

Unofficial Translation (Draft)

Three Year Plan Approach Paper

(2010/11 - 2012/13)



Government of Nepal
National Planning Commission
August, 2010



PRIME MINISTER

Kathmandu, Nepal

Foreword

The beginning of the planned development process in Nepal has completed more than half a century. Although significant achievements have been made in a number of sectors, expected progress could not be realized.

The ongoing Three-Year Interim Plan (2007/08 – 2009/10) is being completed by this mid-July and the Approach Paper of the upcoming Three-Year Plan (2010/11 – 2012/13) has been formulated as its continuation. In the formulation process of the Three-Year Plan, we need to move forward by appraising the achievements and reviewing the reasons of not meeting the expected outcomes in the past periodic plans. It is realized that the felt needs of the people can be fulfilled in a very short period on the basis of optimum utilization of the limited resources.

Even at present, the country is in the category of least developed countries. Therefore, the long-term vision of the Plan is to transform Nepal from the group of the least developed countries to the group of developing countries as a “Prosperous, Peaceful and Just Nepal” within a two-decade period. To achieve the Millennium Development Goals by 2015, the targets such as to create dignified and gainful employment opportunities, reduce economic inequality, ensure regional balances, improve living standard of the common Nepali by eliminating social exclusion, and reduce poverty level from 25 percent population living below the poverty line to 21 percent through broad-based economic growth. In addition, the main objective of the Plan is to make the general people realize a direct change in their living standards by contributing to reducing poverty and bringing sustained peace through employment centered inclusive and equitable economic growth. On this basis, it has been essential to set the strategies and priorities. It has also been necessary to undertake strategies to invest in some large infrastructures such as mid-hill highways, Kathmandu-Tarai Fast Track, mega power plants etc. This Approach Paper has addressed these foundations.

At last, I extend my sincere thanks to all involved in the process of the formulation of this Approach Paper and I believe to get positive contribution in the preparation of the detail document of the Plan and its implementation.

*Madhav Kumar Nepal
Prime Minister
and*

Chairman, National Planning Commission

June 3, 2010

Preface

The country is at the verge of institutionalizing political change. At this present state, the prime challenge is to create an environment for the common people to realize a social and economic change along with restructuring the country according to the provisions made in the Comprehensive Peace Agreement, and the Interim Constitution. It is also necessary to be attentive in the areas such as global economic crisis, climate change etc.

This Approach Paper is formulated on the basis of the long-term vision of transforming the country from least developed country to a developing country. To this end, focus has been given on building economic strength through creating employment to the Nepali people along with developing infrastructure needed for modern development. It has also envisioned to reduce poverty in a sustained way, and to raise the living standards of the common people. The Three-Year Interim plan (2010/11–2012/13) has been formulated assuring that the formulation of the next plan will take three years after the country will have new leadership through the enactment of the new constitution. The Commission is confident that the targets and the objectives undertaken by the Plan will be achieved as the Approach Paper has been formulated incorporating the plans and programs that need to be implemented even at the present interim situation and will also be helpful to address the future structure of new regions.

In the process of formulating this Approach Paper, NPC has ensured wider participation of the people by incorporating the suggestions of the national and regional seminars, experts, government agencies, private sectors, various organization and institutions, civil society, intellectuals, and the international communities.

NPC expresses its sincere thanks to the political parties, members of the National Development Council, various associations and institutions, and experts and intellectuals, and also expects to receive valuable suggestions and cooperation of all concerned people in preparing the detail document of the Plan, which envisages to incorporate programs and action plans as envisioned in this Approach Paper.

National Planning Commission

June 3, 2010

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1. Background

The planned development in Nepal initiated since 1956 has completed five decades. Up to now nine five-year plans and one three-year plan have been implemented. The present Three-Year Interim Plan (TYIP) is also being completed by mid-July 2010. Reviewing the priorities of the past periodic plans, it is observed that areas of importance have been changing from time to time such as infrastructure development, social development, integrated rural development, and the fulfillment of basic needs of the people. Since the Eighth Plan, private sector development and poverty alleviation have been given much importance. Over the years, poverty alleviation has been continued to be placed as a prime objective and focus has been given to broad-based economic growth and poverty alleviation-oriented development. The preliminary statistics shows that the population living below the poverty line has gone down to 25.4 percent from 45 percent in this period. This can be taken as a positive achievement of the periodic plans. Similarly, increase in literacy and school enrolment rate, increase in average life expectancy, and reduction in child and maternal mortality rates can also be outlined as the achievements. Moreover, significant achievement has been made in information and communication sector.

Emphases were accorded in the Plan to the reconstruction of the physical infrastructures damaged during the conflict and to the inclusive development as the present Three-Year Interim Plan (TYIP) is the first Plan commenced after the People's Movement of 2006. The progress of the Plan has been mixed due to the political instability and lack of infrastructure development.

