	01.2.2	Mixed Agriculture Training Programme	11,742	4,767	2,945	1,790	550	-	1,690	-	-	-
FY 95	40/4/390	AG	01.2.3	HMG Seed Dev. and Control Service	3,969	2,009	1,380	300	-	-	280	-	-	-
FY 95	40/4/400	AG	01.2.2	HMG Soil Test Service Programme	5,808	1,783	1,410	335	-	-	2,280	-	-	-
FY 95	40/4/410	AG	01.2.2	Mixed Agriculture Extension Project	18,833	5,299	10,439	2,000	-	-	1,095	-	-	-
FY 95	40/4/450	AG	01.2.4	HMG Agriculture Market Development Programme	4,029	1,658	1,041	130	-	-	1,200	-	-	-
FY 95	40/4/500	AG	02.2.5	HMG Animal Health Service Programme	20,198	10,048	7,382	-	1,750	-	1,018	-	-	-
FY 95	40/4/510	AG	02.2.2	Mixed Livestock Development Service Programme	6,543	2,511	3,122	670	-	-	240	-	-	-
FY 95	40/4/520	AG	02.2.3	HMG Livestock Development Farms	14,599	8,291	3,504	274	1,822	200	508	-	-	-
FY 95	40/4/530	AG	02.2.3	HMG Rural Poultry Development Programme	5,089	3,240	1,322	15	265	-	247	-	-	-
FY 95	40/4/540	AG	02.2.3	HMG Animal Reproduction & Artificial Insemination Programme	4,553	2,298	1,945	-	170	-	140	-	-	-
FY 95	40/4/541	AG	02.2.3	Mixed Animal Reproduction & Promotion Project	19,025	1,830	11,589	-	-	-	5,606	-	-	-
FY 95	40/4/550	AG	02.2.3	Mixed Hill Lease Forestry Project (Livestock Dev.)	2,195	380	734	-	-	290	545	-	-	246
FY 95	40/4/600	AG	06.4	Mixed Cooperative Training Centre	8,940	1,875	6,590	-	-	100	375	-	-	-
FY 95	40/4/700	AG	01.1	HMG Nepal Agriculture Research Council	26,525	-	-	25,000	-	-	-	-	1,525	-
FY 95	40/4/710	AG	01.1	Mixed Agriculture Research Programme	26,670	-	-	22,500	-	-	-	-	4,170	-
FY 95	40/4/720	AG	01.1	Mixed Agriculture Enterprise and Technology System Project	65,990	-	-	60,000	-	-	-	-	5,990	-
FY 95	40/4/730	AG	01.1	Mixed Secondary Crop Development Project (R)	35,000	-	-	15,000	-	-	-	-	20,000	-
FY 95	40/4/740	AG	01.1	Mixed Potato Research and Development Program	2,308	-	-	192	-	-	-	-	2,116	-
FY 95	40/4/750	AG	04	Mixed Natural Water Fish Development Project (R)	19,721	-	-	10,000	-	-	-	-	9,721	-
FY 95	40/4/800	AG	01.2.3	Mixed Agriculture Input Price & Transportation Grant	500,000	-	-	500,000	-	-	-	-	-	-
FY 95	40/5/250	AG	01.2.2	Mixed Upper Sagarmatha Agriculture Dev Project	13,727	9,642	1,735	1,758	-	-	592	-	-	-
FY 95	40/5/260	AG	01.2.2	Mixed Secondary Crop Dev. Project	33,343	960	1,765	4,310	-	70	26,238	-	-	-
FY 95	40/5/290	AG	03	Mixed Hill Fruits Development Project	6,423	1,380	1,548	1,997	-	-	1,498	-	-	-
FY 95	40/5/410	AG	01.2.2	HMG Agricultural Extension Programme	199,208	141,250	29,118	22,300	170	-	6,370	-	-	-
FY 95	40/5/412	AG	01.2.2	Mixed Seti Integrated Rural Development Project	10,933	538	1,564	-	-	75	8,756	-	-	-
FY 95	40/5/413	AG	01.2.2	Mixed Agriculture Extension Project	144,385	87,914	27,181	19,074	-	-	10,216	-	-	-
FY 95	40/5/421	AG	01.2.2	Mixed Mechi Hill Development Project (Agric)	566	93	111	362	-	-	-	-	-	-
FY 95	40/5/422	AG	03	Mixed Koshi Hill Seed and Vegetables Project	3,462	650	1,068	1,648	-	-	96	-	-	-
FY 95	40/5/461	AG	01.2.4	Mixed Rapti Integrated Rural Development Project	25,958	17,343	3,842	3,382	-	-	1,391	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 95	87/4/820	AG	04	Mixed	110,000	-	-	-	-	-	-	110,000	-	-
FY 95	87/4/822	AG	01.2.1	Mixed	500,000	-	-	-	-	-	-	500,000	-	-
FY 95	87/4/823	AG	01.2.1	Mixed	500,000	-	-	-	-	-	-	500,000	-	-
FY 95	59/3/110	FO	06	HMG	5,090	4,065	1,025	-	-	-	-	-	-	-
FY 95	59/3/120	FO	06	HMG	9,734	7,060	549	-	-	-	2,125	-	-	-
FY 95	59/3/121	FO	06	HMG	6,740	4,453	2,217	-	-	-	70	-	-	-
FY 95	59/3/122	FO	06	HMG	199,481	191,251	7,910	20	-	-	200	-	-	100
FY 95	59/3/130	FO	06	HMG	2,138	1,965	173	-	-	-	-	-	-	-
FY 95	59/3/131	FO	06	HMG	7,023	3,420	2,083	-	600	-	920	-	-	-
FY 95	59/3/140	FO	06	HMG	4,695	4,220	475	-	-	-	-	-	-	-
FY 95	59/3/150	FO	06	HMG	10,820	9,860	935	25	-	-	-	-	-	-
FY 95	59/3/151	FO	06	HMG	25,590	24,665	675	-	-	-	250	-	-	-
FY 95	59/3/152	FO	03	HMG	147,680	141,200	4,405	-	-	-	2,075	-	-	-
FY 95	59/3/154	FO	06	HMG	13,311	12,800	411	100	-	-	-	-	-	-
FY 95	59/3/180	FO	06	HMG	5,000	-	-	5,000	-	-	-	-	-	-
FY 95	59/4/200	FO	05	Mixed	10,543	5,085	2,967	-	-	-	2,291	-	-	200
FY 95	59/4/210	FO	05	Mixed	16,900	-	-	-	-	-	-	-	16,900	-
FY 95	59/4/211	FO	01.4	HMG	800	293	507	-	-	-	-	-	-	-
FY 95	59/4/220	FO	03	HMG	5,836	1,359	405	-	-	160	3,912	-	-	-
FY 95	59/4/221	FO	04	Mixed	3,000	-	-	-	-	-	-	3,000	-	-
FY 95	59/4/310	FO	01.3	Mixed	69,752	1,000	4,855	-	-	-	63,897	-	-	-
FY 95	59/4/311	FO	01.1	Mixed	23,790	1,490	595	-	-	-	21,705	-	-	-
FY 95	59/4/313	FO	01.3	Mixed	7,221	839	500	10	-	-	5,872	-	-	-
FY 95	59/4/330	FO	05	Mixed	14,502	740	322	-	-	-	-	-	-	13,440
FY 95	59/4/331	FO	01.4	Mixed	12,500	995	505	-	-	-	11,000	-	-	-
FY 95	59/4/340	FO	01.1	Mixed	1,260	-	-	-	-	-	1,260	-	-	-
FY 95	59/4/350	FO	05	Mixed	12,554	3,034	2,500	25	-	-	6,695	-	-	300
FY 95	59/4/500	FO	05	Mixed	17,380	6,094	4,841	-	200	-	6,245	-	-	-
FY 95	59/4/610	FO	02	HMG	3,155	710	445	-	-	-	2,000	-	-	-
FY 95	59/4/620	FO	02	Mixed	23,650	1,497	1,159	-	-	-	20,994	-	-	-
FY 95	59/4/621	FO	02	Mixed	2,500	700	535	-	-	-	1,265	-	-	-
FY 95	59/4/630	FO	02	HMG	927	355	172	-	-	-	400	-	-	-
FY 95	59/4/710	FO	03	Mixed	14,280	6,930	715	-	-	-	5,435	-	-	1,200
FY 95	59/4/720	FO	03	Mixed	34,273	18,550	1,302	30	-	4,000	10,391	-	-	-
FY 95	59/5/311	FO	01.1	Mixed	53,776	7,200	3,980	-	-	500	24,820	-	17,276	-
FY 95	59/5/401	FO	01.1	Mixed	28,336	17,912	1,670	-	-	-	5,155	-	3,599	-
FY 95	59/5/402	FO	01.1	Mixed	9,851	5,730	437	-	-	200	1,794	-	1,690	-
FY 95	59/5/403	FO	01.1	Mixed	15,323	4,085	411	-	-	-	4,163	-	6,664	-
FY 95	59/5/404	FO	01.1	Mixed	3,485	2,388	593	-	-	-	218	-	286	-
FY 95	59/5/410	FO	01.2	Mixed	10,098	1,163	915	-	-	-	3,727	-	4,293	-
FY 95	59/5/650	FO	02	Mixed	56,140	13,630	4,477	-	-	800	37,233	-	-	-
FY 95	59/5/661	FO	02	Mixed	815	27	20	-	-	-	768	-	-	-
FY 95	59/5/662	FO	02	Mixed	3,332	851	386	-	-	-	2,095	-	-	-
FY 95	59/5/664	FO	02	Mixed	6,505	590	263	-	-	-	5,652	-	-	-
FY 95	59/5/665	FO	02	Mixed	7,440	524	116	-	-	-	6,800	-	-	-
FY 95	59/5/670	FO	02	Mixed	12,203	2,592	799	-	-	-	8,812	-	-	-
FY 95	59/5/680	FO	02	Mixed	2,440	455	285	-	-	-	1,700	-	-	-
FY 95	87/4/824	FO	01.3	Mixed	6,200	-	-	-	-	-	-	6,200	-	-
FY 95	35/4/825	IR	01.5	HMG	80,000	-	-	-	-	-	-	-	80,000	-
FY 95	47/3/130	IR	04	HMG	10,681	9,805	806	70	-	-	-	-	-	-
FY 95	47/3/131	IR	04	HMG	19,565	15,150	2,035	-	-	-	2,380	-	-	-
FY 95	47/3/132	IR	04	HMG	80,582	58,905	10,737	-	-	-	9,940	-	-	1,000
FY 95	47/4/309	IR	01.5	Mixed	2,000	-	-	-	-	-	-	-	-	2,000
FY 95	47/4/310	IR	02	Mixed	11,500	-	-	-	-	-	10,000	-	-	1,500
FY 95	47/4/311	IR	02	Mixed	10,000	2,210	1,365	6,225	-	-	200	-	-	-
FY 95	47/4/312	IR	02	Mixed	64,506	200	2,575	-	-	100	61,631	-	-	-
FY 95	47/4/313	IR	01.5	Mixed	350,000	1,980	4,545	35	-	200	343,240	-	-	-
FY 95	47/4/315	IR	01.5	Mixed	320,000	7,400	8,755	-	-	-	303,845	-	-	-
FY 95	47/4/319	IR	01.5	Mixed	10,000	-	-	-	-	-	-	-	-	10,000
FY 95	47/4/340	IR	03	Mixed	90,000	275	532	-	-	-	89,193	-	-	-
FY 95	47/4/341	IR	03	Mixed	27,679	-	-	-	-	-	25,179	-	-	2,500
FY 95	47/4/359	IR	01.3	Mixed	8,000	260	270	-	-	-	7,470	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 95	47/4/360	IR	05	Mixed	Ground Water Investigation Programme	19,920	3,824	892	-	-	10,204	-	-	5,000
FY 95	47/4/361	IR	01.4	Mixed	Community Shallow Tubewell Irrigation Programme	11,820	550	1,300	-	-	9,770	-	-	-
FY 95	47/4/370	IR	02	Mixed	Repair, Maintenance Projects	118,395	26,275	21,040	-	-	66,685	-	-	3,395
FY 95	47/4/392	IR	01.1	HMG	Bheri Babai Multi-purpose Project	1,500	-	-	-	1,000	-	-	-	1,500
FY 95	47/4/401	IR	01.5	Mixed	Mechi Hill Irrigation Project	2,335	379	176	-	-	1,780	-	-	-
FY 95	47/4/402	IR	01.1	Mixed	Sunsari Morang Irrigation Project (II Phase)	350,000	4,225	3,985	-	2,500	339,290	-	-	-
FY 95	47/4/404	IR	01.1	Mixed	Bagmati Irrigation Project	244,000	3,950	5,360	-	12,000	222,690	-	-	-
FY 95	47/4/405	IR	01.5	Mixed	Eastern Rapti Irrigation Project	137,436	975	1,195	100	-	135,166	-	-	-
FY 95	47/4/406	IR	01.3	Mixed	Bhairahawa Lumbini Irrigation Project (III Phase)	220,753	8,850	11,485	2,000	2,000	198,438	-	-	-
FY 95	47/4/407	IR	01.2	Mixed	Marchwar Irrigation Project, Rupandehi (II Phase)	39,200	1,115	1,935	-	500	35,650	-	-	-
FY 95	47/4/408	IR	01.5	Mixed	Dhaulagiri Zone Irrigation Project	19,646	375	471	-	-	18,800	-	-	-
FY 95	47/4/410	IR	01.1	Mixed	Rajapur Irrigation Project	60,000	1,300	908	-	-	57,792	-	-	-
FY 95	47/4/411	IR	01.1	Mixed	Mahakali Irrigation Project, Kanchanpur	108,000	6,250	2,362	700	2,800	95,888	-	-	-
FY 95	35/4/829	LD	01	Mixed	Gorkha Integrated Rural Development Project	7,500	-	-	7,500	-	-	-	-	-
FY 95	35/4/900	LD	01	Mixed	Dhading District Integrated Rural Development Project	10,700	-	-	10,700	-	-	-	-	-
FY 95	35/4/930	LD	01	Mixed	Rapti Integrated Rural Development Project	8,400	-	-	8,400	-	-	-	-	-
FY 95	69/3/110	LD	03	HMG	Ministry of Local Development	9,281	8,130	1,151	-	-	-	-	-	-
FY 95	69/3/120	LD	03	HMG	Local Development Regional Directorates	4,154	3,493	661	-	-	-	-	-	-
FY 95	69/3/130	LD	03	HMG	District Guest Houses	2,285	2,058	227	-	-	-	-	-	-
FY 95	69/3/131	LD	03	HMG	Juddha Firebrigade Offices	5,766	4,680	1,086	-	-	-	-	-	-
FY 95	69/3/140	LD	03	HMG	Registration Section	2,904	754	2,150	-	-	-	-	-	-
FY 95	69/4/200	LD	03	Mixed	Women Development Programme	10,405	1,461	1,010	7,884	-	50	-	-	-
FY 95	69/4/210	LD	01	Mixed	Remote Area Development Programme	11,474	1,890	674	725	-	8,185	-	-	-
FY 95	69/4/220	LD	03	HMG	Monastery Management & Development Committee	3,000	465	176	250	-	2,090	-	-	19
FY 95	69/4/230	LD	03	Mixed	Population Education Programme	2,752	332	137	2,283	-	-	-	-	-
FY 95	69/4/240	LD	03	Mixed	Local Development Training Institute	16,000	-	-	16,000	-	-	-	-	-
FY 95	69/4/241	LD	02.3	Mixed	Urban Infrastructure Service Project	9,200	-	-	9,200	-	-	-	-	-
FY 95	69/4/420	LD	03	HMG	Tribal Groups Development Project	20,000	215	20	791	120	699	-	-	18,155
FY 95	69/5/200	LD	03	Mixed	Women Development Programme	84,294	24,820	8,552	28,011	-	16,511	-	-	6,400
FY 95	69/5/210	LD	01	Mixed	Remote Area Development Programme	51,500	4,883	401	-	-	46,216	-	-	-
FY 95	69/5/260	LD	03	Mixed	Flood Affected Area Reconstruction and Rehabilitation Project	105,000	-	-	-	-	-	-	-	105,000
FY 95	69/5/400	LD	03	Mixed	Solid Waste Management Programme (Including Okharpauwa)	160,000	-	-	-	-	-	-	-	160,000
FY 95	69/5/401	LD	02.1	Mixed	Upper Sagarmatha Roads and Bridges Project	34,292	-	450	-	-	33,842	-	-	-
FY 95	69/5/402	LD	01	Mixed	Karnali Local Development Project	3,450	-	-	-	-	-	-	-	3,450
FY 95	69/5/410	LD	02.1	Mixed	Labour Intensive Road Reconstruction Project	86,360	1,152	1,832	-	-	83,376	-	-	-
FY 95	69/5/421	LD	01	Mixed	Seti Integrated Rural Development Project's Office	9,564	830	279	-	-	7,065	-	-	1,390
FY 95	69/5/422	LD	01	Mixed	Rapti Integrated Rural Development Project's Office	4,980	1,658	698	2,324	-	300	-	-	-
FY 95	69/5/423	LD	01	Mixed	Rapti Integrated Rural Development Project (Local Development)	16,774	2,935	967	11,804	-	1,068	-	-	-
FY 95	69/5/424	LD	01	Mixed	Seti Integrated Rural Development Project	11,220	285	161	-	-	10,774	-	-	-
FY 95	69/5/451	LD	01	Mixed	Dhading Integrated Rural Development Project	18,630	1,060	830	6,500	-	10,240	-	-	-
FY 95	69/5/452	LD	01	Mixed	Gulmi Integrated Rural Development Project	4,914	484	217	360	-	3,853	-	-	-
FY 95	69/5/453	LD	01	Mixed	Arghakanchi Integrated Rural Development Project	5,869	340	121	333	-	5,075	-	-	-
FY 95	69/5/454	LD	01	Mixed	Gorkha Development Project	1,320	120	-	1,200	-	-	-	-	-
FY 95	69/5/455	LD	01	Mixed	Lamjung Development Project	1,500	-	-	-	-	-	-	-	1,500
FY 95	69/5/456	LD	03	Mixed	Patan Preservation & Development Programme	4,692	-	-	-	-	4,692	-	-	-
FY 95	69/5/500	LD	03	HMG	District Development Committee Grant	540,000	-	-	94,500	-	-	-	445,500	-
FY 95	69/5/510	LD	03	HMG	Municipal Grant	12,000	-	-	-	-	-	-	9,000	3,000
FY 95	69/5/520	LD	03	HMG	Village Self Reliance Grant	1,200,000	-	-	-	-	-	-	1,200,000	-
FY 95	69/5/530	LD	03	HMG	Election Area Development Programme	51,250	-	-	-	-	51,250	-	-	-
FY 95	69/5/531	LD	01	HMG	Drought Area Relief Programme	10,000	-	-	-	-	-	-	-	10,000
FY 95	69/5/532	LD	03	HMG	Bonded Labour Settlement Programme	10,000	-	-	-	-	-	-	10,000	-
FY 95	69/5/610	LD	02.3	Mixed	Local Development Construction Programme	102,950	3,250	560	-	-	99,140	-	-	-
FY 95	69/5/620	LD	02.3	Mixed	Local Road Suspension Bridges	32,500	-	-	-	-	32,500	-	-	-
FY 95	87/4/827	LD	03	Mixed	Loan for Rural Women Development	10,000	-	-	-	-	-	10,000	-	-
FY 95	87/4/828	LD	01	Mixed	Gulmi Ardhakanchi Grants Share Investment	4,500	-	-	-	-	-	4,500	-	-
FY 96	35/4/815	AG	01.2.3	Mixed	Small Farmer Training and Institutional Development Grant	7,950	-	-	-	-	-	-	7,950	-
FY 96	35/4/818	AG	02.2.3	HMG	Livestock Insurance (Including Loan Guarantee)- Price Subs	5,000	-	-	5,000	-	-	-	-	-
FY 96	35/4/819	AG	01.2.3	HMG	Small Farmers Interest Subsidy- Price Subsidy	60,000	-	-	60,000	-	-	-	-	-
FY 96	35/4/910	AG	01.2.3	Mixed	Small Farmer development Project (Unicef)	46,512	-	-	-	-	-	-	46,512	-
FY 96	36/4/200	AG	04	HMG	Food Subsidy for Nepal Food Corporation	234,766	-	-	226,000	-	-	8,766	-	-
FY 96	40/3/110	AG	06.4	HMG	Agriculture Ministry	8,592	6,585	1,962	-	-	45	-	-	-
FY 96	40/3/120	AG	06.1	HMG	Department of Agriculture Development	11,665	9,004	1,961	-	-	700	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector	Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 96	40/3/121	AG	06.1	HMG	Regional Agriculture Development Directorate	7,805	5,288	1,905	600	-	-	12	-	-	-
FY 96	40/3/140	AG	06.4	HMG	Department of Cooperative	2,751	1,362	1,189	-	-	-	200	-	-	-
FY 96	40/3/141	AG	06.4	HMG	District Cooperative Offices	38,493	32,500	5,133	-	-	-	860	-	-	-
FY 96	40/3/191	AG	06.4	HMG	National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY 96	40/3/192	AG	06.4	HMG	Cotton Development Committee	1,000	-	-	1,000	-	-	-	-	-	-
FY 96	40/3/193	AG	06.4	HMG	Tea & Coffee Development Board	6,000	-	-	6,000	-	-	-	-	-	-
FY 96	40/3/194	AG	06.2	HMG	Dairy Development Board	1,500	-	-	1,500	-	-	-	-	-	-
FY 96	40/4/200	AG	05	HMG	Women Farmer Development Programme	1,295	165	880	200	-	-	50	-	-	-
FY 96	40/4/250	AG	06.1	Mixed	Upper Sagarmatha Agri. Dev. Project	28,229	1,174	1,260	345	-	100	25,350	-	-	-
FY 96	40/4/260	AG	01.2.2	Mixed	Secondary Crop Development Project	72,650	2,585	3,220	1,495	-	-	65,350	-	-	-
FY 96	40/4/270	AG	01.2.2	Mixed	Agriculture Development Project, Janakpur	36,044	4,200	2,035	-	600	-	11,650	-	17,559	-
FY 96	40/4/280	AG	04	HMG	Sericulture Development Programme	53,299	6,175	4,734	5,725	9,965	10,000	16,700	-	-	-
FY 96	40/4/290	AG	03	Mixed	Hill Fruits Development Project	22,835	1,515	1,100	145	750	-	19,325	-	-	-
FY 96	40/4/291	AG	03	Mixed	Kirtipur Horticulture Dev. Project	9,145	1,684	3,029	964	1,238	-	2,230	-	-	-
FY 96	40/4/292	AG	03	Mixed	Horticulture Farms	23,448	9,462	3,035	-	7,027	-	3,924	-	-	-
FY 96	40/4/293	AG	04	HMG	Orange & Tea, Coffee Dev. Programme (incl. Gulmi, Aanpcha)	1,659	1,012	347	300	-	-	-	-	-	-
FY 96	40/4/300	AG	03	Mixed	Vegetable Seed Production Centre	5,197	2,524	893	-	1,780	-	-	-	-	-
FY 96	40/4/310	AG	04	HMG	Cardaman, Dry Ginger and Potato Dev. Programme	2,847	1,807	610	15	210	-	205	-	-	-
FY 96	40/4/320	AG	04	HMG	Fishery Dev. Programme	19,038	6,478	5,940	975	4,595	-	1,050	-	-	-
FY 96	40/4/330	AG	04	HMG	Food Nutrition and Technology	14,610	9,132	3,885	510	-	-	1,083	-	-	-
FY 96	40/4/350	AG	04	Mixed	Crop Protection and Silkworm Development	17,460	7,765	4,130	1,400	2,970	-	1,195	-	-	-
FY 96	40/4/360	AG	01.2.2	HMG	Food Crops and Cash crops Development Project	5,036	3,475	623	-	807	-	131	-	-	-
FY 96	40/4/370	AG	01.2.2	HMG	Agriculture Communication Service Programme	5,638	1,467	4,136	15	-	-	20	-	-	-
FY 96	40/4/380	AG	01.2.2	Mixed	Agriculture Training Programme	21,403	8,835	6,935	4,000	650	-	983	-	-	-
FY 96	40/4/390	AG	01.2.3	HMG	Seed Dev. and Control Service	4,343	2,308	1,375	435	-	-	225	-	-	-
FY 96	40/4/400	AG	01.2.2	Mixed	Soil Test Service Programme	8,733	2,615	1,493	685	-	-	3,940	-	-	-
FY 96	40/4/410	AG	01.2.2	HMG	Agriculture Extension Project	2,400	1,410	990	-	-	-	-	-	-	-
FY 96	40/4/412	AG	01.2.2	Mixed	Seti Integrated Rural Development Project	1,400	-	-	250	-	-	-	-	1,150	-
FY 96	40/4/450	AG	01.2.4	HMG	Agriculture Market Development Programme	4,392	1,570	1,777	385	-	-	660	-	-	-
FY 96	40/4/451	AG	01.2.4	Mixed	Small Market Infrastructure Dev. Project	20,467	1,275	1,420	-	-	2,330	15,442	-	-	-
FY 96	40/4/500	AG	02.2.5	Mixed	Animal Health Service Programme	24,281	13,120	7,755	15	2,100	-	1,291	-	-	-
FY 96	40/4/510	AG	02.2.2	HMG	Livestock Development Service Programme	3,537	2,176	984	347	-	-	30	-	-	-
FY 96	40/4/520	AG	02.2.3	HMG	Livestock Development Farms	16,256	9,779	3,597	210	2,100	-	570	-	-	-
FY 96	40/4/530	AG	02.2.3	HMG	Rural Poultry Development Programme	1,310	896	329	15	50	-	20	-	-	-
FY 96	40/4/540	AG	02.2.3	HMG	Animal Reproduction & Artificial Insemination Programme	5,784	2,628	2,674	-	137	-	345	-	-	-
FY 96	40/4/541	AG	02.2.3	Mixed	Animal Reproduction & Promotion Project	18,113	2,204	9,457	-	-	-	6,452	-	-	-
FY 96	40/4/550	AG	02.2.3	Mixed	Hill Lease Forestry Project (Livestock Dev.)	4,940	1,320	840	1,430	-	-	1,350	-	-	-
FY 96	40/4/560	AG	02.2.5	Mixed	Animal Health Strengthening Project	50,000	4,500	40,500	-	-	-	5,000	-	-	-
FY 96	40/4/561	AG	04	Mixed	Cotton Development Project	1,000	-	-	1,000	-	-	-	-	-	-
FY 96	40/4/562	AG	02.2.2	Mixed	Dairy Development Project	10,000	-	-	10,000	-	-	-	-	-	-
FY 96	40/4/600	AG	06.4	HMG	Cooperative Training Centre	9,440	2,065	7,300	-	-	-	75	-	-	-
FY 96	40/4/601	AG	06.4	HMG	Cooperative Institution Promotion Programme	4,000	-	-	-	-	-	-	-	-	-
FY 96	40/4/700	AG	01.1	HMG	Nepal Agriculture Research Council	38,500	-	-	36,500	-	-	-	-	2,000	-
FY 96	40/4/710	AG	01.1	Mixed	Agriculture Research Programme	28,350	-	-	26,280	-	-	-	-	2,070	-
FY 96	40/4/720	AG	01.1	Mixed	Agriculture Enterprise and Technology System Project	74,813	-	-	72,292	-	-	-	-	2,521	-
FY 96	40/4/730	AG	01.1	Mixed	Secondary Crop Development Project (R)	23,230	-	-	22,030	-	-	-	-	1,200	-
FY 96	40/4/740	AG	01.1	HMG	Potato Research and Development Program	2,562	-	-	2,357	-	-	-	-	205	-
FY 96	40/4/750	AG	04	Mixed	Natural Water Fish Development Project (R)	22,839	-	-	12,074	-	-	-	-	10,765	-
FY 96	40/4/800	AG	01.2.3	Mixed	Agriculture Input Price & Transportation Grant	500,000	-	-	500,000	-	-	-	-	-	-
FY 96	40/5/250	AG	01.2.2	Mixed	Upper Sagarmatha Agriculture Dev. Project	15,359	10,817	2,092	2,140	-	-	310	-	-	-
FY 96	40/5/260	AG	01.2.2	Mixed	Secondary Crop Dev. Project	11,809	1,213	3,036	4,500	-	50	3,010	-	-	-
FY 96	40/5/290	AG	03	Mixed	Hill Fruits Development Project	7,258	1,516	1,837	2,983	-	-	922	-	-	-
FY 96	40/5/410	AG	01.2.2	Mixed	Agricultural Extension Programme	325,421	220,524	47,400	50,000	130	-	7,367	-	-	-
FY 96	40/5/412	AG	01.2.2	Mixed	Seti Integrated Rural Development Project	3,662	184	33	-	-	-	3,445	-	-	-
FY 96	40/5/421	AG	01.2.2	Mixed	Mechi Hill Development Project (Agric)	690	124	127	439	-	-	-	-	-	-
FY 96	40/5/422	AG	03	Mixed	Koshi Hill Seed and Vegetables Project	3,632	670	1,072	1,808	-	-	82	-	-	-
FY 96	40/5/461	AG	01.2.4	Mixed	Rapti Integrated Rural Development Project	27,500	18,758	4,156	3,936	-	-	650	-	-	-
FY 96	87/4/820	AG	04	Mixed	Agriculture Development Bank, Share Investment	85,000	-	-	-	-	-	-	85,000	-	-
FY 96	87/4/822	AG	01.2.1	Mixed	Small Farmers Development Programme (III Phase)	750,000	-	-	-	-	-	-	750,000	-	-
FY 96	59/3/110	FO	06	HMG	Ministry of Forestry and Soil Conservation	6,089	3,876	1,513	-	-	-	200	-	-	500
FY 96	59/3/120	FO	06	HMG	Department of Forest	11,123	7,983	640	-	-	-	2,500	-	-	-
FY 96	59/3/121	FO	06	HMG	Regional Forest Offices	6,694	4,687	2,007	-	-	-	-	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 96	59/3/122	FO	06	HMG District Forest Offices (Including armed forest security)	222,071	213,575	7,626	870	-	-	-	-	-	-
FY 96	59/3/130	FO	06	HMG Botanical Department	2,590	2,249	341	-	-	-	-	-	-	-
FY 96	59/3/131	FO	06	HMG Natural Resources Development Division	9,706	3,718	2,945	-	-	-	3,043	-	-	-
FY 96	59/3/140	FO	06	HMG Department of Soil and Water Conservation	4,911	4,261	646	-	-	-	4	-	-	-
FY 96	59/3/150	FO	06	HMG Department of National Park & Wild life Protection	9,213	7,592	864	25	700	-	32	-	-	-
FY 96	59/3/151	FO	06	HMG Shivapuri Watershed and Wildlife Protection (Security group)	33,775	31,120	830	-	-	-	1,825	-	-	-
FY 96	59/3/152	FO	03	HMG National Park (Security group)	206,322	191,284	5,194	-	-	-	9,844	-	-	-
FY 96	59/3/153	FO	06	HMG National Hunting Office	3,280	3,255	25	-	-	-	-	-	-	-
FY 96	59/3/154	FO	06	HMG Hattisar	16,525	14,993	1,200	110	-	-	222	-	-	-
FY 96	59/3/180	FO	06	HMG Central Zoo Development Committee	6,420	-	-	6,420	-	-	-	-	-	-
FY 96	59/4/200	FO	05	Mixed Forest Research & Survey Program	9,447	4,260	2,837	-	-	-	2,350	-	-	-
FY 96	59/4/210	FO	05	Mixed Forest Products Development Program	10,500	-	-	-	-	-	-	-	10,500	-
FY 96	59/4/220	FO	03	Mixed Shivapuri Watershed and Wildlife Protection Project	15,786	1,768	888	-	-	530	12,600	-	-	-
FY 96	59/4/221	FO	04	Mixed Herbs Production and Promotion Project	6,349	-	-	-	-	-	-	6,349	-	-
FY 96	59/4/310	FO	01.3	Mixed National & Leesehold Forest Development Programme	67,785	1,515	5,435	-	-	-	60,835	-	-	-
FY 96	59/4/311	FO	01.1	Mixed Community Forest Development Programme	37,217	1,750	700	-	-	-	34,767	-	-	-
FY 96	59/4/312	FO	01.1	HMG Community Forest Plantation Programme	24,200	-	-	-	-	-	24,200	-	-	-
FY 96	59/4/313	FO	01.3	Mixed Hill Leesehold Forest & Pasture Development Project	22,994	1,337	735	20	-	-	15,876	-	5,026	-
FY 96	59/4/330	FO	05	Mixed Tree Improvement Programme	11,197	1,680	2,594	-	-	-	6,923	-	-	-
FY 96	59/4/340	FO	01.1	Mixed Churiya Forest Development Programme	2,069	98	184	-	-	-	583	-	1,204	-
FY 96	59/4/350	FO	05	Mixed Training & Extension Programme	9,570	220	1,435	-	-	-	7,915	-	-	-
FY 96	59/4/500	FO	05	Mixed Botanical Research Division	20,665	6,611	4,654	-	1,000	-	8,400	-	-	-
FY 96	59/4/610	FO	02	Mixed Watershed Management Project	2,950	556	1,969	-	-	-	425	-	-	-
FY 96	59/4/620	FO	02	Mixed Bagmati Watershed Project	10,535	1,730	865	-	-	-	7,940	-	-	-
FY 96	59/4/630	FO	02	HMG Kulekhani Watershed Project	825	380	220	-	-	-	225	-	-	-
FY 96	59/4/640	FO	02	HMG Land Slide Control Project	2,000	-	-	-	-	-	2,000	-	-	-
FY 96	59/4/660	FO	03	HMG Padampur Resettlement Project	15,000	-	-	-	-	-	15,000	-	-	-
FY 96	59/4/710	FO	03	Mixed Wildlife Preservation Project	14,360	7,550	853	25	-	2,500	3,432	-	-	-
FY 96	59/4/720	FO	03	Mixed National Park Project	40,441	19,780	2,497	50	-	10,000	8,114	-	-	-
FY 96	59/5/311	FO	01.1	Mixed Community Forest Development Programme	51,333	7,700	3,585	-	-	300	23,538	-	16,210	-
FY 96	59/5/401	FO	01.1	Mixed Koshi, Dhaulagiri Hill Area Forest Dev. Programme	33,378	19,280	1,783	-	-	300	8,554	-	3,461	-
FY 96	59/5/402	FO	01.1	Mixed Dolakha-Ramechhap Community Forest Dev. Project	9,535	5,960	787	-	-	-	1,169	-	1,619	-
FY 96	59/5/403	FO	01.1	Mixed Sindhu-Kavre Forest Development Project	13,505	4,603	451	-	-	-	2,571	-	5,880	-
FY 96	59/5/404	FO	01.1	HMG Palpa District Community Forest Dev. Programme	3,842	2,638	333	-	-	-	594	-	277	-
FY 96	59/5/410	FO	01.2	Mixed Rapti Integrated Rural Developemnt Project	9,180	1,155	1,023	-	-	50	3,915	-	3,037	-
FY 96	59/5/650	FO	02	Mixed District Soil and Water Conservation Programme	51,073	14,900	6,173	-	-	-	30,000	-	-	-
FY 96	59/5/661	FO	02	Mixed Chure Land & Watershed Conservation Programme	1,770	72	131	-	-	-	1,567	-	-	-
FY 96	59/5/662	FO	02	Mixed Sindhu-Kavre Soil Conservation Project	4,195	865	550	-	-	-	2,780	-	-	-
FY 96	59/5/664	FO	02	Mixed Begnas & Rupa Lake Project	5,151	575	439	-	-	-	3,737	-	400	-
FY 96	59/5/665	FO	02	Mixed Upper Andhikhola Watershed Management Project	7,715	695	835	-	-	-	6,185	-	-	-
FY 96	59/5/670	FO	02	Mixed Rapti Integrated Rural Developemnt Project (Soil Conservati	12,397	2,790	1,280	-	-	-	8,327	-	-	-
FY 96	59/5/680	FO	02	Mixed Community Development & Forest/Watershed Protection	14,205	1,075	1,095	-	-	-	12,035	-	-	-
FY 96	87/4/824	FO	01.3	Mixed Leasehold Forest and Pasture Development Project	15,470	-	-	-	-	-	-	13,470	2,000	-
FY 96	47/3/130	IR	04	HMG Department of Irrigation	11,551	10,658	818	75	-	-	-	-	-	-
FY 96	47/3/131	IR	04	HMG Regional Irrigation Directorates	13,830	10,152	2,103	-	-	-	1,575	-	-	-
FY 96	47/3/132	IR	04	HMG District Irrigation Offices	93,336	76,420	10,609	-	-	-	6,307	-	-	-
FY 96	47/4/310	IR	02	Mixed Irrigation Management Transfer Project	45,000	1,000	1,000	-	-	-	43,000	-	-	-
FY 96	47/4/311	IR	02	HMG System Management & Training Programme	5,890	1,400	1,190	-	-	-	3,300	-	-	-
FY 96	47/4/312	IR	02	Mixed Irrigation Institution Development Programme	54,502	312	2,690	-	-	200	51,300	-	-	-
FY 96	47/4/313	IR	01.5	Mixed Irrigation Sector Project	354,160	2,050	4,545	-	-	-	347,565	-	-	-
FY 96	47/4/315	IR	01.5	Mixed Irrigation Line of Credit	370,298	7,800	9,130	-	-	-	353,368	-	-	-
FY 96	47/4/340	IR	03	Mixed River Control	93,165	290	605	-	-	-	92,270	-	-	-
FY 96	47/4/341	IR	03	Mixed Water Related Disaster Control Technology Centre	54,465	2,310	2,055	-	-	-	50,100	-	-	-
FY 96	47/4/342	IR	03	Mixed Bakraha River Control Project	20,755	75	545	-	-	-	20,135	-	-	-
FY 96	47/4/359	IR	01.3	Mixed Seti Integrated Rural Development Project	11,500	1,545	225	-	-	-	1,130	-	-	-
FY 96	47/4/360	IR	05	Mixed Ground Water Investigation Programme	53,480	3,650	1,185	-	-	-	6,665	-	-	-
FY 96	47/4/361	IR	01.4	Mixed Community Shallow Tubewell Irrigation Programme	127,335	800	1,630	-	-	-	51,050	-	-	-
FY 96	47/4/370	IR	02	Mixed Repair, Maintenance Projects	110,000	28,630	28,860	-	-	1,000	68,845	-	-	-
FY 96	47/4/371	IR	01.5	HMG Farmer Irrigation Grants	139,790	-	-	-	-	-	-	-	110,000	-
FY 96	47/4/392	IR	01.1	HMG Babai Irrigation Project	14,000	2,183	1,607	-	-	-	136,000	-	-	-
FY 96	47/4/393	IR	03	Mixed Groundwater Irrigation and Flood Control Project	3,000	-	-	-	-	-	-	14,000	-	-
FY 96	47/4/394	IR	01.1	HMG Kankai Irrigation Project	-	-	-	-	-	-	3,000	-	-	-

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Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 96	47/4/395	IR	03	HMG Bagmati Bishnumati Embankment Programme	15,000	-	-	-	-	-	15,000	-	-	-
FY 96	47/4/401	IR	01.5	Mixed Mechi Hill Irrigation Project	1,000	41	104	-	-	-	855	-	-	-
FY 96	47/4/402	IR	01.1	Mixed Sunsari Morang Irrigation Project (II Phase)	215,000	4,900	4,540	-	-	9,000	196,560	-	-	-
FY 96	47/4/403	IR	01.1	Mixed ChandraMohana Irrigation Project	20,755	75	545	-	-	-	20,135	-	-	-
FY 96	47/4/404	IR	01.1	Mixed Bagmati Irrigation Project	243,000	4,100	4,090	-	-	10,000	224,810	-	-	-
FY 96	47/4/405	IR	01.5	Mixed Eastern Rapti Irrigation Project	219,760	1,200	1,040	-	-	-	217,520	-	-	-
FY 96	47/4/406	IR	01.3	Mixed Bhairahawa Lumbini Irrigation Project (III Phase)	378,395	10,000	10,515	2,000	-	2,500	353,380	-	-	-
FY 96	47/4/407	IR	01.2	Mixed Marchwar Irrigation Project, Rupandehi (II Phase)	36,565	1,275	3,165	-	-	500	31,625	-	-	-
FY 96	47/4/408	IR	01.5	Mixed Dhaulagiri Zone Irrigation Project	11,323	-	-	-	-	-	11,323	-	-	-
FY 96	47/4/410	IR	01.1	Mixed Rajapur Irrigation Project	85,700	1,450	1,025	-	-	-	83,225	-	-	-
FY 96	47/4/411	IR	01.1	Mixed Mahakali Irrigation Project, Kanchanpur	312,500	6,275	2,975	700	-	7,500	295,050	-	-	-
FY 96	59/5/530	IR	01.5	HMG Minor Irrigation Program	37,500	-	-	-	-	-	-	-	37,500	-
FY 96	35/4/900	LD	01	Mixed Dhading District Integrated Rural Development Project	2,000	-	-	-	-	-	-	-	2,000	-
FY 96	35/4/920	LD	01	Mixed Rural Loan Project	10,000	-	-	-	-	-	-	-	10,000	-
FY 96	69/3/110	LD	03	HMG Ministry of Local Development	12,764	11,412	1,152	-	-	-	200	-	-	-
FY 96	69/3/120	LD	03	HMG Local Development Regional Directorates	4,958	4,302	656	-	-	-	-	-	-	-
FY 96	69/3/130	LD	03	HMG District Guest Houses	2,645	2,431	214	-	-	-	-	-	-	-
FY 96	69/3/140	LD	03	HMG Registration Section	6,218	4,220	1,998	-	-	-	-	-	-	-
FY 96	69/4/200	LD	03	Mixed Women Development Programme	22,111	1,621	1,205	9,235	-	-	50	-	10,000	-
FY 96	69/4/210	LD	01	Mixed Remote Area Development Programme	9,600	-	-	3,833	-	-	-	-	5,767	-
FY 96	69/4/220	LD	03	HMG Monastery Management & Development Committee	4,000	570	247	300	-	-	2,983	-	-	-
FY 96	69/4/230	LD	03	Mixed Population Education Programme	2,895	381	122	2,392	-	-	-	-	-	-
FY 96	69/4/240	LD	03	HMG Local Development Training Institute	14,000	-	-	14,000	-	-	-	-	-	-
FY 96	69/4/250	LD	03	HMG Manpower Development	20,000	-	-	-	-	-	-	-	-	20,000
FY 96	69/4/260	LD	03	Mixed Flood Affected Area Reconstruction and Rehabilitation Project	9,903	180	1,623	25	-	-	8,075	-	-	-
FY 96	69/5/200	LD	03	Mixed Women Development Programme	72,607	27,606	8,807	26,804	-	-	9,390	-	-	-
FY 96	69/5/210	LD	01	Mixed Remote Area Development Programme	70,000	-	-	6,577	-	-	-	-	63,423	-
FY 96	69/5/260	LD	03	Mixed Flood Affected Area Reconstruction and Rehabilitation Project	121,155	3,630	2,227	-	-	-	115,298	-	-	-
FY 96	69/5/280	LD	02.3	Mixed Infrastructure Development Project	25,000	-	-	-	-	-	15,000	-	-	10,000
FY 96	69/5/290	LD	02.1	Mixed Rural Infrastructure Development Programme	3,200	-	-	-	-	-	3,200	-	-	-
FY 96	69/5/400	LD	03	Mixed Solid Waste Management Programme (Including Okharpauwa)	280,000	19,325	9,980	-	-	30,540	220,155	-	-	-
FY 96	69/5/410	LD	02.1	Mixed Labour Intensive Road Reconstruction Project	101,252	1,170	2,532	-	-	-	97,550	-	-	-
FY 96	69/5/420	LD	03	HMG Tribal Groups Development Project	20,000	235	30	1,000	-	120	850	-	-	17,765
FY 96	69/5/421	LD	01	Mixed Seti Integrated Rural Development Project's Office	8,563	706	257	-	-	-	5,400	-	-	2,200
FY 96	69/5/422	LD	01	Mixed Rapti Integrated Rural Development Project's Office	2,750	1,318	630	802	-	-	-	-	-	-
FY 96	69/5/423	LD	01	Mixed Rapti Integrated Rural Development Project (Local Development)	4,887	2,474	986	-	-	-	1,427	-	-	-
FY 96	69/5/451	LD	01	Mixed Dhading Integrated Rural Development Project	17,607	1,200	756	4,845	-	-	10,806	-	-	-
FY 96	69/5/452	LD	01	Mixed Gulmi Integrated Rural Development Project	4,651	324	140	537	-	-	3,650	-	-	-
FY 96	69/5/453	LD	01	Mixed Arghakanchi Integrated Rural Development Project	4,000	340	88	333	-	-	3,239	-	-	-
FY 96	69/5/454	LD	01	Mixed Gorkha Development Project	1,960	240	293	710	-	-	717	-	-	-
FY 96	69/5/455	LD	01	Mixed Lamjung Development Project	1,500	-	-	-	-	-	1,500	-	-	-
FY 96	69/5/456	LD	03	Mixed Patan Preservation & Development Programme	8,500	-	-	-	-	-	8,500	-	-	-
FY 96	69/5/500	LD	03	HMG District Development Committee Grant	570,000	-	-	110,000	-	-	-	-	460,000	-
FY 96	69/5/510	LD	03	HMG Municipal Grant	60,000	-	-	-	-	-	-	-	51,000	9,000
FY 96	69/5/520	LD	03	HMG Village Self Reliance Grant	2,013,650	-	-	-	-	-	-	-	2,013,650	-
FY 96	69/5/530	LD	03	HMG Election Area Development Programme	97,000	-	-	-	-	-	-	-	97,000	-
FY 96	69/5/540	LD	01	HMG Local Development Fund	10,000	-	-	-	-	-	-	-	-	10,000
FY 96	69/5/560	LD	03	HMG Targeted Group Upliftment Programme	30,000	-	-	-	-	-	-	-	30,000	-
FY 96	69/5/610	LD	02.3	HMG Local Development Construction Programme	124,800	3,550	1,355	-	-	-	119,895	-	-	-
FY 96	69/5/620	LD	02.3	HMG Local Road Suspension Bridges	57,700	-	-	-	-	-	57,700	-	-	-
FY 96	69/5/621	LD	03	HMG Nationalities Upliftment Programme	4,000	-	-	-	-	-	-	-	-	4,000
FY 96	87/4/827	LD	03	Mixed Loan for Rural Women Development	11,600	-	-	-	-	-	-	11,600	-	-
FY 96	87/4/828	LD	01	Mixed Gulmi Ardhakanchi Grants Share Investment	4,500	-	-	-	-	-	-	4,500	-	-
FY 97	35/4/815	AG	01.2.3	Mixed Small Farmers Training & Institutional Development Subsidy	29,500	-	-	29,500	-	-	-	-	-	-