The present TYIP is going to be completed by July 15, 2010 and from the July 16, 2010 a new plan has to be implemented. Therefore, this Approach Paper of the Three-Year Plan (2010/11-2012/13) has been prepared in the process of formulating a new plan. Comprehensive Peace Accord, directive principles and policies of the Interim Constitution of Nepal, 2007, Common Minimum Program of the Coalition Government, state restructuring and preparation of its infrastructure, contemporary challenges seen in the development at present and commitments, conventions and treaties made and accepted by the State in the international forums are the basis of formulating this Approach Paper.

In recent years, a massive problem has been created in the world economy by the economic, food and fuel crises. Because of the recession in the world economy, problems like reduction in employment opportunities, slackness in export import trade, and on the whole reduction in the economic growth rates has been observed. However, within a short span of time, recovery in the world economy from these crises has been observed. It can be projected that sufficient opportunities will be made available by this dynamism shown in the world economy. Nepal can also obtain these opportunities with appropriate vision and strategies.

At the regional level, it is estimated that neighboring countries India and China have achieved 6.7 percent and 9.0 percent of economic growth rates in 2008 and 7.2 percent and 8.7 percent in 2009 respectively. In this way, these two economies have impacted most importantly in the development of the world economy. It is viewed that this can create sufficient opportunities also to Nepal.

At present, the country is facing internal challenges in the areas of employment generation, inclusive development, poverty alleviation, economic growth, food security, electricity supply, etc. The Plan has been formulated considering the opportunities and challenges created by the internal and the external sector. In this context, the vision of the NPC for this upcoming Plan is to give priority to improve the economic status of the people through employment creation. Therefore, the Plan has adopted employment centric, equitable and inclusive development as its objective.

In the process of preparation of the Approach Paper, regional workshops in the five development regions and national consultation workshop and interaction programs were organized with the objective of wider people's participation in the process of plan formulation and to make the Plan more objective-oriented. Incorporating the suggestions of the workshops, NPC has made necessary revisions and improvements in the Approach Paper.

Implementation of the past periodic plans has resulted in considerable achievements in the development of physical infrastructure and social sector. However, no expected changes have been observed in the living standards of the people as per the people's aspirations. Therefore, in this Plan, objectives, targets and strategies have been set with the vision of accelerating the pace of socioeconomic transformation of the nation through the employment-oriented and social development programs. The employment-oriented programs will help directly to the poverty alleviation. The Plan also aims to achieve the Millennium Development Goals (MDGs) by 2015 to properly address the worldwide problem like the climate change. The Plan has also put forward the strategy to implement the Plan effectively to achieving the set objectives and targets.

2. Mid-term Review of the Three-Year Interim Plan (2006/07-2009/10)

After the People's Movement of 2006 the TYIP set a long-term vision of making a prosperous, modern and just Nepal with the objective of achieving employment and poverty alleviation oriented, broad-based economic growth, promoting good governance, increasing effectiveness in service delivery, increasing investment in physical infrastructure development, emphasizing social development, and carrying out inclusive development and targeted programs. The Plan has given priority to the reconstruction and rehabilitation of physical infrastructures, relief to the conflict affected people, rehabilitation, social integration and adaptation, and inclusion of deprived communities, regions, and gender in all the structures, sectors and processes of development. The TYIP has also given priorities to the development of physical infrastructures such as electricity, roads, irrigation and communication to support agriculture, tourism and industry, and to the development of human resources through education, health, drinking water and sanitation. In the TYIP, the annual average economic growth rate was targeted at 5.5 percent. Of this, it was estimated that the agriculture sector's annual average growth rate would be 3.6 percent and non-agriculture sector's would be 6.5 percent respectively.

While reviewing the achievements of the Interim Plan, it is estimated that annual average economic growth rate at the constant price will be only 4.4 percent. Of this, 3.3 percent will be in agriculture sector and 5.1 percent in non-agriculture sector. The target of economic growth rate could not be achieved due to the decrease in the growth rate in the agriculture sector and low growth in financial intermediates, industry and mines, electricity, gas and water of the non-agriculture sector. Due to adverse climate in the third year of the Plan, the growth rate in agriculture sector is expected to be only 1.05 percent. Thus, it seems that only 80 percent of the target of economic growth could be achieved. As a result of positive economic atmosphere created due to political stability and cordiality in the first year of the Plan, a high progress of 5.8 percent in the economic growth rate was achieved, which was above the set target. But, the political consensus seen among political parties, activeness in the establishing sustainable peace, and the people's enthusiasm, feelings and thoughts shown during the formulation of the Plan could not last during the implementation phase. The TYIP could not achieve its targeted economic growth due to poor security situation, impunity, unstable government, high rise in prices, local bodies without elected people's representatives, bureaucracy having poor chain of command, local pressure, plummeting industrial environment, protests and strikes, load shedding up to 18 hours, distrust in actual appraisal of work, adverse weather, negative impact on remittance due to severe international financial crisis.