FY 97	35/4/817	AG	02.2.3	Mixed Biogas Production Subsidy- Capital Subsidy	99,000	-	-	-	-	-	-	-	99,000	-
FY 97	35/4/818	AG	02.2.3	HMG Livestock Insurance (Including Loan Guarantee)- Price Subsidy	5,000	-	-	5,000	-	-	-	-	-	-
FY 97	35/4/819	AG	01.2.3	HMG Small Farmers Interest Subsidy- Price Subsidy	35,000	-	-	35,000	-	-	-	-	-	-
FY 97	36/4/200	AG	04	HMG Food Subsidy for Nepal Food Corporation	224,500	-	-	224,500	-	-	-	-	-	-
FY 97	40/3/110	AG	06.4	HMG Agriculture Ministry	9,346	7,186	2,100	-	-	-	60	-	-	-
FY 97	40/3/120	AG	06.1	HMG Department of Agriculture Development	10,545	8,150	2,295	100	-	-	-	-	-	-
FY 97	40/3/121	AG	06.1	HMG Regional Agriculture Development Directorate	7,073	4,320	1,392	500	-	-	861	-	-	-
FY 97	40/3/130	AG	06.2	HMG Department of Livestock	3,490	2,825	665	-	-	-	-	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 97	40/3/131	AG	06.2	HMG Regional Livestock Directorate	5,572	3,672	1,400	450	-	-	50	-	-	-
FY 97	40/3/140	AG	06.4	HMG Department of Cooperative	2,373	1,492	851	-	-	-	30	-	-	-
FY 97	40/3/141	AG	06.4	HMG District Cooperative Offices	39,675	33,400	5,225	-	-	-	1,050	-	-	-
FY 97	40/3/191	AG	06.4	HMG National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY 97	40/3/192	AG	06.4	HMG Cotton Development Committee	1,000	-	-	1,000	-	-	-	-	-	-
FY 97	40/3/193	AG	06.4	HMG Tea & Coffee Development Board	5,000	-	-	5,000	-	-	-	-	-	-
FY 97	40/3/194	AG	06.2	HMG Dairy Development Board	1,500	-	-	1,500	-	-	-	-	-	-
FY 97	40/4/200	AG	05	HMG Women Farmer Development Programme	1,635	170	440	1,000	-	-	25	-	-	-
FY 97	40/4/210	AG	06.1	Mixed Rural Development Market Project (Office of the Coordinator)	4,004	2,402	783	200	500	-	119	-	-	-
FY 97	40/4/250	AG	06.1	Mixed Upper Sagarmatha Agri. Dev. Project	30,851	2,015	1,820	396	-	50	26,570	-	-	-
FY 97	40/4/260	AG	01.2.2	Mixed Secondary Crop Development Project	68,820	3,009	3,590	2,425	-	-	59,796	-	-	-
FY 97	40/4/270	AG	01.2.2	Mixed Agriculture Development Plan Janakpur	38,530	4,100	2,130	-	650	-	7,050	-	24,600	-
FY 97	40/4/280	AG	04	Mixed Sericulture Development Programme	30,752	4,195	4,774	2,233	12,000	-	7,550	-	-	-
FY 97	40/4/290	AG	03	HMG Hill Fruits Development Project	416	267	149	-	-	-	-	-	-	-
FY 97	40/4/291	AG	03	Mixed Kirtipur Horticulture Dev. Project	8,672	1,655	3,356	1,160	1,300	-	1,201	-	-	-
FY 97	40/4/292	AG	03	HMG Horticulture Farms	23,117	8,427	3,240	100	7,500	-	3,850	-	-	-
FY 97	40/4/293	AG	04	HMG Orange & Tea, Coffee Dev. Programme (incl. Gulmi, Anapcha)	1,368	859	334	125	-	-	50	-	-	-
FY 97	40/4/300	AG	03	HMG Vegetable Seed Production Centre	4,300	1,634	925	300	1,170	-	271	-	-	-
FY 97	40/4/310	AG	04	HMG Cardoman, Dry Ginger and Potato Dev. Programme	2,663	1,550	773	98	205	-	37	-	-	-
FY 97	40/4/320	AG	04	HMG Fishery Dev. Programme	20,585	6,710	6,595	1,000	4,800	-	1,480	-	-	-
FY 97	40/4/330	AG	04	HMG Food Nutrition and Technology	15,319	8,320	4,449	900	-	-	1,650	-	-	-
FY 97	40/4/340	AG	01.2.5	HMG Crop Protection	14,705	6,008	3,255	486	3,000	-	1,856	-	-	-
FY 97	40/4/350	AG	04	HMG Silkworm Development	4,765	2,060	1,245	800	350	-	310	-	-	-
FY 97	40/4/360	AG	01.2.2	HMG Food & Cash Crop Development	2,846	2,170	481	20	-	-	175	-	-	-
FY 97	40/4/370	AG	01.2.2	HMG Agriculture Communication Service Programme	6,181	1,625	4,541	15	-	-	-	-	-	-
FY 97	40/4/380	AG	01.2.2	Mixed Agriculture Training Programme	20,425	7,515	7,827	3,500	750	-	833	-	-	-
FY 97	40/4/390	AG	01.2.3	HMG Seed Dev. and Control Service	4,338	2,266	1,407	490	-	-	175	-	-	-
FY 97	40/4/400	AG	01.2.2	Mixed Soil Test Service Programme	7,341	2,305	1,731	1,225	-	-	2,080	-	-	-
FY 97	40/4/410	AG	01.2.2	HMG Agriculture Extension Project	1,800	1,070	730	-	-	-	-	-	-	-
FY 97	40/4/450	AG	01.2.4	HMG Agriculture Market Development Programme	3,495	1,385	1,695	375	-	-	40	-	-	-
FY 97	40/4/451	AG	01.2.4	Mixed Small Market Infrastructure Dev. Project	20,767	1,275	1,420	-	-	2,630	15,442	-	-	-
FY 97	40/4/500	AG	02.2.5	HMG Animal Health Service Programme	26,724	14,430	8,679	200	2,100	-	1,315	-	-	-
FY 97	40/4/510	AG	02.2.2	HMG Livestock Development Service Programme	3,949	2,375	1,247	155	160	-	12	-	-	-
FY 97	40/4/520	AG	02.2.3	HMG Livestock Development Farms	16,663	9,805	3,798	120	2,300	-	640	-	-	-
FY 97	40/4/530	AG	02.2.3	HMG Rural Poultry Development Programme	1,762	1,148	399	30	80	-	105	-	-	-
FY 97	40/4/540	AG	02.2.3	HMG Animal Reproduction & Artificial Insemination Programme	5,787	2,478	2,659	15	140	-	495	-	-	-
FY 97	40/4/541	AG	02.2.3	Mixed Animal Reproduction & Promotion Project	13,405	250	8,405	-	-	-	4,750	-	-	-
FY 97	40/4/550	AG	02.2.3	Mixed Hill Lease Forestry Project (Livestock Dev.)	17,700	1,922	2,245	5,414	-	-	8,119	-	-	-
FY 97	40/4/560	AG	02.2.5	Mixed Animal Health Strengthening Project	131,077	74	130,543	-	-	-	460	-	-	-
FY 97	40/4/570	AG	02.2.2	Mixed Animal Service Training Programme	10,617	3,600	3,512	2,700	-	-	805	-	-	-
FY 97	40/4/600	AG	06.4	HMG Cooperative Training Centre	8,765	1,911	6,854	-	-	-	-	-	-	-
FY 97	40/4/610	AG	06.4	HMG National Cooperative Union	4,000	-	-	4,000	-	-	-	-	-	-
FY 97	40/4/700	AG	01.1	HMG Nepal Agriculture Research Council	45,000	-	-	40,500	-	-	-	-	4,500	-
FY 97	40/4/710	AG	01.1	Mixed Agriculture Research Programme	37,407	-	-	29,574	-	-	-	-	7,833	-
FY 97	40/4/720	AG	01.1	Mixed Agriculture Enterprise and Technology System Project	68,820	-	-	66,105	-	-	-	-	2,715	-
FY 97	40/4/730	AG	01.1	Mixed Secondary Crop Development Project (R)	31,216	-	-	24,216	-	-	-	-	7,000	-
FY 97	40/4/740	AG	01.1	HMG Potato Research and Development Program	3,395	-	-	3,071	-	-	-	-	324	-
FY 97	40/4/750	AG	04	Mixed Natural Water Fish Development Project (R)	16,936	-	-	14,752	-	-	-	-	2,184	-
FY 97	40/4/800	AG	01.2.3	Mixed Agriculture Input Price & Transportation Grant	600,000	-	-	600,000	-	-	-	-	-	-
FY 97	40/4/810	AG	04	HMG Tea Development	1,199	-	-	1,199	-	-	-	-	-	-
FY 97	40/4/820	AG	02.2.2	HMG Chandradangi Seeds & Dairy Dev. Committee	4,000	-	-	4,000	-	-	-	-	-	-
FY 97	40/5/250	AG	01.2.2	Mixed Upper Sagarmatha Agriculture Dev Project	10,190	6,186	1,034	2,500	-	-	470	-	-	-
FY 97	40/5/260	AG	01.2.2	Mixed Secondary Crop Dev. Project	10,333	1,390	2,927	4,500	-	-	1,516	-	-	-
FY 97	40/5/410	AG	01.2.2	Mixed Agricultural Extension Programme	197,600	135,766	18,908	40,105	-	150	2,671	-	-	-
FY 97	40/5/421	AG	01.2.2	Mixed Mechi Hill Development Project (Agric)	1,227	203	249	775	-	-	-	-	-	-
FY 97	40/5/422	AG	03	Mixed Hill Seed and Vegetable Project	8,980	1,544	2,024	5,237	-	-	175	-	-	-
FY 97	40/5/461	AG	01.2.4	Mixed Village Development Market Project	26,192	18,168	2,611	5,273	-	-	140	-	-	-
FY 97	40/5/511	AG	02.2.2	Mixed Upper Sagarmatha Animal Development Project	9,227	4,620	1,678	1,799	-	-	1,130	-	-	-
FY 97	40/5/512	AG	02.2.2	Mixed Animal Service Transfer Program	154,170	92,185	34,555	23,000	-	-	4,430	-	-	-
FY 97	40/5/513	AG	02.2.2	Mixed Mechi Hill Development Project (Animal)	716	90	195	381	-	-	50	-	-	-
FY 97	40/5/580	AG	02.2.4	Mixed Village Development Market Project (Animal)	20,348	13,655	4,801	1,892	-	-	-	-	-	-
FY 97	87/4/820	AG	04	Mixed Agriculture Development Bank (Share Investment)	105,000	-	-	-	-	-	-	105,000	-	-

Public Expenditures
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Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 97	87/4/822	AG	01.2.1	Mixed Small Farmers Development Programme (III Phase)	500,000	-	-	-	-	-	-	500,000	-	-
FY 97	59/3/110	FO	06	HMG Ministry of Forestry and Soil Conservation	6,460	4,675	1,485	-	-	-	-	-	-	300
FY 97	59/3/120	FO	06	HMG Department of Forest	8,947	8,160	652	-	-	-	135	-	-	-
FY 97	59/3/121	FO	06	HMG Regional Forest Offices	6,538	4,440	1,958	-	-	-	140	-	-	-
FY 97	59/3/122	FO	06	HMG District Forest Offices (Including Armed forest security)	195,807	187,100	7,807	900	-	-	-	-	-	-
FY 97	59/3/130	FO	06	HMG Botanical Department	17,719	10,995	5,589	-	-	-	1,135	-	-	-
FY 97	59/3/140	FO	06	HMG Department of Soil and Water Conservation	4,328	3,640	680	-	-	-	8	-	-	-
FY 97	59/3/150	FO	06	HMG Department of National Park & Wild life Protection	9,977	8,030	944	-	970	-	33	-	-	-
FY 97	59/3/151	FO	06	HMG Shivapuri Watershed and Wildlife Protection (Security Group)	38,654	37,105	950	-	-	-	599	-	-	-
FY 97	59/3/152	FO	03	HMG National Park (Security Group)	217,347	208,500	5,497	-	-	-	3,350	-	-	-
FY 97	59/3/153	FO	06	HMG National Hunting Office	3,870	3,795	25	-	-	-	50	-	-	-
FY 97	59/3/154	FO	06	HMG Hattisar	16,161	14,455	1,325	-	50	-	331	-	-	-
FY 97	59/3/180	FO	06	HMG Central Zoo Development Committee	6,420	-	-	6,420	-	-	-	-	-	-
FY 97	59/4/200	FO	05	Mixed Forest Research & Survey Program	9,341	4,435	2,601	-	-	-	2,305	-	-	-
FY 97	59/4/210	FO	05	HMG Forest Products Development Program	10,500	-	-	-	-	-	-	-	10,500	-
FY 97	59/4/220	FO	03	HMG Shivapuri Watershed and Wildlife Protection Project	5,608	1,870	1,031	-	-	125	2,582	-	-	-
FY 97	59/4/300	FO	06	Mixed Environmental & Forest Entrepreneur Programme (Coordinating)	1,985	680	645	200	-	-	460	-	-	-
FY 97	59/4/310	FO	01.3	HMG National & Leesehold Forest Development Programme	29,720	1,215	5,005	-	-	-	23,500	-	-	-
FY 97	59/4/311	FO	01.1	Mixed Community Forest Development Programme	28,287	1,750	767	-	-	-	25,770	-	-	-
FY 97	59/4/312	FO	01.1	HMG Community Forest Plantation Programme	6,500	-	-	-	-	-	6,500	-	-	-
FY 97	59/4/313	FO	01.3	Mixed Hill Leesehold Forest & Pasture Development Project	30,859	3,250	1,200	10	-	-	26,399	-	-	-
FY 97	59/4/330	FO	05	Mixed Tree Improvement Programme	16,972	1,940	3,115	-	-	-	11,917	-	-	-
FY 97	59/4/340	FO	01.1	Mixed Churiya Forest Development Programme	2,324	100	301	-	-	-	25	868	1,030	-
FY 97	59/4/350	FO	05	Mixed Training & Extension Programme	11,950	150	920	-	-	-	10,880	-	-	-
FY 97	59/4/500	FO	05	HMG Plant Development Programme	15,620	900	2,615	30	400	200	11,475	-	-	-
FY 97	59/4/610	FO	02	Mixed Watershed Management Project	2,979	510	2,024	-	-	-	445	-	-	-
FY 97	59/4/620	FO	02	Mixed Bagmati Watershed Project	11,463	1,695	823	-	-	-	8,945	-	-	-
FY 97	59/4/630	FO	02	HMG Kulekhani Watershed Project	826	330	216	-	-	-	280	-	-	-
FY 97	59/4/640	FO	02	HMG Soil Erosion Emergency Control Project	2,000	-	-	-	-	-	2,000	-	-	-
FY 97	59/4/710	FO	03	HMG Wildlife Protection Programme	12,128	7,675	933	20	-	1,000	2,500	-	-	-
FY 97	59/4/720	FO	03	HMG National Park Programme	30,214	21,055	1,564	45	-	1,500	6,050	-	-	-
FY 97	59/5/311	FO	01.1	Mixed Community Forest Development Programme	49,783	7,725	3,878	-	-	-	24,788	-	13,392	-
FY 97	59/5/401	FO	01.1	Mixed Koshi, Dhaulagiri Hill Area Forest Dev. Programme	34,024	17,750	1,784	-	-	75	10,227	-	4,188	-
FY 97	59/5/402	FO	01.1	Mixed Dolakha-Ramechhap Community Forest Dev. Project	9,397	5,770	588	-	-	-	1,567	-	1,472	-
FY 97	59/5/403	FO	01.1	Mixed Sindhu-Kavre Forest Development Project	10,314	4,508	447	-	-	-	3,323	-	2,036	-
FY 97	59/5/404	FO	01.1	HMG Palpa District Community Forest Dev. Programme	3,530	2,388	313	-	-	-	584	-	245	-
FY 97	59/5/410	FO	01.2	Mixed Environment & Forest Entrepreneur Programme (Forest)	15,682	1,539	1,630	-	-	50	9,111	-	3,352	-
FY 97	59/5/420	FO	01.1	Mixed Mechi Hill Development Programme (Forest)	920	104	159	-	-	-	307	-	350	-
FY 97	59/5/650	FO	02	HMG District Soil and Water Conservation Programme	47,682	13,900	6,005	-	-	-	27,777	-	-	-
FY 97	59/5/660	FO	02	Mixed Mechi Hill Development Programme (Land Erosion)	1,674	180	199	-	-	-	1,295	-	-	-
FY 97	59/5/661	FO	02	Mixed Chure Land & Watershed Conservation Programme	2,625	104	359	-	-	-	2,162	-	-	-
FY 97	59/5/662	FO	02	Mixed Sindhu-Kavre Soil Conservation Project	3,665	810	439	-	-	-	2,416	-	-	-
FY 97	59/5/663	FO	02	Mixed Watershed Management Project (Rasuwa, Nuwakot)	15,874	1,561	698	-	-	-	13,615	-	-	-
FY 97	59/5/664	FO	02	Mixed Begnas & Rupa Lake Project	3,749	525	664	-	-	-	2,560	-	-	-
FY 97	59/5/665	FO	02	Mixed Upper Andhikhola Watershed Management Project	8,832	675	185	-	-	-	7,972	-	-	-
FY 97	59/5/670	FO	02	Mixed Environment & Forest Entrepreneur Programme (Land Erosion)	13,360	2,454	1,137	-	-	-	9,769	-	-	-
FY 97	59/5/680	FO	02	Mixed Community Development & Forest/Watershed Protection	21,570	1,300	1,020	-	-	-	19,250	-	-	-
FY 97	59/5/750	FO	03	Mixed Environment & Forest Entrepreneur Programme (National Wildlife)	1,230	-	-	-	-	-	1,230	-	-	-
FY 97	59/5/760	FO	03	HMG Zoological Program	1,000	-	-	-	-	-	1,000	-	-	-
FY 97	87/4/824	FO	01.3	Mixed Hill Leesehold Forest & Pasture Development Project (Credit)	15,000	-	-	-	-	-	-	15,000	-	-
FY 97	35/4/825	IR	01.5	HMG Farmer Irrigation Subsidy- Capital Subsidy	110,000	-	-	-	-	-	-	-	110,000	-
FY 97	47/3/130	IR	04	HMG Department of Irrigation	12,088	10,832	1,166	90	-	-	-	-	-	-
FY 97	47/3/131	IR	04	HMG Regional Irrigation Directorates	12,059	9,275	1,784	-	-	-	1,000	-	-	-
FY 97	47/3/132	IR	04	HMG District Irrigation Offices	84,805	71,505	10,755	-	-	-	2,545	-	-	-
FY 97	47/4/310	IR	02	Mixed Irrigation Management Transfer Project	73,100	2,000	2,545	-	-	-	68,555	-	-	-
FY 97	47/4/311	IR	02	HMG System Management & Training Programme	6,325	1,100	1,260	-	-	-	3,965	-	-	-
FY 97	47/4/312	IR	02	Mixed Irrigation Institution Development Programme	60,000	312	3,038	-	-	550	56,100	-	-	-
FY 97	47/4/313	IR	01.5	Mixed First Irrigation Sector Project	100,000	-	-	-	-	-	100,000	-	-	-
FY 97	47/4/314	IR	01.5	Mixed Second Irrigation Sector Project	399,130	2,222	5,570	77	-	200	391,061	-	-	-
FY 97	47/4/315	IR	01.5	Mixed Irrigation Line of Credit	228,000	8,325	9,500	-	-	-	210,175	-	-	-
FY 97	47/4/340	IR	03	Mixed River Control	154,975	260	655	-	-	-	154,060	-	-	-
FY 97	47/4/341	IR	03	Mixed Water Related Disaster Control Technology Centre	54,185	2,550	2,320	-	-	-	49,315	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 97	47/4/342	IR	03	Mixed	50,000	200	365	-	-	-	49,435	-	-	-
FY 97	47/4/343	IR	03	HMG	30,000	-	-	-	-	-	30,000	-	-	-
FY 97	47/4/344	IR	03	HMG	6,000	-	-	-	-	-	6,000	-	-	-
FY 97	47/4/360	IR	05	Mixed	12,075	3,700	1,090	-	-	-	7,285	-	-	-
FY 97	47/4/361	IR	01.4	Mixed	49,700	1,050	1,642	-	-	-	47,008	-	-	-
FY 97	47/4/370	IR	02	HMG	140,035	30,580	29,325	-	-	1,230	78,900	-	-	-
FY 97	47/4/401	IR	01.5	Mixed	1,500	-	-	-	-	-	1,500	-	-	-
FY 97	47/4/402	IR	01.1	Mixed	161,875	5,300	5,015	-	-	2,500	149,060	-	-	-
FY 97	47/4/403	IR	01.1	Mixed	30,000	200	590	-	-	-	29,210	-	-	-
FY 97	47/4/404	IR	01.1	Mixed	237,870	4,100	4,175	-	-	5,000	224,595	-	-	-
FY 97	47/4/405	IR	01.5	Mixed	208,000	2,036	1,445	650	-	500	203,369	-	-	-
FY 97	47/4/406	IR	01.3	Mixed	344,900	10,600	10,785	2,500	-	2,500	318,515	-	-	-
FY 97	47/4/407	IR	01.2	Mixed	19,900	1,275	3,190	-	-	500	14,935	-	-	-
FY 97	47/4/408	IR	01.5	Mixed	9,500	-	-	-	-	-	9,500	-	-	-
FY 97	47/4/409	IR	01.1	HMG	74,900	2,250	1,590	-	-	1,000	70,060	-	-	-
FY 97	47/4/410	IR	01.1	Mixed	279,820	1,750	1,425	-	-	500	276,145	-	-	-
FY 97	47/4/411	IR	01.1	Mixed	332,475	6,775	2,865	1,000	-	7,500	314,335	-	-	-
FY 97	87/4/826	IR	01.4	Mixed	7,000	-	-	-	-	-	-	7,000	-	-
FY 97	35/4/829	LD	01	Mixed	15,000	-	-	15,000	-	-	-	-	-	-
FY 97	69/3/110	LD	03	HMG	12,987	11,712	1,275	-	-	-	-	-	-	-
FY 97	69/3/120	LD	03	HMG	5,234	4,438	706	-	-	-	90	-	-	-
FY 97	69/3/130	LD	03	HMG	2,906	2,674	232	-	-	-	-	-	-	-
FY 97	69/3/140	LD	03	HMG	6,212	4,050	2,138	-	-	-	24	-	-	-
FY 97	69/4/200	LD	03	Mixed	22,822	1,820	1,310	7,612	-	-	12,080	-	-	-
FY 97	69/4/201	LD	03	HMG	1,500	-	-	-	-	-	-	-	-	1,500
FY 97	69/4/210	LD	01	HMG	14,600	-	-	5,550	-	-	-	-	9,050	-
FY 97	69/4/220	LD	03	HMG	9,000	570	290	600	-	-	7,540	-	-	-
FY 97	69/4/230	LD	03	Mixed	3,136	363	152	2,616	-	-	5	-	-	-
FY 97	69/4/240	LD	03	HMG	17,000	-	-	14,000	-	-	-	-	3,000	-
FY 97	69/4/250	LD	03	HMG	6,000	-	-	-	-	-	-	-	-	6,000
FY 97	69/4/260	LD	03	Mixed	4,263	103	170	3,990	-	-	-	-	-	-
FY 97	69/4/280	LD	02.3	HMG	615	320	275	-	-	-	20	-	-	-
FY 97	69/4/290	LD	02.1	Mixed	735	400	290	-	-	-	45	-	-	-
FY 97	69/4/300	LD	02.2	Mixed	3,000	-	-	-	-	-	-	-	-	3,000
FY 97	69/4/310	LD	03	HMG	2,500	-	-	-	-	-	-	-	-	2,500
FY 97	69/4/320	LD	03	Mixed	4,000	-	-	4,000	-	-	-	-	-	-
FY 97	69/5/200	LD	03	Mixed	87,515	33,065	9,873	34,486	-	-	10,111	-	-	-
FY 97	69/5/210	LD	01	Mixed	75,000	-	-	7,172	-	-	67,828	-	-	-
FY 97	69/5/260	LD	03	Mixed	1,839	1,114	725	-	-	-	-	-	-	-
FY 97	69/5/280	LD	02.3	Mixed	186,295	7,700	2,370	-	-	-	176,225	-	-	-
FY 97	69/5/290	LD	02.1	Mixed	46,865	1,433	702	-	-	-	44,730	-	-	-
FY 97	69/5/300	LD	02.2	Mixed	31,360	-	-	-	-	-	-	-	-	31,360
FY 97	69/5/400	LD	03	Mixed	207,000	13,225	9,175	3,000	-	15,000	166,600	-	-	-
FY 97	69/5/410	LD	02.1	Mixed	105,260	1,250	2,760	-	-	-	101,250	-	-	-
FY 97	69/5/420	LD	03	HMG	20,000	235	30	1,000	-	-	970	-	-	17,765
FY 97	69/5/451	LD	01	Mixed	7,348	590	207	567	-	-	5,984	-	-	-
FY 97	69/5/452	LD	01	Mixed	50,000	530	170	6,310	-	-	42,990	-	-	-
FY 97	69/5/453	LD	01	Mixed	50,000	550	150	6,310	-	-	42,990	-	-	-
FY 97	69/5/454	LD	01	Mixed	14,465	233	316	779	-	-	13,137	-	-	-
FY 97	69/5/455	LD	01	Mixed	3,900	-	-	-	-	-	-	-	-	3,900
FY 97	69/5/456	LD	03	Mixed	4,500	-	-	-	-	-	4,500	-	-	-
FY 97	69/5/500	LD	03	HMG	620,000	-	-	130,000	-	-	-	-	490,000	-
FY 97	69/5/510	LD	03	HMG	84,000	-	-	-	-	-	-	-	84,000	-
FY 97	69/5/520	LD	03	HMG	2,010,000	-	-	-	-	-	-	-	2,010,000	-
FY 97	69/5/530	LD	03	HMG	106,000	-	-	-	-	-	-	-	106,000	-
FY 97	69/5/540	LD	03	HMG	10,000	-	-	-	-	-	-	-	-	10,000
FY 97	69/5/550	LD	03	HMG	35,000	-	-	-	-	-	-	-	35,000	-
FY 97	69/5/560	LD	03	HMG	30,000	-	-	-	-	-	-	-	30,000	-
FY 97	69/5/610	LD	02.3	Mixed	128,050	-	-	-	-	-	128,050	-	-	-
FY 97	69/5/620	LD	02.3	HMG	60,615	-	-	-	-	-	60,000	-	-	615
FY 97	69/5/650	LD	03	HMG	800	-	-	-	-	-	-	-	-	800
FY 97	69/5/660	LD	03	HMG	10,000	-	-	-	-	-	10,000	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 97	87/4/827	LD	03	Mixed	15,000	-	-	-	-	-	-	15,000	-	-
FY 97	87/4/828	LD	01	Mixed	30,000	-	-	-	-	-	-	30,000	-	-
FY 98	35-4-815	AG	01.2.3	Mixed	20,650	-	-	20,650	-	-	-	-	-	-
FY 98	35-4-817	AG	02.2.3	Mixed	112,000	-	-	-	-	-	-	-	112,000	-
FY 98	35-4-818	AG	02.2.3	HMG	7,500	-	-	7,500	-	-	-	-	-	-
FY 98	35-4-819	AG	01.2.3	HMG	35,000	-	-	35,000	-	-	-	-	-	-
FY 98	36-4-200	AG	04	HMG	225,000	-	-	225,000	-	-	-	-	-	-
FY 98	40-3-110	AG	06.4	HMG	9,382	7,200	2,182	-	-	-	-	-	-	-
FY 98	40-3-120	AG	06.1	HMG	11,480	9,043	2,377	60	-	-	-	-	-	-
FY 98	40-3-121	AG	06.1	HMG	7,277	4,420	1,357	500	-	-	1,000	-	-	-
FY 98	40-3-130	AG	06.2	HMG	3,805	3,055	750	-	-	-	-	-	-	-
FY 98	40-3-131	AG	06.2	HMG	6,126	4,057	1,469	450	-	-	150	-	-	-
FY 98	40-3-140	AG	06.4	HMG	2,438	1,525	913	-	-	-	-	-	-	-
FY 98	40-3-141	AG	06.4	HMG	41,738	35,600	5,563	-	-	-	575	-	-	-
FY 98	40-3-191	AG	06.4	HMG	2,500	-	-	2,500	-	-	-	-	-	-
FY 98	40-3-192	AG	06.4	HMG	1,000	-	-	1,000	-	-	-	-	-	-
FY 98	40-3-193	AG	06.4	HMG	5,670	-	-	5,670	-	-	-	-	-	-
FY 98	40-3-194	AG	06.2	HMG	1,500	-	-	1,500	-	-	-	-	-	-
FY 98	40-4-200	AG	05	HMG	1,275	80	120	1,075	-	-	-	-	-	-
FY 98	40-4-210	AG	06.1	Mixed	5,398	2,567	1,101	397	570	-	763	-	-	-
FY 98	40-4-211	AG	06.1	Mixed	84,290	7,625	7,065	1,025	-	-	68,575	-	-	-
FY 98	40-4-220	AG	05	HMG	1,000	-	-	-	-	-	-	-	-	1,000
FY 98	40-4-250	AG	06.1	Mixed	65,000	2,370	3,955	-	-	-	58,675	-	-	-
FY 98	40-4-260	AG	01.2.2	Mixed	50,918	3,240	3,828	2,900	-	-	40,950	-	-	-
FY 98	40-4-270	AG	01.2.2	Mixed	45,200	4,850	2,335	-	675	-	19,759	-	17,581	-
FY 98	40-4-280	AG	04	Mixed	33,800	4,457	4,760	1,668	10,000	240	12,675	-	-	-
FY 98	40-4-291	AG	03	Mixed	8,375	1,970	3,463	1,041	1,400	-	501	-	-	-
FY 98	40-4-292	AG	03	HMG	26,071	10,738	3,610	123	8,400	-	3,200	-	-	-
FY 98	40-4-293	AG	04	HMG	1,439	923	381	135	-	-	-	-	-	-
FY 98	40-4-300	AG	03	HMG	4,413	1,679	964	310	1,200	-	260	-	-	-
FY 98	40-4-301	AG	01.2.3	Mixed	11,711	681	1,445	2,900	-	-	6,685	-	-	-
FY 98	40-4-310	AG	04	HMG	3,137	1,800	827	200	240	-	70	-	-	-
FY 98	40-4-320	AG	04	HMG	22,500	7,810	6,970	1,200	5,000	-	1,520	-	-	-
FY 98	40-4-330	AG	04	HMG	15,065	8,729	4,821	705	-	-	810	-	-	-
FY 98	40-4-340	AG	01.2.5	HMG	14,575	6,176	3,574	749	3,000	-	1,076	-	-	-
FY 98	40-4-350	AG	04	HMG	5,120	2,303	1,503	790	474	-	50	-	-	-
FY 98	40-4-360	AG	01.2.2	HMG	2,584	2,095	489	-	-	-	-	-	-	-
FY 98	40-4-371	AG	01.2.2	Mixed	27,402	1,885	6,052	15	-	-	19,450	-	-	-
FY 98	40-4-381	AG	01.2.2	Mixed	20,700	7,200	6,477	2,500	800	-	3,723	-	-	-
FY 98	40-4-390	AG	01.2.3	HMG	3,108	2,110	951	-	-	-	45	-	-	-
FY 98	40-4-400	AG	01.2.2	Mixed	6,298	2,290	1,859	835	397	-	797	-	120	-
FY 98	40-4-450	AG	01.2.4	HMG	3,761	1,270	1,530	380	-	150	431	-	-	-
FY 98	40-4-451	AG	01.2.4	HMG	786	496	275	-	-	-	15	-	-	-
FY 98	40-4-500	AG	02.2.5	HMG	27,375	15,340	9,415	220	2,200	-	200	-	-	-
FY 98	40-4-510	AG	02.2.2	HMG	4,062	2,600	1,002	400	-	-	60	-	-	-
FY 98	40-4-520	AG	02.2.3	HMG	17,900	10,565	4,184	200	2,524	-	427	-	-	-
FY 98	40-4-530	AG	02.2.3	HMG	2,094	1,335	544	55	80	-	80	-	-	-
FY 98	40-4-540	AG	02.2.3	HMG	7,276	2,554	3,885	200	87	-	550	-	-	-
FY 98	40-4-541	AG	02.2.3	Mixed	14,000	110	13,430	-	-	-	460	-	-	-
FY 98	40-4-550	AG	02.2.3	Mixed	16,273	2,143	3,692	5,448	-	-	4,990	-	-	-
FY 98	40-4-560	AG	02.2.5	Mixed	131,100	117	128,860	-	-	2,000	123	-	-	-
FY 98	40-4-570	AG	02.2.2	HMG	10,453	4,024	3,840	2,034	45	-	510	-	-	-
FY 98	40-4-580	AG	06.2	Mixed	76,643	2,293	32,495	-	-	-	41,855	-	-	-
FY 98	40-4-600	AG	06.4	HMG	7,907	1,858	5,904	-	-	-	145	-	-	-
FY 98	40-4-610	AG	06.4	HMG	4,000	-	-	4,000	-	-	-	-	-	-
FY 98	40-4-700	AG	01.1	HMG	27,949	-	-	23,482	-	-	-	-	3,467	1,000
FY 98	40-4-710	AG	01.1	Mixed	28,596	-	-	25,883	-	-	-	-	2,713	-
FY 98	40-4-711	AG	01.1	Mixed	204,918	-	-	81,047	-	-	-	-	123,871	-
FY 98	40-4-730	AG	01.1	Mixed	28,773	-	-	26,588	-	-	-	-	2,185	-
FY 98	40-4-731	AG	01.1	HMG	13,000	-	-	7,500	-	-	-	-	5,500	-
FY 98	40-4-750	AG	04	Mixed	19,564	-	-	17,038	-	-	-	-	2,526	-
FY 98	40-4-800	AG	01.2.3	Mixed	600,000	-	-	600,000	-	-	-	-	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 98	40-4-810	AG	04	HMG Tea Development	500	-	-	500	-	-	-	-	-	-
FY 98	40-4-820	AG	02.2.2	HMG Chandradangi Seeds & Dairy Dev. Committee	3,500	-	-	3,500	-	-	-	-	-	-
FY 98	40-5-250	AG	01.2.2	Mixed Upper Sagamatha Agriculture Dev Project	12,691	6,565	1,201	3,775	-	-	1,150	-	-	-
FY 98	40-5-260	AG	01.2.2	Mixed Secondary Crop Dev. Project	11,000	1,475	2,950	5,400	-	-	1,175	-	-	-
FY 98	40-5-410	AG	01.2.2	HMG Agricultural Extension Programme	112,456	79,853	11,315	20,265	-	-	1,023	-	-	-
FY 98	40-5-411	AG	01.2.2	Mixed Agriculture Research & Extension Project	97,833	47,600	8,203	33,450	-	-	8,580	-	-	-
FY 98	40-5-421	AG	01.2.2	Mixed Mechi Hill Development Project (Agric)	1,237	160	192	885	-	-	-	-	-	-
FY 98	40-5-461	AG	01.2.4	Mixed Rural Development Market Project (Agriculture)	28,820	18,740	3,055	6,500	-	-	525	-	-	-
FY 98	40-5-511	AG	02.2.2	Mixed Upper Sagamatha Animal Dev. Project	10,888	5,055	1,913	2,750	-	-	1,170	-	-	-
FY 98	40-5-512	AG	02.2.2	Mixed Livestock Service Extension Programme	156,319	98,380	32,839	23,000	-	-	2,100	-	-	-
FY 98	40-5-513	AG	02.2.2	Mixed Mechi Hill Development Project (Livestock)	1,169	135	285	720	-	-	19	-	-	-
FY 98	40-5-580	AG	02.2.4	Mixed Rural Development Market Project (Livestock)	22,582	13,920	5,214	2,800	-	-	648	-	-	-
FY 98	40-5-590	AG	02.2.2	Mixed Third Livestock Development Project	9,475	3,630	1,720	1,665	-	-	2,460	-	-	-
FY 98	87-4-820	AG	04	HMG Agriculture Development Bank (Share Investment)	88,000	-	-	-	-	-	-	88,000	-	-
FY 98	87-4-821	AG	02.2.1	Mixed Biogas Production (Credit)	157,300	-	-	-	-	-	-	157,300	-	-
FY 98	59-3-110	FO	06	HMG Ministry of Forestry and Soil Conservation	6,690	4,945	1,745	-	-	-	-	-	-	-
FY 98	59-3-120	FO	06	HMG Department of Forest	8,547	7,820	727	-	-	-	-	-	-	-
FY 98	59-3-121	FO	06	HMG Regional Forest Offices	6,348	4,340	2,008	-	-	-	-	-	-	-
FY 98	59-3-122	FO	06	HMG District Forest Offices (Including Armed forest security)	211,825	202,850	8,175	800	-	-	-	-	-	-
FY 98	59-3-130	FO	06	HMG Botanical Department	18,707	12,838	5,869	-	-	-	-	-	-	-
FY 98	59-3-140	FO	06	HMG Department of Soil and Water Conservation	4,335	3,595	732	-	-	-	8	-	-	-
FY 98	59-3-150	FO	06	HMG Department of National Park & Wild life Protection	10,402	8,480	937	-	1,005	-	-	-	-	-
FY 98	59-3-151	FO	06	HMG Shivapuri Watershed and Wildlife Protection (Security Group)	40,561	39,562	999	-	-	-	-	-	-	-
FY 98	59-3-152	FO	03	HMG National Park (Security Group)	229,335	222,850	5,985	-	-	-	-	-	-	500
FY 98	59-3-153	FO	06	HMG National Hunting Office	3,925	3,900	25	-	-	-	-	-	-	-
FY 98	59-3-154	FO	06	HMG Hattisar	16,977	15,625	1,302	50	-	-	-	-	-	-
FY 98	59-3-180	FO	06	HMG Central Zoo Development Committee	6,420	-	-	6,420	-	-	-	-	-	-
FY 98	59-4-200	FO	05	HMG Forest Research & Survey Program	8,935	5,195	2,802	-	-	-	938	-	-	-
FY 98	59-4-210	FO	05	HMG Forest Products Development Program	7,500	-	-	-	-	-	-	-	-	7,500
FY 98	59-4-220	FO	03	HMG Shivapuri Watershed and Wildlife Protection Project	6,168	2,005	948	-	-	150	3,065	-	-	-
FY 98	59-4-300	FO	06	Mixed Environmental & Forest Entrepreneur Programme (Coordinat	2,525	810	865	473	-	-	377	-	-	-
FY 98	59-4-310	FO	01.3	Mixed National & Leasehold Forest Development Programme	32,552	945	5,455	-	-	-	26,152	-	-	-
FY 98	59-4-311	FO	01.1	Mixed Community Forest Development Programme	28,872	1,775	830	-	-	-	26,267	-	-	-
FY 98	59-4-312	FO	01.1	HMG Community Forest Plantation Programme	5,115	-	-	-	-	-	5,115	-	-	-
FY 98	59-4-313	FO	01.3	Mixed Hill Leasehold Forest & Pasture Development Project	43,610	3,410	2,410	10	-	-	37,780	-	-	-
FY 98	59-4-330	FO	05	Mixed Tree Improvement Programme	14,354	2,360	3,580	-	-	-	8,414	-	-	-
FY 98	59-4-340	FO	01.1	Mixed Churiya Forest Development Programme	3,206	-	312	-	-	-	1,999	-	895	-
FY 98	59-4-350	FO	05	Mixed Training & Extension Programme	4,955	150	900	-	-	-	3,905	-	-	-
FY 98	59-4-500	FO	05	HMG Plant Development Programme	13,405	960	2,915	30	400	200	8,900	-	-	-
FY 98	59-4-610	FO	02	Mixed Watershed Management Project	3,000	550	2,103	-	-	-	347	-	-	-
FY 98	59-4-620	FO	02	Mixed Bagmati Watershed Project	26,500	3,050	3,400	-	-	-	20,050	-	-	-
FY 98	59-4-630	FO	02	HMG Kulekhani Watershed Project	800	330	216	-	-	-	254	-	-	-
FY 98	59-4-640	FO	02	HMG Soil Erosion Emergency Control Project	2,000	-	-	-	-	-	2,000	-	-	-
FY 98	59-4-710	FO	03	HMG Wildlife Protection Programme	12,478	8,415	973	20	-	-	3,070	-	-	-
FY 98	59-4-720	FO	03	HMG National Park Programme	31,401	24,227	1,624	50	-	-	5,500	-	-	-
FY 98	59-5-311	FO	01.1	Mixed Community Forest Development Programme	68,404	10,240	4,780	-	-	-	34,043	-	19,341	-
FY 98	59-5-401	FO	01.1	Mixed Koshi, Dhaulagiri Hill Area Forest Dev. Programme	36,993	20,817	1,835	609	-	300	13,432	-	-	-
FY 98	59-5-402	FO	01.1	Mixed Dolakha-Ramechhap Community Forest Dev. Project	14,517	6,790	660	-	-	75	5,643	-	1,349	-
FY 98	59-5-403	FO	01.1	Mixed Sindhu-Kavre Forest Development Project	11,599	4,368	445	-	-	-	2,342	-	4,444	-
FY 98	59-5-404	FO	01.1	HMG Palpa District Community Forest Dev. Programme	3,572	2,388	321	-	-	-	773	-	90	-
FY 98	59-5-410	FO	01.2	Mixed Environment & Forest Entrepreneur Programme (Forest)	6,020	1,432	1,759	-	-	-	2,348	-	481	-
FY 98	59-5-420	FO	01.1	Mixed Mechi Hill Development Programme (Forest)	1,309	163	259	-	-	-	741	-	146	-
FY 98	59-5-650	FO	02	Mixed District Soil and Water Conservation Programme	54,000	16,625	6,670	-	-	-	30,705	-	-	-
FY 98	59-5-660	FO	02	Mixed Mechi Hill Development Programme (Land Erosion)	2,529	180	224	-	-	-	2,125	-	-	-
FY 98	59-5-661	FO	02	Mixed Chure Land & Watershed Conservation Programme	5,202	180	599	-	-	-	4,423	-	-	-
FY 98	59-5-662	FO	02	Mixed Sindhu-Kavre Soil Conservation Project	4,788	860	525	-	-	-	3,403	-	-	-
FY 98	59-5-663	FO	02	Mixed Watershed Management Project (Rasuwa, Nuwakot)	17,817	1,625	713	-	-	-	15,479	-	-	-
FY 98	59-5-665	FO	02	Mixed Upper Andhikhola Watershed Management Project	9,806	845	185	-	-	-	8,776	-	-	-
FY 98	59-5-670	FO	02	Mixed Environment & Forest Entrepreneur Programme (Land Erosio	8,820	2,844	1,109	-	-	-	4,867	-	-	-
FY 98	59-5-680	FO	02	Mixed Community Development & Forest/Watershed Protectin	21,950	1,700	995	-	-	-	19,255	-	-	-
FY 98	59-5-750	FO	03	Mixed Environment & Forest Entrepreneur Programme (National W	684	-	-	-	-	-	684	-	-	-
FY 98	87-4-824	FO	01.3	Mixed Hill Leasehold Forest & Pasture Development Project (Credit	19,100	-	-	-	-	-	-	19,100	-	-

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector	Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 98	35-4-825	IR	01.5	HMG	Farmer Irrigation Subsidy- Capital Subsidy	90,000	-	-	-	-	-	-	-	90,000	-
FY 98	47-3-130	IR	04	HMG	Department of Irrigation	11,231	9,885	1,256	90	-	-	-	-	-	-
FY 98	47-3-131	IR	04	HMG	Regional Irrigation Directorates	12,865	10,025	1,840	-	-	-	1,000	-	-	-
FY 98	47-3-132	IR	04	HMG	District Irrigation Offices	87,575	76,580	10,950	-	-	-	45	-	-	-
FY 98	47-4-310	IR	02	Mixed	Irrigation Management Transfer Project	46,265	2,000	2,665	-	-	-	41,600	-	-	-
FY 98	47-4-311	IR	02	HMG	System Management & Training Programme	6,705	1,390	1,315	-	-	-	4,000	-	-	-
FY 98	47-4-312	IR	02	Mixed	Irrigation Institution Development Programme	12,380	350	3,060	-	-	-	8,970	-	-	-
FY 98	47-4-314	IR	01.5	Mixed	Second Irrigation Sector Project	548,918	2,658	5,605	42	-	1,100	539,513	-	-	-
FY 98	47-4-316	IR	01.5	Mixed	Nepal Irrigation Sector	439,794	10,400	11,225	-	-	-	418,169	-	-	-
FY 98	47-4-317	IR	01.4	Mixed	Ground Water Irrigation Sector	5,000	-	-	-	-	-	-	-	-	5,000
FY 98	47-4-318	IR	01.5	Mixed	Irrigation Development Project	12,500	-	-	-	-	-	-	-	-	12,500
FY 98	47-4-319	IR	01.5	Mixed	Small Irrigation Special Programme	50,000	-	-	-	-	-	50,000	-	-	-
FY 98	47-4-340	IR	03	Mixed	River Control	120,000	315	582	-	-	-	119,103	-	-	-
FY 98	47-4-341	IR	03	Mixed	Water Related Disaster Control Technology Centre	60,000	2,570	2,455	-	-	-	54,975	-	-	-
FY 98	47-4-342	IR	03	Mixed	Bakraha River Control Project	109,717	240	385	-	-	-	109,092	-	-	-
FY 98	47-4-343	IR	03	Mixed	Bagmati River Control Project (Rautahat Sarlahi)	35,000	-	-	-	-	-	35,000	-	-	-
FY 98	47-4-344	IR	03	HMG	Banganga River Control, Tilaurakot Protection	10,000	-	-	-	-	-	10,000	-	-	-
FY 98	47-4-345	IR	03	Mixed	Lal Bakalya River Control	21,000	-	-	-	-	-	21,000	-	-	-
FY 98	47-4-360	IR	05	Mixed	Ground Water Investigation Programme	19,915	3,820	1,140	-	-	-	14,955	-	-	-
FY 98	47-4-361	IR	01.4	Mixed	Community Shallow Tubewell Irrigation Programme	94,280	1,194	1,790	-	-	-	91,296	-	-	-
FY 98	47-4-370	IR	02	Mixed	Repair, Maintenance Projects	125,000	31,430	30,675	-	-	4,000	58,895	-	-	-
FY 98	47-4-403	IR	01.1	Mixed	Chandramohana Irrigation Project	39,854	240	600	-	-	-	39,014	-	-	-
FY 98	47-4-404	IR	01.1	Mixed	Bagmati Irrigation Project	225,265	4,000	4,450	-	-	7,000	209,815	-	-	-
FY 98	47-4-405	IR	01.5	Mixed	Eastern Rapti Irrigation Project	128,600	1,970	1,630	-	-	1,100	123,900	-	-	-
FY 98	47-4-406	IR	01.3	Mixed	Bhairahawa Lumbini Irrigation Project (III Phase)	276,220	10,700	10,745	2,500	-	3,500	248,775	-	-	-
FY 98	47-4-407	IR	01.2	HMG	Marchwar Irrigation Project, Rupandehi (II Phase)	5,925	1,135	3,190	-	-	500	1,100	-	-	-
FY 98	47-4-409	IR	01.1	HMG	Babai Irrigation Project	50,000	1,894	1,465	-	-	1,000	45,641	-	-	-
FY 98	47-4-410	IR	01.1	Mixed	Rajapur Irrigation Project	262,315	2,010	1,630	-	-	500	258,175	-	-	-
FY 98	47-4-411	IR	01.1	Mixed	Mahakali Irrigation Project, Kanchanpur	116,741	6,750	3,105	1,000	-	3,500	102,386	-	-	-
FY 98	47-4-412	IR	01.1	Mixed	Sunsary-Morang Irrigation Project (Third)	113,665	200	1,475	-	-	3,900	108,090	-	-	-
FY 98	47-4-413	IR	01.1	Mixed	Sunsary-Morang Headworks Project	105,770	5,500	4,280	-	-	15,000	80,990	-	-	-
FY 98	87-4-826	IR	01.4	Mixed	Ground Water and Flood Rehabilitation Project (Credit)	20,000	-	-	-	-	-	-	20,000	-	-
FY 98	69-3-110	LD	03	HMG	Ministry of Local Development	14,112	12,722	1,390	-	-	-	-	-	-	-