The overall assessment of the TYIP reveals a mix results in the achievements. In the macroeconomic management, a positive trend has been observed specially in the revenue collection. The revenue reached 14.35 percent of GDP in the second year of the Plan. Similarly, the share of service sector to GDP reached 51 percent.

As against the target of reducing the population below the poverty line to 24 percent during the Plan period, it could be reduced to 25.4 percent. Despite few positive achievements, the structural reform and development efforts have not been rural income-oriented, poverty has still been pervasive, employment and income generating programs have not been effective in the rural areas, infrastructure development has not been spatial and regional-based, economic growth has not been balanced in all the regions, and economic distribution has not been equitable. The economy has also faced a deficit of Rs 23.53 billion in the balance of payments in the first eight months of the FY 2009/10, inflation at double digit, a decline in the growth rate of remittance compared to last year, liquidity crisis in financial sector, and ineffectiveness in the monetary instruments of the Nepal Rastra Bank.

Some structural changes have taken place during this Plan period. In the base year 2006/07 of the Plan, the share of agriculture in GDP was 35.3 percent and that of non-agriculture sector 64.7 percent, which at the end year of the Plan have been estimated to be 33.5 percent and 66.5 percent respectively. The total consumption is estimated to increase annually by 7.4 percent on an average and reached 90.6 percent of GDP (at constant price of 2006/07) at the final year of the Plan. Similarly, the gross domestic saving is estimated to increase by 15.7 percent on an annual average and reached 9.4 percent of GDP. The gross fixed capital formation is estimated to reach 21.3 percent of GDP.

In the field of government budget, the annual average growth rate of total expenditure at 2006/07 prices remained 16.1 percent during the Plan period. Of this, the average growth rate of current expenditure remained 18.9 percent and the capital expenditure 17.9 percent, while the growth rate of the principal repayment remained negative at 4.5 percent annually. On the sources of financing of the government expenditures, the revenue increased significantly with the annual average growth rate of 18.4 percent, foreign grants by 26.7 percent, foreign loan by 4.9 percent, and domestic borrowings by 3.6 percent.

Table 2.1 Ratio of Investment and Government Budgetary Position to Gross Domestic Product at the Final Year (2009/10) of the Three-Year Interim Plan.

Descriptions	Targets	Estimated Situation
Total investment (including change in stock)	31.3	38.2
Gross fixed capital formation	26.7	21.3
Private sector	18.8	16.2
Public sector	8	5.0
Gross national savings	28.9	34.4
Gross domestic savings	12.7	9.4
Revenue	13.6	16.0
Total expenditure	21.5	23.0
Current expenditure	11.6	14.3
Capital expenditure	8.0	7.2
Principal repayment	1.9	1.6
Foreign aid	6.1	4.9
Grant	3.6	3.6
Loan	2.5	1.3
Domestic borrowings	1.8	2.1

In the macroeconomic sector, viewing at the GDP ratios, total revenue, total expenditure, total investment, gross national savings, and foreign grants have demonstrated more progress than the targets set in the TYIP. However, the progress of the government sector investment and capital expenditure has remained only at the par of the targets. The total investment (including change in stock) has surpassed the targets, but the change in stock being half of gross fixed capital formation has indicated great lapses in utilizing a huge amount of capital. Similarly, high borrowing of domestic loans more than the target, decrease in gross domestic savings and gross fixed capital formation in comparison to their targets, and unexpected increase in current expenditures have not supported in achieving positive results in the economic growth.

In the monetary sector, the average annual growth rate of money supply has been estimated to reach 23.4 percent during the Plan period. The monetary and credit aggregates have increased particularly due to high growth rates of total domestic credit, increase in credits to the private sector, and a significant rise in remittance inflow.

During the Plan period, the annual average growth rate of inflation was targeted to remain at 5.6 percent. But, due to high price rise, the inflation is estimated to be 10.5 percent. The rise in prices could not be controlled within the target particularly due the price hike of petroleum products at the international market, high rise in the prices of food grains, and the unhealthy profit-making attitude in the country.

Negative impact has been observed in the balance of payments due to high escalation in foreign trade deficit during the Plan period. The decline in the total export of goods by 8 percent and reaching Rs 40.41 billion, and the sharp rise in the import of goods by 43.9 percent and reaching Rs 253.33 billion have become the main worrying factor.