FY 98	69-3-120	LD	03	HMG	Local Development Regional Directorates	5,575	4,800	750	-	-	-	25	-	-	-
FY 98	69-3-130	LD	03	HMG	District Guest Houses	2,918	2,675	243	-	-	-	-	-	-	-
FY 98	69-3-140	LD	03	HMG	Registration Section	6,714	4,550	2,164	-	-	-	-	-	-	-
FY 98	69-4-200	LD	03	Mixed	Women Development Programme	26,019	1,820	1,310	7,270	-	-	15,619	-	-	-
FY 98	69-4-201	LD	03	HMG	Women Skill Development Programme	2,500	-	-	-	-	-	-	-	2,500	-
FY 98	69-4-210	LD	01	HMG	Remote Area Development Programme	16,000	-	-	2,400	-	-	-	-	6,720	6,880
FY 98	69-4-220	LD	03	HMG	Monastery Management & Development Committee	6,000	-	-	-	-	-	-	-	-	6,000
FY 98	69-4-230	LD	03	Mixed	Population Education Programme	5,050	425	194	4,431	-	-	-	-	-	-
FY 98	69-4-240	LD	03	HMG	Local Development Training Institute	16,000	-	-	9,204	-	-	-	-	8,796	-
FY 98	69-4-250	LD	03	HMG	Manpower Development	6,000	-	-	-	-	-	-	-	-	6,000
FY 98	69-4-280	LD	02.3	Mixed	Rural Community Infrastructure Development Programme	1,045	305	330	400	-	-	10	-	-	-
FY 98	69-4-290	LD	02.1	Mixed	Rural Infrastructure Development Programme	24,943	500	403	-	-	-	22,040	-	2,000	-
FY 98	69-4-300	LD	02.2	HMG	Lumbini Zonal Rural Drinking Water & Sanitation Programme	100	-	-	-	-	-	-	-	-	100
FY 98	69-4-320	LD	03	HMG	National Ethnic Community Upliftment Institute	4,000	-	-	4,000	-	-	-	-	-	-
FY 98	69-4-340	LD	03	HMG	Land Revenue Collection Strengthening	300	90	210	-	-	-	-	-	-	-
FY 98	69-4-350	LD	03	HMG	Local Bodies Boarder Study	300	189	111	-	-	-	-	-	-	-
FY 98	69-4-351	LD	03	Mixed	Western Nepal Poverty Eradication Programme	11,000	-	-	-	-	-	-	-	-	-
FY 98	69-5-200	LD	03	Mixed	Women Development Programme	76,669	30,634	10,638	34,847	-	-	550	-	-	11,000
FY 98	69-5-210	LD	01	Mixed	Remote Area Development Programme	76,000	-	-	-	-	-	-	-	76,000	-
FY 98	69-5-280	LD	02.3	Mixed	Rural Community Infrastructure Development Programme	232,012	10,395	2,919	-	-	-	218,698	-	-	-
FY 98	69-5-290	LD	02.1	Mixed	Rural Infrastructure Development Programme	54,930	1,685	1,327	-	-	-	51,918	-	-	-
FY 98	69-5-300	LD	02.2	Mixed	Lumbini Zonal Rural Drinking Water & Sanitation Programme	32,500	-	-	2,340	-	-	30,160	-	-	-
FY 98	69-5-400	LD	03	Mixed	Solid Waste Management Programme (Including Okharpaawa)	200,000	13,215	6,785	-	-	10,000	170,000	-	-	-
FY 98	69-5-410	LD	02.1	Mixed	Labour Intensive Road Reconstruction Project	143,000	1,450	1,960	-	-	-	139,590	-	-	-
FY 98	69-5-420	LD	03	HMG	Tribal Groups Development Project	17,000	-	-	-	-	-	-	-	-	17,000
FY 98	69-5-451	LD	01	Mixed	Dhading Integrated Rural Development Project	1,150	275	35	-	-	-	840	-	-	-
FY 98	69-5-452	LD	01	HMG	Gulmi Integrated Rural Development Project	500	345	155	-	-	-	-	-	-	-
FY 98	69-5-453	LD	01	HMG	Arghakanchi Integrated Rural Development Project	500	388	112	-	-	-	-	-	-	-
FY 98	FY 99	FY 100	FY 101	FY 102	FY 103	FY 104	FY 105	FY 106	FY 107	FY 108	FY 109	FY 110	FY 111	FY 112	FY 113

Public Expenditures
Rural Development FY95-98

Annex C (Budget)

Budget (Millions of Rupees)

Year	Head	Sector	Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY 98	69-5-455	LD	01	Mixed	Lamjung Development Project	3,757	-	-	-	-	-	-	-	-	3,757
FY 98	69-5-456	LD	03	Mixed	Patan Preservation & Development Programme	4,500	-	-	-	-	-	4,500	-	-	-
FY 98	69-5-500	LD	03	HMG	District Development Committee Grant	650,000	-	-	-	-	-	-	-	650,000	-
FY 98	69-5-510	LD	03	HMG	Municipal Grant	140,000	-	-	-	-	-	-	-	140,000	-
FY 98	69-5-520	LD	03	HMG	Village Self Reliance Grant	1,957,000	-	-	-	-	-	-	-	1,957,000	-
FY 98	69-5-521	LD	03	HMG	Model Village Programme	30,000	-	-	-	-	-	-	-	30,000	-
FY 98	69-5-530	LD	03	HMG	Election Area Development Programme	106,000	-	-	-	-	-	-	-	106,000	-
FY 98	69-5-541	LD	03	HMG	Poverty Alleviation Fund	40,000	-	-	-	-	-	-	-	-	40,000
FY 98	69-5-550	LD	03	HMG	Participatory Development Program	33,000	-	-	-	-	-	-	-	33,000	-
FY 98	69-5-560	LD	03	HMG	Targeted Group Upliftment Programme	17,000	-	-	-	-	-	-	-	17,000	-
FY 98	69-5-610	LD	02.3	HMG	Local Development Construction Programme	130,000	-	-	-	-	-	130,000	-	-	-
FY 98	69-5-620	LD	02.3	Mixed	Local Road Suspension Bridges	95,000	-	-	-	-	-	95,000	-	-	-
FY 98	69-5-630	LD	02.1	Mixed	Rural Agricultural Road	20,000	-	-	-	-	-	-	-	-	20,000
FY 98	69-5-660	LD	03	HMG	Padampur Resettlement Project	10,000	-	-	-	-	-	10,000	-	-	-
FY 98	69-5-670	LD	01	Mixed	Special District Program	40,000	-	-	-	-	-	-	-	-	40,000
FY 98	87-4-827	LD	03	Mixed	Production Credit for Rural Women (Credit)	15,000	-	-	-	-	-	-	15,000	-	-
FY 98	87-4-828	LD	01	Mixed	Gulmi Argakanchi I.R.D. (Credit)	3,300	-	-	-	-	-	-	3,300	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY95	35/4/815	AG	01.2.3	Mixed	Small Farmer Training and Institutional Development Project	4,311	-	-	4,311	-	-	-	-	-	-
FY95	35/4/818	AG	02.2.3	HMG	Livestock Insurance (Including Loan Guarantee)- Price Subs	5,000	-	-	5,000	-	-	-	-	-	-
FY95	35/4/819	AG	01.2.3	HMG	Small Farmers Interest Subsidy- Price Subsidy	-	-	-	-	-	-	-	-	-	-
FY95	35/4/910	AG	01.2.3	Mixed	Small Farmer development Project (Unicef)	8,050	-	-	8,050	-	-	-	-	-	-
FY95	36/4/200	AG	04	HMG	Food Subsidy for Nepal Food Corporation	239,258	-	-	239,258	-	-	-	-	-	-
FY95	40/3/110	AG	06.4	HMG	Agriculture Ministry	6,607	4,835	1,693	-	-	-	79	-	-	-
FY95	40/3/120	AG	06.1	HMG	Department of Agriculture Development	8,070	6,493	1,570	-	-	-	7	-	-	-
FY95	40/3/121	AG	06.1	HMG	Regional Agriculture Development Directorate (Adjusted)	7,452	4,071	1,836	-	-	-	1,116	-	429	-
FY95	40/3/122	AG	05	HMG	Agricultural Statistics	1,705	1,116	585	-	-	-	4	-	-	-
FY95	40/3/123	AG	05	HMG	Economic Analysis	1,274	692	432	-	-	-	150	-	-	-
FY95	40/3/140	AG	06.4	HMG	Department of Cooperative	2,026	1,105	921	-	-	-	-	-	-	-
FY95	40/3/141	AG	06.4	HMG	District Cooperative Offices (Adjusted)	33,412	27,852	4,923	-	-	200	437	-	-	-
FY95	40/3/191	AG	06.4	HMG	National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY95	40/3/193	AG	06.4	HMG	Tea & Coffee Development Board	6,200	-	-	6,200	-	-	-	-	-	-
FY95	40/3/194	AG	06.2	HMG	Dairy Development Board	500	-	-	500	-	-	-	-	-	-
FY95	40/4/200	AG	05	HMG	Women Farmer Development Programme	1,212	96	413	673	-	-	-	-	-	30
FY95	40/4/250	AG	06.1	Mixed	Upper Sagarmatha Agriculture Dev Project	18,956	701	1,072	322	-	493	16,368	-	-	-
FY95	40/4/260	AG	01.2.2	Mixed	Secondary Crop Development Project	17,239	1,654	2,281	940	-	-	12,364	-	-	-
FY95	40/4/270	AG	01.2.2	Mixed	Agriculture Development Project, Janakpur	32,867	3,412	2,186	-	695	-	7,757	-	18,817	-
FY95	40/4/272	AG	01.1	HMG	Agriculture Farm	3,136	425	467	-	-	-	2,244	-	-	-
FY95	40/4/280	AG	04	Mixed	Sericulture Development Programme	24,638	3,153	3,946	2,400	6,101	-	9,038	-	-	-
FY95	40/4/290	AG	03	Mixed	Hill Fruits Development Project	37,481	1,512	1,586	-	767	860	32,756	-	-	-
FY95	40/4/291	AG	03	Mixed	Kirtipur Horticulture Dev. Project	5,409	914	2,381	854	779	-	481	-	-	-
FY95	40/4/292	AG	03	HMG	Horticulture Farms	17,037	7,123	2,263	-	5,295	-	2,356	-	-	-
FY95	40/4/294	AG	04	HMG	Cardamom and Orange development	1,181	818	318	-	-	-	45	-	-	-
FY95	40/4/300	AG	03	Mixed	Vegetable Seed Production Centre	4,614	2,024	738	10	1,446	35	361	-	-	-
FY95	40/4/302	AG	04	Mixed	Potato Research and Development Program	1,561	1,079	355	48	63	-	16	-	-	-
FY95	40/4/320	AG	04	HMG	Fishery Dev. Programme	15,455	6,343	5,866	639	2,065	40	502	-	-	-
FY95	40/4/330	AG	04	HMG	Food Nutrition and Technology	10,327	6,292	3,206	294	-	-	535	-	-	-
FY95	40/4/350	AG	04	HMG	Crop Protection and Silkworm Development	14,853	5,135	3,053	1,437	2,120	-	1,318	-	-	1,790
FY95	40/4/360	AG	01.2.2	HMG	Food and Cash Crops Development Project	1,019	877	101	-	-	-	41	-	-	-
FY95	40/4/370	AG	01.2.2	HMG	Agriculture Communication Service Programme	4,545	1,198	3,334	-	-	-	13	-	-	-
FY95	40/4/380	AG	01.2.2	Mixed	Agriculture Training Programme	9,576	3,813	2,254	1,623	549	-	1,337	-	-	-
FY95	40/4/390	AG	01.2.3	HMG	Seed Dev. and Control Service	3,401	1,776	1,100	255	-	-	270	-	-	-
FY95	40/4/400	AG	01.2.2	HMG	Soil Test Service Programme	4,777	1,092	1,104	305	-	-	2,276	-	-	-
FY95	40/4/410	AG	01.2.2	Mixed	Agriculture Extension Project	14,386	3,126	8,565	1,525	-	-	1,170	-	-	-
FY95	40/4/450	AG	01.2.4	HMG	Agriculture Market Development Programme	2,536	1,197	997	54	-	-	288	-	-	-
FY95	40/4/500	AG	02.2.5	HMG	Animal Health Service Programme	16,557	8,540	5,729	-	1,336	-	952	-	-	-
FY95	40/4/510	AG	02.2.2	Mixed	Livestock Development Service Programme	3,602	2,211	1,043	243	-	-	105	-	-	-
FY95	40/4/520	AG	02.2.3	HMG	Livestock Development Farms	13,879	7,613	3,323	203	2,061	143	536	-	-	-
FY95	40/4/530	AG	02.2.3	HMG	Rural Poultry Development Programme	4,905	3,133	1,270	14	261	-	228	-	-	-
FY95	40/4/540	AG	02.2.3	HMG	Animal Reproduction & Artificial Insemination Programme	4,216	2,007	1,941	-	129	-	139	-	-	-
FY95	40/4/541	AG	02.2.3	Mixed	Animal Reproduction & Promotion Project	17,787	1,510	11,296	-	-	-	4,981	-	-	-
FY95	40/4/550	AG	02.2.3	Mixed	Hill Lease Forestry Project (Livestock Dev.)	1,984	333	702	-	-	289	502	-	-	158
FY95	40/4/600	AG	06.4	Mixed	Cooperative Training Centre	7,600	1,498	5,779	-	-	-	323	-	-	-
FY95	40/4/700	AG	01.1	HMG	Nepal Agriculture Research Council	26,525	-	-	26,525	-	-	-	-	-	-
FY95	40/4/710	AG	01.1	Mixed	Agriculture Research Programme	26,670	-	-	26,670	-	-	-	-	-	-
FY95	40/4/720	AG	01.1	Mixed	Agriculture Enterprise and Technology System Project	65,990	-	-	65,990	-	-	-	-	-	-
FY95	40/4/730	AG	01.1	Mixed	Secondary Crop Development Project (R)	20,950	-	-	20,950	-	-	-	-	-	-
FY95	40/4/740	AG	01.1	Mixed	Potato Research and Development Program	1,554	-	-	1,554	-	-	-	-	-	-
FY95	40/4/750	AG	04	Mixed	Natural Water Fish Development Project (R)	19,721	-	-	19,721	-	-	-	-	-	-
FY95	40/4/800	AG	01.2.3	Mixed	Agriculture Input Price & Transportation Grant	572,820	-	-	572,820	-	-	-	-	-	-
FY95	40/5/250	AG	01.2.2	Mixed	Upper Sagarmatha Agriculture Dev Project	11,767	8,128	1,684	1,373	-	-	582	-	-	-
FY95	40/5/280	AG	01.2.2	Mixed	Secondary Crop Development Project	7,120	635	1,422	2,922	-	21	2,120	-	-	-
FY95	40/5/290	AG	03	Mixed	Hill Fruits Development Project	5,658	1,363	1,454	1,477	-	-	1,364	-	-	-
FY95	40/5/410	AG	01.2.2	HMG	Agricultural Extension Programme	170,556	118,138	27,259	18,846	81	-	6,232	-	-	-
FY95	40/5/412	AG	01.2.2	Mixed	Seti Integrated Rural Development Project	6,519	451	1,188	-	-	39	4,841	-	-	-
FY95	40/5/413	AG	01.2.2	Mixed	Agriculture Extension Project	122,053	75,998	25,181	14,674	-	-	6,200	-	-	-
FY95	40/5/421	AG	01.2.2	Mixed	Mechi Hill Development Project (Agric)	516	93	100	323	-	-	-	-	-	-
FY95	40/5/422	AG	03	Mixed	Koshi Hill Seed and Vegetables Project	3,153	649	1,012	1,400	-	-	92	-	-	-
FY95	40/5/461	AG	01.2.4	Mixed	Rapti Integrated Rural Development Project	22,333	16,196	2,045	2,814	-	-	1,278	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY95	87/4/820	AG	04	Mixed	Agriculture Development Bank, Share Investment	200,000	-	-	-	-	-	-	200,000	-	-
FY95	87/4/822	AG	01.2.1	Mixed	Small Farmers Development Programme (III Phase)	500,000	-	-	-	-	-	-	500,000	-	-
FY95	87/4/823	AG	01.2.1	Mixed	Sixth Agriculture Loan	500,000	-	-	-	-	-	-	500,000	-	-
FY95	59/3/110	FO	06	HMG	Ministry of Forestry and Soil Conservation	5,239	3,980	1,235	-	-	-	-	-	-	24
FY95	59/3/120	FO	06	HMG	Department of Forest	8,025	5,470	500	-	-	-	2,056	-	-	-
FY95	59/3/121	FO	06	HMG	Regional Forest Offices	5,332	3,382	1,880	-	-	-	70	-	-	-
FY95	59/3/122	FO	06	HMG	District Forest Offices (Including Armed forest security)	164,590	156,046	8,413	-	-	-	131	-	-	-
FY95	59/3/130	FO	06	HMG	Botanical Department	1,868	1,711	157	-	-	-	-	-	-	-
FY95	59/3/131	FO	06	HMG	Natural Resources Development Division	6,751	3,226	2,170	-	-	-	1,354	-	-	-
FY95	59/3/140	FO	06	HMG	Department of Soil and Water Conservation	3,654	3,171	483	-	-	-	-	-	-	-
FY95	59/3/150	FO	06	HMG	Department of National Park & Wild life Protection	9,717	8,726	978	-	-	-	13	-	-	-
FY95	59/3/151	FO	06	HMG	Shivapuri Watershed and Wildlife Protection (Security Group)	23,430	22,587	593	-	-	-	250	-	-	-
FY95	59/3/152	FO	03	HMG	National Park (Security Group)	147,401	141,415	3,911	-	-	-	2,075	-	-	-
FY95	59/3/154	FO	06	HMG	Hattisar	11,432	10,635	290	33	-	-	368	-	-	106
FY95	59/3/180	FO	06	HMG	Central Zoo Development Committee	5,000	-	-	5,000	-	-	-	-	-	-
FY95	59/4/200	FO	05	Mixed	Forest Research & Survey Program	9,237	4,119	2,514	-	-	119	2,485	-	-	-
FY95	59/4/210	FO	05	Mixed	Forest Products Development Program	16,873	-	-	-	-	-	-	-	16,873	-
FY95	59/4/211	FO	01.4	HMG	Forest Development Project	774	240	522	-	-	12	-	-	-	-
FY95	59/4/220	FO	03	HMG	Shivapuri Watershed and Wildlife Protection Project	5,793	1,344	418	-	-	12	4,019	-	-	-
FY95	59/4/221	FO	04	Mixed	Herbs Production and Promotion Company	3,000	-	-	-	-	-	3,000	-	-	-
FY95	59/4/310	FO	01.3	Mixed	National & Leasehold Forest Development Programme	60,159	960	5,232	-	-	-	53,967	-	-	-
FY95	59/4/311	FO	01.1	Mixed	Community Forest Development Programme	10,932	1,110	484	-	-	-	9,338	-	-	-
FY95	59/4/313	FO	01.3	Mixed	Hill Leasehold Forest and Pasture Development Project	4,301	1,290	431	-	-	19	2,561	-	-	-
FY95	59/4/330	FO	05	Mixed	Tree Improvement Programme	15,195	523	322	-	-	-	14,350	-	-	-
FY95	59/4/331	FO	01.4	Mixed	Forest Management and Utilization Project	4,426	609	302	-	-	-	3,516	-	-	-
FY95	59/4/340	FO	01.1	Mixed	Churiya Forest Development Programme	1,016	-	-	-	-	-	1,016	-	-	-
FY95	59/4/350	FO	05	Mixed	Training & Extension Programme	7,596	1,719	1,525	-	-	50	4,302	-	-	-
FY95	59/4/500	FO	05	Mixed	Botanical Research Division	17,215	5,969	5,146	-	-	200	5,899	-	-	-
FY95	59/4/610	FO	02	HMG	Watershed Management Project	2,624	653	459	-	-	-	1,512	-	-	-
FY95	59/4/620	FO	02	Mixed	Bagmati Watershed Project	24,943	1,410	1,032	-	-	30	22,470	-	-	-
FY95	59/4/621	FO	02	Mixed	Phewatal Watershed Project	2,164	600	474	-	-	-	1,089	-	-	-
FY95	59/4/630	FO	02	HMG	Kulekhani Watershed Project	814	358	154	-	-	-	303	-	-	-
FY95	59/4/710	FO	03	Mixed	Wildlife Preservation Offices	12,330	6,232	746	-	-	46	4,841	-	464	-
FY95	59/4/720	FO	03	Mixed	National Park Offices	32,332	17,346	1,382	11	-	94	13,499	-	-	-
FY95	59/5/311	FO	01.1	Mixed	Community Forest Development Programme	43,311	7,499	4,083	-	-	496	19,318	-	11,916	-
FY95	59/5/401	FO	01.1	Mixed	Koshi, Dhaulagiri Hill Area Forest Dev. Programme	20,262	15,150	1,401	-	-	55	997	-	2,659	-
FY95	59/5/402	FO	01.1	Mixed	Dolakha-Ramechhap Community Forest Dev. Project	8,691	3,888	495	-	-	-	4,308	-	-	-
FY95	59/5/403	FO	01.1	Mixed	Sindhul-Kavre Forest Development Project	14,653	3,455	411	-	-	-	10,788	-	-	-
FY95	59/5/404	FO	01.1	Mixed	Palpa District Community Forest Dev. Programme	2,937	938	1,622	-	-	-	189	-	188	-
FY95	59/5/410	FO	01.2	Mixed	Rapti Integrated Rural Development Project	8,083	1,084	950	-	-	99	3,103	-	2,847	-
FY95	59/5/650	FO	02	Mixed	District Soil and Water Conservation Programme	46,065	10,154	4,081	-	-	540	31,290	-	-	-
FY95	59/5/661	FO	02	Mixed	Chure Land & Watershed Conservation Programme	748	26	17	-	-	59	646	-	-	-
FY95	59/5/662	FO	02	Mixed	Sindhul-Kavre Soil Conservation Project	3,864	781	360	-	-	-	2,723	-	-	-
FY95	59/5/664	FO	02	Mixed	Begnas & Rupa Lake Project	8,299	514	213	-	-	-	7,572	-	-	-
FY95	59/5/665	FO	02	Mixed	Upper Andhikhola Watershed Management Project	6,439	993	62	-	-	-	5,384	-	-	-
FY95	59/5/670	FO	02	Mixed	Rapti Integrated Rural Development Project (Soil Conservation)	11,271	2,441	727	-	-	90	8,013	-	-	-
FY95	59/5/680	FO	02	Mixed	Community Development & Forest/Watershed Protection	2,402	460	292	-	-	20	1,631	-	-	-
FY95	87/4/824	FO	01.3	Mixed	Hill Leasehold Forest and Pasture Development Project	6,066	-	-	-	-	-	-	6,066	-	-
FY95	35/4/825	IR	01.5	HMG	Farmer Irrigation Grants	90,000	-	-	-	-	-	-	-	90,000	-
FY95	47/3/130	IR	04	HMG	Department of Irrigation	9,109	8,372	673	64	-	-	-	-	-	#VALUE!
FY95	47/3/131	IR	04	HMG	Regional Irrigation Directorates	12,440	8,577	1,856	-	-	-	2,007	-	-	-
FY95	47/3/132	IR	04	HMG	District Irrigation Offices	76,737	58,083	9,762	-	-	-	8,892	-	-	-
FY95	47/4/309	IR	01.5	Mixed	Rajkudwa Irrigation Project	-	-	-	-	-	-	-	-	-	-
FY95	47/4/310	IR	02	Mixed	Irrigation Management Transfer Project	-	-	-	-	-	-	-	-	-	-
FY95	47/4/311	IR	02	Mixed	System Management & Training Programme	6,155	1,219	1,137	3,601	-	-	198	-	-	-
FY95	47/4/312	IR	02	Mixed	Irrigation Institution Development Programme	63,241	162	2,316	-	-	-	60,762	-	-	-
FY95	47/4/313	IR	01.5	Mixed	Irrigation Sector Project	308,106	1,356	4,159	-	-	200	302,392	-	-	-
FY95	47/4/315	IR	01.5	Mixed	Irrigation Line of Credit	286,986	5,199	8,395	-	-	-	273,393	-	-	-
FY95	47/4/319	IR	01.5	Mixed	Small Irrigation Special Programme	8,306	-	-	-	-	-	8,306	-	-	-
FY95	47/4/340	IR	03	Mixed	River Control	329,568	207	448	-	-	-	328,913	-	-	-
FY95	47/4/341	IR	03	Mixed	Water Related Disaster Control Technology Centre	23,518	-	-	-	-	-	21,194	-	-	2,324

Nepal Public Expenditures
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Annex C. (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY95	47/4/359	IR 01.3	Mixed	Seti Integrated Rural Development Project	7,434	188	239	-	-	-	7,006	-	-	-
FY95	47/4/360	IR 05	Mixed	Ground Water Investigation Programme	14,189	933	431	-	-	-	12,825	-	-	-
FY95	47/4/361	IR 01.4	Mixed	Community Shallow Tubewell Irrigation Programme	10,088	94	1,105	-	-	-	8,869	-	-	-
FY95	47/4/370	IR 02	Mixed	Repair, Maintenance Projects	258,235	25,803	23,115	505	-	836	207,976	-	-	-
FY95	47/4/392	IR 01.1	HMG	Bheri Babai Multi-purpose Project	398	-	-	-	-	-	-	-	-	398
FY95	47/4/401	IR 01.5	Mixed	Mechi Hill Irrigation Project	1,396	237	152	-	-	-	1,008	-	-	-
FY95	47/4/402	IR 01.1	Mixed	Sunsari Morang Irrigation Project (II Phase)	429,893	4,402	3,544	-	-	2,490	419,457	-	-	-
FY95	47/4/404	IR 01.1	Mixed	Bagmati Irrigation Project	168,473	3,275	5,112	-	-	10,964	149,122	-	-	-
FY95	47/4/405	IR 01.5	Mixed	Eastern Rapti Irrigation Project	125,363	914	1,153	41	-	-	123,256	-	-	-
FY95	47/4/406	IR 01.3	Mixed	Bhairahawa Lumbini Irrigation Project (III Phase)	173,053	8,407	7,286	1,938	-	1,345	154,076	-	-	-
FY95	47/4/407	IR 01.2	Mixed	Marchwar Irrigation Project, Rupandehi (II Phase)	28,089	968	1,788	-	-	425	24,908	-	-	-
FY95	47/4/408	IR 01.5	Mixed	Dhaulagiri Zone Irrigation Project	13,458	313	332	-	-	-	12,814	-	-	-
FY95	47/4/410	IR 01.1	Mixed	Rajapur Irrigation Project	29,465	895	697	-	-	-	27,872	-	-	-
FY95	47/4/411	IR 01.1	Mixed	Mahakali Irrigation Project, Kanchanpur	190,416	5,235	2,559	700	-	2,620	179,302	-	-	-
FY95	35/4/829	LD 01	Mixed	Gorkha Integrated Rural Development Project	-	-	-	-	-	-	-	-	-	-
FY95	35/4/900	LD 01	Mixed	Dhading District Integrated Rural Development Project	-	-	-	-	-	-	-	-	-	-
FY95	35/4/930	LD 01	Mixed	Rapti Integrated Rural Development Project	4,094	-	-	4,094	-	-	-	-	-	-
FY95	69/3/110	LD 03.1	HMG	Ministry of Local Development	9,279	8,128	1,151	-	-	-	-	-	-	-
FY95	69/3/120	LD 03.1	HMG	Local Development Regional Directorates	3,603	3,030	573	-	-	-	-	-	-	-
FY95	69/3/130	LD 03.1	HMG	District Guest Houses	1,851	1,487	164	-	-	-	-	-	-	-
FY95	69/3/131	LD 03.1	HMG	Juddha Firebrigade Offices	5,766	4,680	1,086	-	-	-	-	-	-	-
FY95	69/3/140	LD 03.1	HMG	Registration Section	2,432	631	1,801	-	-	-	-	-	-	-
FY95	69/4/200	LD 03.6	Mixed	Women Development Programme	8,146	1,144	791	6,172	-	-	39	-	-	-
FY95	69/4/210	LD 01	Mixed	Remote Area Development Programme	18,677	3,076	1,097	1,180	-	-	13,323	-	-	-
FY95	69/4/220	LD 03.7	HMG	Monastery Management & Development Committee	2,836	440	166	236	-	-	1,976	-	-	18
FY95	69/4/230	LD 03.7	Mixed	Population Education Programme	2,213	267	110	1,836	-	-	-	-	-	-
FY95	69/4/240	LD 03.7	Mixed	Local Development Training Institute	12,500	-	-	12,500	-	-	-	-	-	-
FY95	69/4/241	LD 02.3	Mixed	Urban Infrastructure Service Project	9,200	-	-	9,200	-	-	-	-	-	-
FY95	69/4/420	LD 03.7	HMG	Tribal Groups Development Project	2,061	22	2	82	-	12	72	-	-	1,871
FY95	69/5/200	LD 03.6	Mixed	Women Development Programme	63,515	18,702	6,444	21,108	-	-	12,441	-	-	4,822
FY95	69/5/210	LD 01	Mixed	Remote Area Development Programme	61,961	5,875	482	-	-	-	55,604	-	-	-
FY95	69/5/260	LD 03.7	Mixed	Flood Affected Area Reconstruction and Rehabilitation Project	72,942	-	-	-	-	-	-	-	-	72,942
FY95	69/5/400	LD 03.7	Mixed	Solid Waste Management Programme (Including Okharpauwa)	54,786	-	-	-	-	-	-	-	-	54,786
FY95	69/5/401	LD 02.1	Mixed	Upper Sagarmatha Roads and Bridges Project	3,643	-	112	-	-	-	3,531	-	-	-
FY95	69/5/402	LD 01	Mixed	Karnali Local Development Project	3,450	-	-	-	-	-	-	-	-	3,450
FY95	69/5/410	LD 02.1	Mixed	Labour Intensive Road Reconstruction Project	2,013	99	351	-	-	-	1,563	-	-	-
FY95	69/5/421	LD 01	Mixed	Seti Integrated Rural Development Project's Office	9,564	830	279	-	-	-	7,065	-	-	1,390
FY95	69/5/422	LD 01	Mixed	Rapti Integrated Rural Development Project's Office	4,980	1,658	698	2,324	-	-	300	-	-	-
FY95	69/5/423	LD 01	Mixed	Rapti Integrated Rural Development Project (Local Developm	16,774	2,935	967	11,804	-	-	1,068	-	-	-
FY95	69/5/424	LD 01	Mixed	Seti Integrated Rural Development Project	11,220	285	161	-	-	-	10,774	-	-	-
FY95	69/5/451	LD 01	Mixed	Dhading Integrated Rural Development Project	31,525	1,794	1,404	10,999	-	-	17,328	-	-	-
FY95	69/5/452	LD 01	Mixed	Gulmi Integrated Rural Development Project	4,430	436	196	325	-	-	3,474	-	-	-
FY95	69/5/453	LD 01	Mixed	Arghakanchi Integrated Rural Development Project	5,869	340	121	333	-	-	5,075	-	-	-
FY95	69/5/454	LD 01	Mixed	Gorkha Development Project	2,407	219	-	2,188	-	-	-	-	-	-
FY95	69/5/455	LD 01	Mixed	Lamjung Development Project	-	-	-	-	-	-	-	-	-	-
FY95	69/5/456	LD 03.7	Mixed	Patan Preservation & Development Programme	8,352	-	-	-	-	-	8,352	-	-	-
FY95	69/5/500	LD 03.3	HMG	District Development Committee Grant	646,558	-	-	113,148	-	-	-	-	533,410	-
FY95	69/5/510	LD 03.5	HMG	Municipal Grant	12,000	-	-	-	-	-	-	-	9,000	3,000
FY95	69/5/520	LD 03.2	HMG	Village Self Reliance Grant	1,200,000	-	-	-	-	-	-	-	1,200,000	-
FY95	69/5/530	LD 03.4	HMG	Election Area Development Programme	51,250	-	-	-	-	-	-	-	51,250	-
FY95	69/5/531	LD 01	HMG	Drought Area Relief Programme	10,000	-	-	-	-	-	-	-	-	10,000
FY95	69/5/532	LD 03.7	HMG	Bonded Labour Settlement Programme	10,000	-	-	-	-	-	-	-	10,000	-
FY95	69/5/610	LD 02.3	Mixed	Local Development Construction Programme	59,525	1,879	324	-	-	-	57,322	-	-	-
FY95	69/5/620	LD 02.3	Mixed	Local Road Suspension Bridges	30,195	-	-	-	-	-	30,195	-	-	-
FY95	87/4/827	LD 03.6	Mixed	Rural Women Development for Production Loan Programme	10,000	-	-	-	-	-	-	10,000	-	-
FY95	87/4/828	LD 01	Mixed	Gulmi Ardhakanchi Grants Share Investment	-	-	-	-	-	-	-	-	-	-
FY96	35/4/815	AG 01.2.3	Mixed	Small Farmer Training and Institutional Development Grant	4,289	-	-	-	-	-	-	-	4,289	-
FY96	35/4/818	AG 02.2.3	HMG	Livestock Insurance (Including Loan Guarantee)- Price Subst	4,200	-	-	4,200	-	-	-	-	-	-
FY96	35/4/819	AG 01.2.3	HMG	Small Farmers Interest Subsidy- Price Subsidy	30,000	-	-	30,000	-	-	-	-	-	-
FY96	35/4/910	AG 01.2.3	Mixed	Small Farmer development Project (Unicef)	2,529	-	-	-	-	-	-	-	2,529	-
FY96	35/4/200	AG 04	HMG	Food Subsidy for Nepal Food Corporation	226,000	-	-	226,000	-	-	-	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C: (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY96	40/3/110	AG	06.4	HMG	Agriculture Ministry	8,344	6,439	1,810	60	-	-	35	-	-	-
FY96	40/3/120	AG	06.1	HMG	Department of Agriculture Development	7,828	6,362	1,466	-	-	-	-	-	-	-
FY96	40/3/121	AG	06.1	HMG	Regional Agriculture Development Directorate (Adjusted) Wd	7,453	5,084	1,922	441	-	-	6	-	-	-
FY96	40/3/140	AG	06.4	HMG	Department of Cooperative	2,485	1,217	1,069	-	-	-	199	-	-	-
FY96	40/3/141	AG	06.4	HMG	District Cooperative Offices	36,741	31,691	4,188	-	-	-	862	-	-	-
FY96	40/3/191	AG	06.4	HMG	National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY96	40/3/192	AG	06.4	HMG	Cotton Development Committee	1,000	-	-	1,000	-	-	-	-	-	-
FY96	40/3/193	AG	06.4	HMG	Tea & Coffee Development Board	6,000	-	-	6,000	-	-	-	-	-	-
FY96	40/3/194	AG	06.2	HMG	Dairy Development Board	1,500	-	-	1,500	-	-	-	-	-	-
FY96	40/4/200	AG	05	HMG	Women Farmer Development Programme	936	152	659	76	-	-	49	-	-	-
FY96	40/4/250	AG	06.1	Mixed	Upper Sagarmatha Agriculture Dev Project	17,513	955	1,055	22	-	99	15,382	-	-	-
FY96	40/4/260	AG	01.2.2	Mixed	Secondary Crop Development Project	62,896	1,865	3,666	1,159	-	-	56,206	-	-	-
FY96	40/4/270	AG	01.2.2	Mixed	Agriculture Development Project, Janakpur	34,861	3,768	2,302	-	550	-	10,682	-	17,559	-
FY96	40/4/280	AG	04	HMG	Sericulture Development Programme	43,003	12,517	4,027	4,350	6,728	85	15,296	-	-	-
FY96	40/4/290	AG	03	Mixed	Hill Fruits Development Project	21,001	1,357	856	-	142	-	17,902	-	-	-
FY96	40/4/291	AG	03	Mixed	Kirtipur Horticulture Dev. Project	7,434	1,469	2,636	756	1,155	-	1,418	-	-	-
FY96	40/4/292	AG	03	Mixed	Horticulture Farms	21,055	8,118	2,767	-	6,571	-	3,598	-	-	-
FY96	40/4/293	AG	04	HMG	Orange & Tea, Coffee Dev. Programme (incl. Gulmi, Aanpcho	1,092	610	395	87	-	-	-	-	-	-
FY96	40/4/300	AG	03	Mixed	Vegetable Seed Production Centre	4,966	2,396	786	-	1,784	-	-	-	-	-
FY96	40/4/310	AG	04	HMG	Cardaman, Dry Ginger and Potato Dev. Programme	2,329	1,523	465	-	139	-	202	-	-	-
FY96	40/4/320	AG	04	HMG	Fishery Dev. Programme	17,649	6,143	5,772	826	4,254	-	654	-	-	-
FY96	40/4/330	AG	04	HMG	Food Nutrition and Technology	12,549	7,488	3,730	494	-	-	837	-	-	-
FY96	40/4/350	AG	04	Mixed	Crop Protection and Silkworm Development	15,151	6,561	3,602	1,161	2,652	-	1,175	-	-	-
FY96	40/4/360	AG	01.2.2	HMG	Food Crops and Cash crops Development Project	2,945	1,403	604	-	807	-	131	-	-	-
FY96	40/4/370	AG	01.2.2	HMG	Agriculture Communication Service Programme	4,775	1,493	3,263	-	-	-	19	-	-	-
FY96	40/4/380	AG	01.2.2	Mixed	Agriculture Training Programme	17,844	7,422	5,872	2,984	617	-	949	-	-	-
FY96	40/4/390	AG	01.2.3	HMG	Seed Dev. and Control Service	3,825	1,966	1,242	405	-	-	212	-	-	-
FY96	40/4/400	AG	01.2.2	Mixed	Soil Test Service Programme	6,848	1,448	1,363	601	-	-	3,436	-	-	-
FY96	40/4/410	AG	01.2.2	HMG	Agriculture Extension Project	1,793	955	838	-	-	-	-	-	-	-
FY96	40/4/412	AG	01.2.2	Mixed	Seti Integrated Rural Development Project	1,400	-	-	250	-	-	-	-	1,150	-
FY96	40/4/450	AG	01.2.4	HMG	Agriculture Market Development Programme	3,205	1,213	1,313	51	-	-	628	-	-	-
FY96	40/4/451	AG	01.2.4	Mixed	Small Market Infrastructure Dev. Project	-	-	-	-	-	-	-	-	-	-
FY96	40/4/500	AG	02.2.5	Mixed	Animal Health Service Programme	20,039	10,821	6,304	15	1,686	-	1,213	-	-	-
FY96	40/4/510	AG	02.2.2	HMG	Livestock Development Service Programme	2,910	1,885	787	209	-	-	30	-	-	-
FY96	40/4/520	AG	02.2.3	HMG	Livestock Development Farms	15,296	9,055	3,444	195	2,118	-	484	-	-	-
FY96	40/4/530	AG	02.2.3	HMG	Rural Poultry Development Programme	1,310	896	329	15	50	-	20	-	-	-
FY96	40/4/540	AG	02.2.3	HMG	Animal Reproduction & Artificial Insemination Programme	5,141	2,138	2,540	-	126	-	336	-	-	-
FY96	40/4/541	AG	02.2.3	Mixed	Animal Reproduction & Promotion Project	13,507	1,834	9,320	-	-	-	2,353	-	-	-
FY96	40/4/550	AG	02.2.3	Mixed	Hill Lease Forestry Project (Livestock Dev.)	3,619	553	781	1,044	-	-	1,241	-	-	-
FY96	40/4/560	AG	02.2.5	Mixed	Animal Health Strengthening Project	-	-	-	-	-	-	-	-	-	-
FY96	40/4/561	AG	04	Mixed	Cotton Development Project	-	-	-	-	-	-	-	-	-	-
FY96	40/4/562	AG	02.2.2	Mixed	Dairy Development Project	-	-	-	-	-	-	-	-	-	-
FY96	40/4/600	AG	06.4	HMG	Cooperative Training Centre	8,058	1,622	6,361	-	-	-	75	-	-	-
FY96	40/4/601	AG	06.4	HMG	Cooperative Institution Promotion Programme	-	-	-	-	-	-	-	-	-	-
FY96	40/4/700	AG	01.1	HMG	Nepal Agriculture Research Council	31,500	-	-	30,000	-	-	-	-	1,500	-
FY96	40/4/710	AG	01.1	Mixed	Agriculture Research Programme	28,350	-	-	26,280	-	-	-	-	2,070	-
FY96	40/4/720	AG	01.1	Mixed	Agriculture Enterprise and Technology System Project	74,813	-	-	72,292	-	-	-	-	2,521	-
FY96	40/4/730	AG	01.1	Mixed	Secondary Crop Development Project (R)	23,230	-	-	22,030	-	-	-	-	1,200	-
FY96	40/4/740	AG	01.1	HMG	Potato Research and Development Program	2,562	-	-	2,357	-	-	-	-	205	-
FY96	40/4/750	AG	04	Mixed	Natural Water Fish Development Project (R)	22,839	-	-	12,074	-	-	-	-	10,765	-
FY96	40/4/800	AG	01.2.3	Mixed	Agriculture Input Price & Transportation Grant	500,000	-	-	500,000	-	-	-	-	-	-
FY96	40/5/250	AG	01.2.2	Mixed	Upper Sagarmatha Agriculture Dev Project	13,262	9,090	2,028	1,835	-	-	309	-	-	-
FY96	40/5/260	AG	01.2.2	Mixed	Secondary Crop Development Project	9,264	1,020	2,804	3,423	-	49	1,967	-	-	-
FY96	40/5/290	AG	03	Mixed	Hill Fruits Development Project	6,647	1,389	1,703	2,642	-	-	913	-	-	-
FY96	40/5/410	AG	01.2.2	Mixed	Agricultural Extension Programme	297,155	207,744	46,846	38,791	65	-	3,708	-	-	-
FY96	40/5/412	AG	01.2.2	Mixed	Seti Integrated Rural Development Project	3,271	184	32	-	-	-	3,055	-	-	-
FY96	40/5/421	AG	01.2.2	Mixed	Mechi Hill Development Project (Agric)	636	124	121	391	-	-	-	-	-	-
FY96	40/5/422	AG	03	Mixed	Koshi Hill Seed and Vegetables Project	3,194	633	986	1,498	-	-	77	-	-	-
FY96	40/5/461	AG	01.2.4	Mixed	Rapti Integrated Rural Development Project	9,781	5,984	2,536	765	-	-	496	-	-	-
FY96	87/1/820	AG	04	Mixed	Agriculture Development Bank, Share Investment	67,500	-	-	-	-	-	-	67,500	-	-
FY96	87/1/822	AG	01.2.1	Mixed	Small Farmers Development Programme (III Phase)	670,000	-	-	-	-	-	-	670,000	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY96	59/3/110	FO	06	HMG	Ministry of Forestry and Soil Conservation	6,088	4,005	1,838	45	-	-	200	-	-	-
FY96	59/3/120	FO	06	HMG	Department of Forest	9,057	7,708	661	-	-	-	689	-	-	-
FY96	59/3/121	FO	06	HMG	Regional Forest Offices	5,800	4,019	1,781	-	-	-	-	-	-	-
FY96	59/3/122	FO	06	HMG	District Forest Offices (Including armed forest security)	189,790	182,603	6,838	344	-	-	6	-	-	-
FY96	59/3/130	FO	06	HMG	Botanical Department	2,204	1,930	274	-	-	-	-	-	-	-
FY96	59/3/131	FO	06	HMG	Natural Resources Development Division	9,194	3,424	2,746	-	-	-	3,024	-	-	-
FY96	59/3/140	FO	06	HMG	Department of Soil and Water Conservation	4,166	3,519	643	-	-	-	4	-	-	-
FY96	59/3/150	FO	06	HMG	Department of National Park & Wild life Protection	8,744	7,190	834	-	691	-	29	-	-	-
FY96	59/3/151	FO	06	HMG	Shivapuri Watershed and Wildlife Protection (Security group)	32,293	29,750	718	-	-	-	1,825	-	-	-
FY96	59/3/152	FO	03	HMG	National Park (Security group)	195,992	181,222	4,969	-	-	-	9,801	-	-	-
FY96	59/3/153	FO	06	HMG	National Hunting Office	3,238	3,224	15	-	-	-	-	-	-	-
FY96	59/3/154	FO	06	HMG	Hattisar	14,522	13,124	1,173	6	-	-	220	-	-	-
FY96	59/3/180	FO	06	HMG	Central Zoo Development Committee	6,420	-	-	6,420	-	-	-	-	-	-
FY96	59/4/200	FO	05	Mixed	Forest Research & Survey Program	8,581	4,174	2,536	-	-	-	1,871	-	-	-
FY96	59/4/210	FO	05	Mixed	Forest Products Development Program	10,500	-	-	-	-	-	-	-	10,500	-
FY96	59/4/220	FO	03	Mixed	Shivapuri Watershed and Wildlife Protection Project	7,065	1,652	1,112	-	-	120	4,181	-	-	-
FY96	59/4/221	FO	04	Mixed	Herbs Production and Promotion Project	6,340	-	-	-	-	-	-	6,340	-	-
FY96	59/4/310	FO	01.3	Mixed	National & Leasehold Forest Development Programme	54,432	1,478	5,355	-	-	-	47,599	-	-	-
FY96	59/4/311	FO	01.1	Mixed	Community Forest Development Programme	17,403	1,572	569	-	-	-	15,262	-	-	-
FY96	59/4/312	FO	01.1	HMG	Community Forest Plantation Programme	5,377	-	-	-	-	-	5,377	-	-	-
FY96	59/4/313	FO	01.3	Mixed	Hill Leasehold Forest and Pasture Development Project	18,411	979	656	-	-	-	13,705	-	3,071	-
FY96	59/4/330	FO	05	Mixed	Tree Improvement Programme	2,190	877	525	-	-	-	788	-	-	-
FY96	59/4/340	FO	01.1	Mixed	Churiya Forest Development Programme	1,535	121	157	-	-	-	547	-	709	-
FY96	59/4/350	FO	05	Mixed	Training & Extension Programme	6,946	193	1,297	-	-	-	5,456	-	-	-
FY96	59/4/500	FO	05	Mixed	Botanical Research Division	19,801	6,784	4,446	-	-	-	8,571	-	-	-
FY96	59/4/610	FO	02	Mixed	Watershed Management Project	2,403	390	1,635	-	-	-	378	-	-	-
FY96	59/4/620	FO	02	Mixed	Bagmati Watershed Project	9,055	1,656	704	-	-	-	6,695	-	-	-
FY96	59/4/630	FO	02	HMG	Kulekhani Watershed Project	763	383	178	-	-	-	202	-	-	-
FY96	59/4/640	FO	02	HMG	Land Slide Control Project	1,967	-	-	-	-	-	1,967	-	-	-
FY96	59/4/710	FO	03	HMG	Wildlife Preservation Project	11,668	6,957	892	8	-	461	3,258	-	92	-
FY96	59/4/720	FO	03	Mixed	National Park Project	38,173	17,950	2,450	32	-	10,000	7,742	-	-	-
FY96	59/5/311	FO	01.1	Mixed	Community Forest Development Programme	54,925	13,270	4,643	-	-	277	25,954	-	10,781	-
FY96	59/5/401	FO	01.1	Mixed	Koshi, Dhaulagiri Hill Area Forest Dev. Programme	15,969	13,458	1,617	-	-	286	608	-	-	-
FY96	59/5/402	FO	01.1	Mixed	Dolakha-Ramechhap Community Forest Dev. Project	5,303	4,507	771	-	-	-	25	-	-	-
FY96	59/5/403	FO	01.1	Mixed	Sindhukavre Forest Development Project	4,538	4,109	414	-	-	-	15	-	-	-
FY96	59/5/404	FO	01.1	Mixed	Palpa District Community Forest Dev. Programme	3,347	2,254	286	-	-	-	807	-	-	-
FY96	59/5/410	FO	01.2	HMG	Rapti Integrated Rural Development Project	7,518	1,086	1,004	-	-	-	3,311	-	2,117	-
FY96	59/5/650	FO	02	Mixed	District Soil and Water Conservation Programme	48,568	14,001	5,825	-	-	-	28,743	-	-	-
FY96	59/5/661	FO	02	Mixed	Chure Land & Watershed Conservation Programme	1,723	72	118	-	-	-	1,533	-	-	-
FY96	59/5/662	FO	02	Mixed	Sindhukavre Soil Conservation Project	1,170	833	336	-	-	-	-	-	-	-
FY96	59/5/664	FO	02	Mixed	Begnas & Rupa Lake Project	1,635	531	375	-	-	-	434	-	296	-
FY96	59/5/665	FO	02	Mixed	Upper Andhikhola Watershed Management Project	1,359	555	99	-	-	-	705	-	-	-
FY96	59/5/670	FO	02	Mixed	Rapti Integrated Rural Development Project (Soil Conservation)	11,669	2,582	1,183	-	-	-	7,905	-	-	-
FY96	59/5/680	FO	02	Mixed	Community Development & Forest/Watershed Protection	3,022	918	278	-	-	-	1,826	-	-	-
FY96	87/4/824	FO	01.3	Mixed	Hill Leasehold Forest and Pasture Development Project	15,470	-	-	-	-	-	-	15,270	200	-
FY96	59/4/660	FO	03	Mixed	Padampur Resettlement Project	12,745	-	-	-	-	-	12,745	-	-	-
FY96	47/3/130	IR	04	HMG	Department of Irrigation	10,323	9,560	679	9	75	-	-	-	#VALUE!	#VALUE!
FY96	47/3/131	IR	04	HMG	Regional Irrigation Directorates	11,101	8,250	1,773	20	-	-	-	1,058	-	-
FY96	47/3/132	IR	04	HMG	District Irrigation Offices	82,470	67,293	9,812	156	-	-	7	5,202	-	-
FY96	47/4/310	IR	02	Mixed	Irrigation Management Transfer Project	38,323	405	839	-	-	-	37,079	-	-	-
FY96	47/4/311	IR	02	HMG	System Management & Training Programme	4,703	1,225	1,098	-	-	-	2,380	-	-	-
FY96	47/4/312	IR	02	Mixed	Irrigation Institution Development Programme	42,972	207	2,379	-	-	200	40,186	-	-	-
FY96	47/4/313	IR	01.5	Mixed	Irrigation Sector Project	317,487	1,962	3,862	-	-	100	311,563	-	-	-
FY96	47/4/315	IR	01.5	Mixed	Irrigation Line of Credit	337,628	5,543	7,541	-	-	-	324,544	-	-	-
FY96	47/4/340	IR	03	Mixed	River Control	98,445	89	512	-	-	-	97,844	-	-	-
FY96	47/4/341	IR	03	Mixed	Water Related Disaster Control Technology Centre	43,819	1,984	1,971	-	-	-	39,864	-	-	-
FY96	47/4/342	IR	03	Mixed	Bakraha River Control Project	503	44	330	-	-	-	129	-	-	-
FY96	47/4/359	IR	01.3	Mixed	Seti Integrated Rural Development Project	1,536	174	196	-	-	-	1,166	-	-	-
FY96	47/4/360	IR	05	Mixed	Ground Water Investigation Programme	10,742	3,339	957	-	-	-	6,446	-	-	-
FY96	47/4/361	IR	01.4	Mixed	Community Shallow Tubewell Irrigation Programme	33,617	346	1,462	8	-	-	31,801	-	-	-
FY96	47/4/370	IR	02	Mixed	Repair, Maintenance Projects	107,102	26,643	27,934	-	-	601	51,925	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C.. (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY96	47/4/371	IR	01.5	HMG	Farmer Irrigation Grants	104,625	-	-	-	-	-	-	-	104,625	-
FY96	47/4/392	IR	01.1	HMG	Babai Irrigation Project	149,202	2,213	1,489	-	-	-	145,500	-	-	-
FY96	47/4/393	IR	03	Mixed	Groundwater Irrigation and Flood Control Project	-	-	-	-	-	-	-	-	-	-
FY96	47/4/394	IR	01.1	HMG	Kankai Irrigation Project	2,999	-	-	-	-	-	2,999	-	-	-
FY96	47/4/395	IR	03	HMG	Bagmati Bishnumati Embankment Programme	2,997	-	-	-	-	-	2,997	-	-	-
FY96	47/4/401	IR	01.5	Mixed	Mechi Hill Irrigation Project	563	41	85	-	-	-	437	-	-	-
FY96	47/4/402	IR	01.1	Mixed	Sunsari Morang Irrigation Project (II Phase)	420,834	4,533	4,442	-	-	8,870	402,990	-	-	-
FY96	47/4/403	IR	01.1	Mixed	ChandraMohana Irrigation Project	438	35	295	-	-	-	108	-	-	-
FY96	47/4/404	IR	01.1	Mixed	Bagmati Irrigation Project	188,987	3,510	4,302	-	-	9,995	171,180	-	-	-
FY96	47/4/405	IR	01.5	Mixed	Eastern Rapti Irrigation Project	215,828	1,035	994	-	-	-	213,799	-	-	-
FY96	47/4/406	IR	01.3	Mixed	Bhairahawa Lumbini Irrigation Project (III Phase)	352,184	10,247	7,476	1,979	-	903	331,579	-	-	-
FY96	47/4/407	IR	01.2	Mixed	Marchwar Irrigation Project, Rupandehi (II Phase)	24,622	1,169	1,695	-	-	425	21,332	-	-	-
FY96	47/4/408	IR	01.5	Mixed	Dhaulagiri Zone Irrigation Project	8,582	-	-	-	-	-	8,582	-	-	-
FY96	47/4/410	IR	01.1	Mixed	Rajapur Irrigation Project	28,281	1,395	810	-	-	-	26,076	-	-	-
FY96	47/4/411	IR	01.1	Mixed	Mahakali Irrigation Project, Kanchanpur	284,525	6,087	2,879	673	-	13,513	261,373	-	-	-
FY96	59/5/530	IR	01.5	HMG	Minor Irrigation Program	37,500	-	-	-	-	-	-	-	37,500	-
FY96	35/4/900	LD	01	Mixed	Dhading District Integrated Rural Development Project	-	-	-	-	-	-	-	-	-	-
FY96	35/4/920	LD	01	Mixed	Rural Loan Project	-	-	-	-	-	-	-	-	-	-
FY96	69/3/110	LD	03.1	HMG	Ministry of Local Development	12,233	10,937	1,104	-	-	-	192	-	-	-
FY96	69/3/120	LD	03.1	HMG	Local Development Regional Directorates	3,983	3,456	527	-	-	-	-	-	-	-
FY96	69/3/130	LD	03.1	HMG	District Guest Houses	1,973	1,813	160	-	-	-	-	-	-	-
FY96	69/3/140	LD	03.1	HMG	Registration Section	5,408	3,670	1,738	-	-	-	-	-	-	-
FY96	69/4/200	LD	03.6	Mixed	Women Development Programme	9,637	707	525	4,025	-	-	22	-	4,358	-
FY96	69/4/210	LD	01	Mixed	Remote Area Development Programme	8,416	-	-	-	-	-	-	-	8,416	-
FY96	69/4/220	LD	03.7	HMG	Monastery Management & Development Committee	3,361	246	183	1,404	-	-	8	-	1,520	-
FY96	69/4/230	LD	03.7	Mixed	Population Education Programme	2,387	-	-	953	-	-	-	-	1,434	-
FY96	69/4/240	LD	03.7	HMG	Local Development Training Institute	14,000	-	-	14,000	-	-	-	-	-	-
FY96	69/4/250	LD	03.7	HMG	Manpower Development	16,243	-	-	-	-	-	-	-	-	16,243
FY96	69/4/260	LD	03.7	Mixed	Flood Affected Area Reconstruction and Rehabilitation Project	3,326	438	140	2,748	-	-	-	-	-	-
FY96	69/5/200	LD	03.6	Mixed	Women Development Programme	63,733	24,232	7,731	23,528	-	-	8,242	-	-	-
FY96	69/5/210	LD	01	Mixed	Remote Area Development Programme	25,278	-	-	2,375	-	-	-	-	22,903	-
FY96	69/5/260	LD	03.7	Mixed	Flood Affected Area Reconstruction and Rehabilitation Project	62,765	7,686	9,383	22,736	-	-	22,960	-	-	-
FY96	69/5/280	LD	02.3	Mixed	Infrastructure Development Project	33,360	-	-	-	-	-	-	-	28,356	5,004
FY96	69/5/290	LD	02.1	Mixed	Rural Infrastructure Development Programme	-	-	-	-	-	-	-	-	-	-
FY96	69/5/400	LD	03.7	Mixed	Solid Waste Management Programme (Including Okharpauwa)	77,186	6,561	1,698	6,426	-	-	62,501	-	-	-
FY96	69/5/410	LD	02.1	Mixed	Labour Intensive Road Reconstruction Project	8,120	94	203	-	-	-	7,823	-	-	-
FY96	69/5/420	LD	03.7	HMG	Tribal Groups Development Project	6,923	2,632	840	2,556	-	-	895	-	-	-
FY96	69/5/421	LD	01	Mixed	Seti Integrated Rural Development Project's Office	7,320	804	220	-	-	-	4,616	-	-	1,881
FY96	69/5/422	LD	01	Mixed	Rapti Integrated Rural Development Project's Office	2,750	1,318	630	802	-	-	-	-	-	-
FY96	69/5/423	LD	01	Mixed	Rapti Integrated Rural Development Project (Local Development)	4,583	2,320	925	-	-	-	1,338	-	-	-
FY96	69/5/451	LD	01	Mixed	Dhading Integrated Rural Development Project	17,182	1,171	738	4,728	-	-	10,545	-	-	-
FY96	69/5/452	LD	01	Mixed	Gulmi Integrated Rural Development Project	2,308	159	82	-	-	252	1,815	-	-	-
FY96	69/5/453	LD	01	Mixed	Arghakanchi Integrated Rural Development Project	1,582	18	40	-	-	-	1,524	-	-	-
FY96	69/5/454	LD	01	Mixed	Gorkha Development Project	1,777	21	3	89	-	11	76	-	-	1,578
FY96	69/5/455	LD	01	Mixed	Lamjung Development Project	-	-	-	-	-	-	-	-	-	-
FY96	69/5/456	LD	03.7	Mixed	Patan Preservation & Development Programme	4,300	-	-	-	-	-	4,300	-	-	-
FY96	69/5/500	LD	03.3	HMG	District Development Committee Grant	567,214	-	-	109,462	-	-	-	-	457,752	-
FY96	69/5/521	LD	03.2	HMG	Village Self Reliance Grant	2,012,082	-	-	-	-	-	-	-	2,012,082	-
FY96	69/5/530	LD	03.4	HMG	Election Area Development Programme	96,333	-	-	-	-	-	96,333	-	-	-
FY96	69/5/540	LD	01	HMG	Local Development Fund	10,000	-	-	1,930	-	-	-	-	8,070	-
FY96	69/5/560	LD	03.7	HMG	Targeted Group Upliftment Programme	29,947	-	-	-	-	-	-	-	29,947	-
FY96	69/5/610	LD	02.3	HMG	Local Development Construction Programme	117,547	3,344	1,276	-	-	-	112,927	-	-	-
FY96	69/5/620	LD	02.2	HMG	Local Road Suspension Bridges	40,599	-	-	-	-	-	-	-	40,599	-
FY96	69/5/621	LD	03.7	HMG	Nationalities Upliftment Programme	357	-	-	-	-	-	-	-	-	357
FY96	69/5/610	LD	03.5	HMG	Municipal Grant	57,655	-	-	-	-	-	-	-	49,007	8,648
FY96	87/4/827	LD	03.6	Mixed	Rural Women Development for Production Loan Programme	11,600	-	-	-	-	-	-	11,600	-	-
FY96	87/4/828	LD	01	Mixed	Gulmi Ardhakanchi Grants Share Investment	-	-	-	-	-	-	-	-	-	-
FY97	35/4/815	AG	01.2.3	Mixed	Small Farmers Training & Institutional Development Subsidy	-	-	-	-	-	-	-	-	-	-
FY97	35/4/817	AG	02.2.3	Mixed	Biogas Production Subsidy- Capital Subsidy	44,996	-	-	-	-	-	-	-	44,996	-
FY97	35/4/818	AG	02.2.3	HMG	Livestock Insurance (Including Loan Guarantee)- Price Subsidy	5,000	-	-	5,000	-	-	-	-	-	-
FY97	35/4/819	AG	01.2.3	HMG	Small Farmers Interest Subsidy- Price Subsidy	3,500	-	-	3,500	-	-	-	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C... (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY97	36/4/200	AG	04	HMG	Food Subsidy for Nepal Food Corporation	172,015	-	-	172,015	-	-	-	-	-	-
FY97	40/3/110	AG	06.4	HMG	Agriculture Ministry	8,780	6,400	2,359	-	-	-	22	-	-	-
FY97	40/3/120	AG	06.1	HMG	Department of Agriculture Development	10,347	8,059	2,242	46	-	-	-	-	-	-
FY97	40/3/121	AG	06.1	HMG	Regional Agriculture Development Directorate	5,464	3,950	1,287	413	-	-	815	-	-	-
FY97	40/3/130	AG	06.2	HMG	Department of Livestock	3,291	2,656	635	-	-	-	-	-	-	-
FY97	40/3/131	AG	06.2	HMG	Regional Livestock Directorate	5,160	3,377	1,351	383	-	-	50	-	-	-
FY97	40/3/140	AG	06.4	HMG	Department of Cooperative	2,038	1,218	791	-	-	-	30	-	-	-
FY97	40/3/141	AG	06.4	HMG	District Cooperative Offices	37,735	31,588	5,108	15	-	-	1,023	-	-	-
FY97	40/3/191	AG	06.4	HMG	National Cooperative Development Board	2,500	-	-	2,500	-	-	-	-	-	-
FY97	40/3/192	AG	06.4	HMG	Cotton Development Committee	1,000	-	-	1,000	-	-	-	-	-	-
FY97	40/3/193	AG	06.4	HMG	Tea & Coffee Development Board	5,000	-	-	5,000	-	-	-	-	-	-
FY97	40/3/194	AG	06.2	HMG	Dairy Development Board	1,500	-	-	1,500	-	-	-	-	-	-
FY97	40/4/200	AG	05	HMG	Women Farmer Development Programme	1,563	150	388	1,000	-	-	25	-	-	-
FY97	40/4/210	AG	06.1	Mixed	Rural Market Development Project	3,617	1,774	1,480	159	-	-	205	-	-	-
FY97	40/4/250	AG	06.1	Mixed	Upper Sagarmatha Agriculture Dev Project	13,665	1,127	1,329	-	-	43	11,166	-	-	-
FY97	40/4/260	AG	01.2.2	Mixed	Secondary Crop Development Project	39,506	21,908	12,501	2,800	-	-	2,296	-	-	-
FY97	40/4/270	AG	01.2.2	Mixed	Agriculture Development Plan Janakpur	35,689	3,874	2,496	-	650	-	6,798	-	21,870	-
FY97	40/4/280	AG	04	Mixed	Sericulture Development Programme	26,686	4,583	4,413	1,782	8,670	-	7,238	-	-	-
FY97	40/4/290	AG	03	HMG	Hill Fruits Development Project	415	267	148	-	-	-	-	-	-	-
FY97	40/4/291	AG	03	Mixed	Kirtipur Horticulture Dev. Project	7,911	1,644	1,180	322	2,478	-	2,287	-	-	-
FY97	40/4/292	AG	03	HMG	Horticulture Farms	22,697	8,409	3,283	853	6,519	-	3,633	-	-	-
FY97	40/4/293	AG	04	HMG	Orange & Tea, Coffee Dev. Programme (incl. Gulmi, Aanpcha)	958	495	331	82	-	-	50	-	-	-
FY97	40/4/300	AG	03	HMG	Vegetable Seed Production Centre	3,956	1,476	828	271	1,130	-	252	-	-	-
FY97	40/4/310	AG	04	HMG	Cardoman, Dry Ginger and Potato Dev. Programme	2,600	1,569	716	97	186	-	31	-	-	-
FY97	40/4/320	AG	04	HMG	Fishery Dev. Programme	19,873	6,382	6,475	864	4,689	-	1,463	-	-	-
FY97	40/4/330	AG	04	HMG	Food Nutrition and Technology	13,883	9,181	4,187	421	-	-	95	-	-	-
FY97	40/4/340	AG	01.2.5	HMG	Crop Protection	13,583	5,462	3,156	288	2,756	-	1,921	-	-	-
FY97	40/4/350	AG	04	HMG	Silkworm Development	4,535	1,840	1,311	765	310	-	309	-	-	-
FY97	40/4/360	AG	01.2.2	HMG	Food & Cash Crop Development	2,525	1,857	493	-	-	-	175	-	-	-
FY97	40/4/370	AG	01.2.2	HMG	Agriculture Communication Service Programme	5,629	1,523	4,097	9	-	-	-	-	-	-
FY97	40/4/380	AG	01.2.2	Mixed	Agriculture Training Programme	17,144	6,618	6,795	2,308	543	-	880	-	-	-
FY97	40/4/390	AG	01.2.3	HMG	Seed Dev. and Control Service	3,898	2,014	1,318	393	-	-	173	-	-	-
FY97	40/4/400	AG	01.2.2	Mixed	Soil Test Service Programme	6,876	1,997	1,759	1,091	-	-	2,029	-	-	-
FY97	40/4/410	AG	01.2.2	HMG	Agriculture Extension Project	1,684	965	719	-	-	-	-	-	-	-
FY97	40/4/450	AG	01.2.4	HMG	Agriculture Market Development Programme	3,047	1,262	1,467	294	-	-	25	-	-	-
FY97	40/4/451	AG	01.2.4	Mixed	Small Market Infrastructure Dev. Project	17,694	13	20	-	-	-	17,660	-	-	-
FY97	40/4/500	AG	02.2.5	HMG	Animal Health Service Programme	23,322	12,482	7,689	167	1,664	-	1,320	-	-	-
FY97	40/4/510	AG	02.2.2	HMG	Livestock Development Service Programme	3,606	2,214	1,099	121	160	-	12	-	-	-
FY97	40/4/520	AG	02.2.3	HMG	Livestock Development Farms	16,595	9,519	3,865	160	2,427	-	623	-	-	-
FY97	40/4/530	AG	02.2.3	HMG	Rural Poultry Development Programme	1,762	1,148	402	35	71	-	105	-	-	-
FY97	40/4/540	AG	02.2.3	HMG	Animal Reproduction & Artificial Insemination Programme	5,818	2,374	2,875	13	103	-	454	-	-	-
FY97	40/4/541	AG	02.2.3	Mixed	Animal Reproduction & Promotion Project	9,069	-	9,069	-	-	-	-	-	-	-
FY97	40/4/550	AG	02.2.3	Mixed	Hill Lease Forestry Project (Livestock Dev.)	16,595	1,291	2,389	4,251	-	-	8,664	-	-	-
FY97	40/4/560	AG	02.2.5	Mixed	Animal Health Strengthening Project	36,173	76	24	-	-	-	36,074	-	-	-
FY97	40/4/570	AG	02.2.2	Mixed	Animal Service Training Programme	8,473	3,214	2,827	1,622	-	-	810	-	-	-
FY97	40/4/600	AG	06.4	HMG	Cooperative Training Centre	7,149	1,046	6,103	-	-	-	-	-	-	-
FY97	40/4/610	AG	06.4	HMG	National Cooperative Union	4,000	-	-	4,000	-	-	-	-	-	-
FY97	40/4/700	AG	01.1	HMG	Nepal Agriculture Research Council	45,000	-	-	40,500	-	-	-	-	4,500	-
FY97	40/4/710	AG	01.1	Mixed	Agriculture Research Programme	37,240	-	-	29,574	-	-	-	-	7,666	-
FY97	40/4/720	AG	01.1	Mixed	Agriculture Enterprise and Technology System Project	68,820	-	-	66,105	-	-	-	-	2,715	-
FY97	40/4/730	AG	01.1	Mixed	Secondary Crop Development Project	31,215	-	-	24,215	-	-	-	-	7,000	-
FY97	40/4/740	AG	01.1	HMG	Potato Research and Development Program	3,395	-	-	3,071	-	-	-	-	324	-
FY97	40/4/750	AG	04	Mixed	Natural Water Fish Development Project (R)	16,936	-	-	14,752	-	-	-	-	2,184	-
FY97	40/4/800	AG	01.2.3	Mixed	Agriculture Input Price & Transportation Grant	501,600	-	-	501,600	-	-	-	-	-	-
FY97	40/4/810	AG	04	HMG	Tea Development	1,199	-	-	1,199	-	-	-	-	-	-
FY97	40/4/820	AG	02.2.2	HMG	Chandradangi Seeds & Dairy Dev. Committee	4,000	-	-	4,000	-	-	-	-	-	-
FY97	40/5/250	AG	01.2.2	Mixed	Upper Sagarmatha Agriculture Dev Project	9,279	5,682	809	2,270	-	-	518	-	-	-
FY97	40/5/260	AG	01.2.2	Mixed	Secondary Crop Development Project	9,525	1,199	2,904	3,851	-	-	1,571	-	-	-
FY97	40/5/410	AG	01.2.2	Mixed	Agricultural Extension Programme	183,728	129,276	18,594	34,213	-	-	1,644	-	-	-
FY97	40/5/421	AG	01.2.2	Mixed	Mechi Hill Development Project (Agric)	1,023	202	229	591	-	-	-	-	-	-
FY97	40/5/422	AG	03	Mixed	Hill Seed and Vegetable Project	8,174	1,972	2,485	3,413	-	-	304	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY97	40/5/461	AG	01.2.4	Mixed	23,919	16,527	2,490	4,594	-	-	308	-	-	-
FY97	40/5/511	AG	02.2.2	Mixed	8,949	4,601	1,637	1,599	-	-	1,112	-	-	-
FY97	40/5/512	AG	02.2.2	Mixed	146,042	90,298	33,451	18,021	-	-	4,271	-	-	-
FY97	40/5/513	AG	02.2.2	Mixed	621	77	202	292	-	-	51	-	-	-
FY97	40/5/580	AG	02.2.4	Mixed	18,401	12,191	4,554	1,656	-	-	-	-	-	-
FY97	87/4/820	AG	04	Mixed	108,670	-	-	-	-	-	-	108,670	-	-
FY97	87/4/822	AG	01.2.1	Mixed	170,000	-	-	-	-	-	-	170,000	-	-
FY97	59/3/110	FO	06	HMG	6,380	4,646	1,734	-	-	-	-	-	-	-
FY97	59/3/120	FO	06	HMG	8,059	7,239	686	-	-	-	135	-	-	-
FY97	59/3/121	FO	06	HMG	6,108	4,150	1,822	-	-	-	137	-	-	-
FY97	59/3/122	FO	06	HMG	216,970	209,116	7,408	446	-	-	-	-	-	-
FY97	59/3/130	FO	06	HMG	9,819	5,386	3,506	-	-	-	928	-	-	-
FY97	59/3/140	FO	06	HMG	4,263	3,592	671	-	-	-	-	-	-	-
FY97	59/3/150	FO	06	HMG	9,594	7,900	929	-	744	-	21	-	-	-
FY97	59/3/151	FO	06	HMG	35,039	33,563	877	-	-	-	599	-	-	-
FY97	59/3/152	FO	03	HMG	206,458	198,054	5,222	-	-	142	3,040	-	-	-
FY97	59/3/153	FO	06	HMG	3,622	3,549	23	-	-	-	50	-	-	-
FY97	59/3/154	FO	06	HMG	14,746	13,656	1,081	9	-	-	-	-	-	-
FY97	59/3/180	FO	06	HMG	6,420	-	-	6,420	-	-	-	-	-	-
FY97	59/4/200	FO	05	Mixed	8,578	4,540	2,552	-	-	-	1,486	-	-	-
FY97	59/4/210	FO	05	HMG	10,500	-	-	10,500	-	-	-	-	-	-
FY97	59/4/220	FO	03	HMG	5,595	1,895	1,043	-	-	103	2,556	-	-	-
FY97	59/4/300	FO	06	Mixed	1,765	619	611	126	-	-	409	-	-	-
FY97	59/4/310	FO	01.3	HMG	24,680	851	4,913	-	-	-	18,916	-	-	-
FY97	59/4/311	FO	01.1	Mixed	15,143	1,251	714	-	-	-	13,178	-	-	-
FY97	59/4/312	FO	01.1	HMG	1,797	-	-	-	-	-	1,797	-	-	-
FY97	59/4/313	FO	01.3	Mixed	22,885	1,793	1,110	-	-	-	19,982	-	-	-
FY97	59/4/330	FO	05	Mixed	15,304	1,059	556	-	-	-	13,689	-	-	-
FY97	59/4/340	FO	01.1	Mixed	2,892	159	349	-	-	-	1,572	-	812	-
FY97	59/4/350	FO	05	Mixed	7,725	141	947	-	-	-	6,637	-	-	-
FY97	59/4/500	FO	05	HMG	15,508	928	2,675	22	391	125	11,368	-	-	-
FY97	59/4/610	FO	02	Mixed	2,612	386	1,854	-	-	-	371	-	-	-
FY97	59/4/620	FO	02	Mixed	10,883	1,528	809	-	-	-	8,547	-	-	-
FY97	59/4/630	FO	02	HMG	807	363	177	-	-	-	267	-	-	-
FY97	59/4/640	FO	02	HMG	1,787	-	-	-	-	-	1,787	-	-	-
FY97	59/4/710	FO	03	HMG	11,576	7,957	1,151	14	-	-	2,454	-	-	-
FY97	59/4/720	FO	03	HMG	27,872	19,929	1,566	41	-	566	5,770	-	-	-
FY97	59/5/311	FO	01.1	Mixed	44,463	7,444	3,620	-	-	-	23,523	-	9,876	-
FY97	59/5/401	FO	01.1	Mixed	21,923	1,509	1,587	-	-	-	15,862	-	2,965	-
FY97	59/5/402	FO	01.1	Mixed	6,612	4,567	586	-	-	-	1,460	-	-	-
FY97	59/5/403	FO	01.1	Mixed	10,455	4,386	423	-	-	-	5,646	-	-	-
FY97	59/5/404	FO	01.1	HMG	3,255	2,229	282	-	-	-	506	-	239	-
FY97	59/5/410	FO	01.2	Mixed	14,855	1,509	1,587	-	-	-	8,794	-	2,965	-
FY97	59/5/420	FO	01.1	Mixed	746	104	152	-	-	-	248	-	242	-
FY97	59/5/650	FO	02	HMG	44,871	12,718	5,610	-	-	74	26,469	-	-	-
FY97	59/5/660	FO	02	Mixed	1,564	167	194	-	-	-	1,204	-	-	-
FY97	59/5/661	FO	02	Mixed	2,772	98	387	-	-	-	2,287	-	-	-
FY97	59/5/662	FO	02	Mixed	3,645	822	384	-	-	-	2,439	-	-	-
FY97	59/5/663	FO	02	Mixed	28,215	1,408	591	-	-	-	26,216	-	-	-
FY97	59/5/664	FO	02	Mixed	16,475	455	249	-	-	-	15,771	-	-	-
FY97	59/5/665	FO	02	Mixed	26,208	675	148	-	-	-	25,386	-	-	-
FY97	59/5/670	FO	02	Mixed	12,956	2,444	1,045	-	-	-	9,466	-	-	-
FY97	59/5/680	FO	02	Mixed	14,148	1,032	884	-	-	-	12,232	-	-	-
FY97	59/5/750	FO	03	Mixed	829	-	-	-	-	-	829	-	-	-
FY97	59/5/760	FO	03	HMG	800	-	-	-	-	-	800	-	-	-
FY97	87/4/824	FO	01.3	Mixed	5,000	-	-	-	-	-	-	5,000	-	-
FY97	35/4/825	IR	01.5	HMG	110,000	-	-	-	-	-	-	110,000	-	-
FY97	47/3/130	IR	04	HMG	10,634	9,442	1,111	81	-	-	-	-	-	-
FY97	47/3/131	IR	04	HMG	10,982	8,405	1,610	-	-	-	968	-	-	-
FY97	47/3/132	IR	04	HMG	77,472	65,655	10,193	-	-	-	1,624	-	-	-
FY97	47/4/310	IR	02	Mixed	62,125	929	2,284	-	-	-	58,912	-	-	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C: (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector Code	HMG/Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY97	47/4/311	IR 02	HMG	System Management & Training Programme	5,788	1,194	994	-	-	-	3,600	-	-	-
FY97	47/4/312	IR 02	Mixed	Irrigation Institution Development Programme	48,039	220	2,921	-	-	-	44,899	-	-	-
FY97	47/4/313	IR 01.5	Mixed	First Irrigation Sector Project	132,131	-	-	-	-	-	132,131	-	-	-
FY97	47/4/314	IR 01.5	Mixed	Second Irrigation Sector Project	285,126	2,078	4,745	14	-	200	278,088	-	-	-
FY97	47/4/315	IR 01.5	Mixed	Irrigation Line of Credit	235,419	5,948	9,002	-	-	498	219,970	-	-	-
FY97	47/4/340	IR 03	Mixed	River Control	198,669	230	639	-	-	-	197,800	-	-	-
FY97	47/4/341	IR 03	Mixed	Water Related Disaster Control Technology Centre	53,543	2,261	2,235	-	-	-	49,047	-	-	-
FY97	47/4/342	IR 03	Mixed	Bakraha River Control Project	2,328	199	294	-	-	-	1,834	-	-	-
FY97	47/4/343	IR 03	HMG	Bagmati River Control Project (Rautahat Sarlahi)	30,000	-	-	-	-	-	30,000	-	-	-
FY97	47/4/344	IR 03	HMG	Banganga River Control, Tilaurakot Protection	5,999	-	-	-	-	-	5,999	-	-	-
FY97	47/4/360	IR 05	Mixed	Ground Water Investigation Programme	12,209	3,309	1,019	-	-	-	7,880	-	-	-
FY97	47/4/361	IR 01.4	Mixed	Community Shallow Tubewell Irrigation Programme	42,659	687	1,552	-	-	-	40,421	-	-	-
FY97	47/4/370	IR 02	HMG	Repair, Maintenance Projects	132,258	-	-	-	-	-	132,258	-	-	-
FY97	47/4/401	IR 01.5	Mixed	Mechi Hill Irrigation Project	1,053	-	-	-	-	-	1,053	-	-	-
FY97	47/4/402	IR 01.1	Mixed	Sunsari Morang Irrigation Project (II Phase)	260,369	5,248	5,158	-	-	2,500	247,463	-	-	-
FY97	47/4/403	IR 01.1	Mixed	Chandramohana Irrigation Project	2,194	195	472	-	-	-	1,528	-	-	-
FY97	47/4/404	IR 01.1	Mixed	Bagmati Irrigation Project	224,527	3,915	4,161	-	-	6,039	210,412	-	-	-
FY97	47/4/405	IR 01.5	Mixed	Eastern Repti Irrigation Project	128,057	1,870	1,492	-	-	-	124,695	-	-	-
FY97	47/4/406	IR 01.3	Mixed	Bhairahawa Lumbini Irrigation Project (III Phase)	241,244	10,553	10,095	2,251	-	387	217,959	-	-	-
FY97	47/4/407	IR 01.2	Mixed	Marchwar Irrigation Project, Rupandehi (II Phase)	14,804	1,111	2,096	-	-	499	11,099	-	-	-
FY97	47/4/408	IR 01.5	Mixed	Dhaulagiri Zone Irrigation Project	4,613	-	-	-	-	-	4,613	-	-	-
FY97	47/4/409	IR 01.1	HMG	Babai Irrigation Project	73,435	1,596	1,530	-	-	54	70,255	-	-	-
FY97	47/4/410	IR 01.1	Mixed	Rajapur Irrigation Project	147,953	1,670	1,380	-	-	-	144,903	-	-	-
FY97	47/4/411	IR 01.1	Mixed	Mahakali Irrigation Project, Kanchanpur	381,582	6,747	2,829	999	-	9,460	361,547	-	-	-
FY97	87/4/826	IR 01.4	Mixed	Ground Water and Flood Rehabilitation Project (Credit)	-	-	-	-	-	-	-	-	-	-
FY97	35/4/829	LD 01	Mixed	Guimi Argakanchi I.R.D.	15,000	-	-	15,000	-	-	-	-	-	-
FY97	69/3/110	LD 03.1	HMG	Ministry of Local Development	12,987	11,712	1,275	-	-	-	-	-	-	-
FY97	69/3/120	LD 03.1	HMG	Local Development Regional Directorates	4,154	3,522	560	-	-	-	71	-	-	-
FY97	69/3/130	LD 03.1	HMG	District Guest Houses	2,170	1,997	173	-	-	-	-	-	-	-
FY97	69/3/140	LD 03.1	HMG	Registration Section	6,212	4,050	2,138	-	-	-	24	-	-	-
FY97	69/4/200	LD 03.6	Mixed	Women Development Programme	8,301	662	476	2,769	-	-	4,394	-	-	-
FY97	69/4/201	LD 03.6	HMG	Women Skill Development Programme	1,500	-	-	-	-	-	-	-	-	1,500
FY97	69/4/210	LD 01	HMG	Remote Area Development Programme	14,599	-	-	5,550	-	-	-	-	9,050	-
FY97	69/4/220	LD 03.7	HMG	Monastery Management & Development Committee	9,000	570	290	600	-	-	7,540	-	-	-
FY97	69/4/230	LD 03.7	Mixed	Population Education Programme	2,836	328	137	2,365	-	-	5	-	-	-
FY97	69/4/240	LD 03.7	HMG	Local Development Training Institute	17,000	-	-	14,000	-	-	-	-	3,000	-
FY97	69/4/250	LD 03.7	HMG	Manpower Development	3,590	-	-	-	-	-	-	-	-	3,590
FY97	69/4/260	LD 03.7	Mixed	Flood Sufferer Reconstruction and Rehabilitation Project	2,281	55	91	2,135	-	-	-	-	-	-
FY97	69/4/280	LD 02.3	HMG	Rural Community Infrastructure Development Programme	389	202	174	-	-	-	13	-	-	-
FY97	69/4/290	LD 02.1	Mixed	Rural Infrastructure Development Programme	4,363	167	170	-	-	-	4,027	-	-	-
FY97	69/4/300	LD 02.2	Mixed	Lumbini Zonal Rural Drinking Water & Sanitation Programme	-	-	-	-	-	-	-	-	-	-
FY97	69/4/310	LD 03.7	HMG	Decentralization Work Plan	-	-	-	-	-	-	-	-	-	-
FY97	69/4/320	LD 03.7	Mixed	National Ethnic Community Upliftment Institute	2,300	-	-	2,300	-	-	-	-	-	-
FY97	69/5/200	LD 03.6	Mixed	Women Development Programme	75,363	28,474	8,502	29,680	-	-	8,707	-	-	-
FY97	69/5/210	LD 01	Mixed	Remote Area Development Programme	76,470	-	-	7,313	-	-	69,158	-	-	-
FY97	69/5/260	LD 03.7	Mixed	Flood Sufferer Reconstruction and Rehabilitation Project	1,480	897	584	-	-	-	-	-	-	-
FY97	69/5/280	LD 02.3	Mixed	Rural Community Infrastructure Development Programme	141,675	5,856	1,802	-	-	-	134,017	-	-	-
FY97	69/5/290	LD 02.1	Mixed	Rural Infrastructure Development Programme	1,089	569	422	-	-	-	97	-	-	-
FY97	69/5/300	LD 02.2	Mixed	Lumbini Zonal Rural Drinking Water & Sanitation Programme	31,360	-	-	7,836	-	-	-	-	23,524	-
FY97	69/5/400	LD 03.7	Mixed	Solid Waste Management Programme (including Okharpauwa)	90,431	5,778	4,008	1,311	-	6,553	72,782	-	-	-
FY97	69/5/410	LD 02.1	Mixed	Labour Intensive Road Reconstruction Project	28,050	502	1,193	-	-	-	26,355	-	-	-
FY97	69/5/420	LD 03.7	HMG	Tribal Groups Development Project	2,378	28	4	119	-	-	115	-	-	2,112
FY97	69/5/451	LD 01	Mixed	Dhading Integrated Rural Development Project	7,313	587	206	564	-	-	5,956	-	-	-
FY97	69/5/452	LD 01	Mixed	Guimi Integrated Rural Development Project	8,520	90	29	1,075	-	-	7,326	-	-	-
FY97	69/5/453	LD 01	Mixed	Argakanchi Integrated Rural Development Project	8,060	89	24	1,017	-	-	6,930	-	-	-
FY97	69/5/454	LD 01	Mixed	Gorkha Development Project	3,730	60	81	201	-	-	3,387	-	-	-
FY97	69/5/455	LD 01	Mixed	Lamjung Development Project	2,217	-	-	-	-	-	-	-	-	2,217
FY97	69/5/456	LD 03.7	Mixed	Patan Preservation & Development Programme	4,500	-	-	-	-	-	4,500	-	-	-
FY97	69/5/500	LD 03.3	HMG	District Development Committee Grant	718,908	-	-	150,739	-	-	-	-	568,169	-
FY97	69/5/510	LD 03.5	HMG	Municipal Grant	83,843	-	-	-	-	-	-	-	83,843	-
FY97	69/5/520	LD 03.2	HMG	Village Self Reliance Grant	1,854,501	-	-	-	-	-	-	-	1,854,501	-

Nepal Public Expenditures
Rural Development FY95-98

Annex C. (Actuals)

Actual Expenditures (Millions of Rupees)

Year	Head	Sector	Code	HMG/ Donor	Description	Total Expenditures	Salaries & Benefits	Overhead	Transfers & Grants	Production Services	Capital Transfer	Physical Investment	Financial Investment	Cash Grant	Contingency
FY97	69/5/530	LD	03.4	HMG	Election Area Development Programme	106,000	-	-	-	-	-	-	-	106,000	-
FY97	69/5/540	LD	03.7	HMG	Local Development Fund	-	-	-	-	-	-	-	-	-	-
FY97	69/5/550	LD	03.7	HMG	Participatory Development Program	32,709	-	-	-	-	-	-	-	32,709	-
FY97	69/5/560	LD	03.7	HMG	Targeted Group Upliftment Programme	283	-	-	-	-	-	-	-	283	-
FY97	69/5/610	LD	02.3	Mixed	Local Development Construction Programme	110,976	-	-	-	-	-	110,976	-	-	-
FY97	69/5/620	LD	02.3	HMG	Local Road Suspension Bridges	46,582	-	-	-	-	-	46,109	-	-	473
FY97	69/5/650	LD	03.7	HMG	Account Settlement of Completed Projects	860	-	-	-	-	-	-	-	-	860
FY97	69/5/660	LD	03.7	HMG	Padampur Resettlement Project	9,432	-	-	-	-	-	9,432	-	-	-
FY97	87/4/827	LD	03.6	Mixed	Rural Women Development for Production Loan Programme	5,000	-	-	-	-	-	-	5,000	-	-
FY97	87/4/828	LD	01	Mixed	Gulmi Argakanchi I.R.D. (Credit)	30,000	-	-	-	-	-	-	30,000	-	-