During the first eight months of FY 2009/10, the balance of payments deficits reached Rs 23.53 billion and current account deficit reached Rs 32.58 billion. The unwarranted deficit in the current account is due to decrease in the growth rate of remittance and high trade deficits. Similarly, the foreign currency reserve reached to Rs 236.34 billion at mid-March 2010. The decline in foreign currency reserve caused particularly due to high increase in the trade deficits. The present foreign currency reserve can support import of goods for 7.6 months and the imports of goods and services for 6.6 months.

The agriculture sector, being the base for employment generation and broad-based economic growth, was targeted to achieve the growth rate of 3.6 percent per annum. However, the growth rate is estimated to be 3.3 percent in the Plan period. In the FY 2009/10, specially, due to the adverse weather condition, it is estimated to increase only by a nominal growth rate of 1.1 percent,

Table 2.2: Major Measurement Indicators: Situation of the Achievements in the Agriculture Sector in the Three-Year Interim Plan.

Quantity in '000 MT

Agricultural Products	Targets at the Final Year of the Interim Plan	Projection of the Production Situation in the FY 2009/10	Achievements (%)
Food Grains	7778	7762	99.8
Pulses	285	260	91.2
Fruits	723	705	97.5
Vegetables	3001	3001	100.0
Meats	255	268	105.1
Eggs (in 1 million)	715	643	89.9
Milks	1547	1496	96.7
Fishes	57	50	87.7
Sugarcanes	2894	2593	89.6
Potatoes	2379	2459	103.4

At the final year of the Plan 2009/10, it is estimated that the quantitative achievements in the major agricultural produces would be nominally less than their targets set for the TYIP. But, in case of productions of meat and potatoes, it is estimated to exceed the targets. Unfavorable weather conditions, increasing fragmentation of the land, inadequate irrigation, less access to agricultural credits, unavailability of agricultural labors in rural areas, increase in production cost, weak market network/management etc. are the basic factors for the nominal growth rate of this sector. However, encouraging development is observed in the cooperative sector during this period.

Table 2.3 Situation of Targets and Achievements of Infrastructure Sector (Irrigation, Drinking Water and Roads) in the Three Year Interim Plan Period.

SN.	Program	Unit	Targets of Three Year Interim Plan	Achievement up to FY (2009/10)
1	Surface mega and large irrigation projects	hector	26900	1800
2	Medium irrigation projects	hector	30000	3001
3	Ground water irrigation projects	hector	37400	27443
4	New road constructions	km.	780	934
5	Upgrading, reconstruction and rehabilitation	km.	2500	851
6	Road connecting to additional district headquarters	no.	12	8
7	Basic drinking water services made available by Water Supply and Sewerage Department	100 thousand	25	13.8

On the infrastructure development sector, encouraging progress has been achieved in the new road construction, development of underground irrigation projects, access to electricity services and development of domestic solar energy. Comparing the physical targets of the Plan, satisfactory progresses have been observed in the construction of roads connecting to the district head quarters, and less progress has been observed in the development of infrastructure of mega, medium and large irrigation projects and construction of electricity transmission lines.

Table 2.4 Targets and Achievements of Electricity and Energy Sector in the Three Year Interim Plan

SN.	Program	Unit	Targets of Three Year Interim Plan	Achievements up to FY (2009/10)
1	Electricity services receiving households	%	58.5	56.18
2	Electricity generation	mw.	105	78.9
3	Electricity transmission line expansion	km.	1745	44
4	Micro hydro electricity construction	kw.	11500	5719.2
5	Installation of solar domestic system	no.	90000	88544
6	Institutional installation of solar system	no.	810	36
7	Installation of bio-gas plan	no.	100000	31612
8	Electricity generation by wind energy	kw.	50	4.6

Approval of infrastructure development projects such as electricity, roads, drinking water, irrigation etc. without completion of necessary process, inclusion of many projects with limited budget to satisfy the demand of several people's representatives, disputes in land acquisition and in awarding contracts during the implementation phase, waste of investment due to insufficient budget, reshuffle of project staff with the change in government, lack of maintenance due to insufficient budget, and lingering process of environmental impact assessment are the main reasons for the emerging trends and status of low progress and high cost in infrastructure development works.

Reviewing the social infrastructure development sector, a good progress has been observed in the enrolment rate of education sector during the Plan period, However, lack of basic physical infrastructure of education sector, lack of expected supply of teachers in proportion to the number of students, disparity in

the SLC results between community schools and private schools, and incapability to reduce gender, racial/ethnic and regional disparities in the access of education are the major constraints in the education sector.

Table 2.5 Targets and Achievements of Education Sector in the Three Year Interim Plan

(in percentage)

Descriptions	Achievements of Three Year Interim Plan	
	Targets	Achievements
Primary level, net enrolment rate	96	93.7
Lower secondary level, enrolment rate	75	63.2
Secondary level, enrolment rate	60	40.8

In the TYIP, net enrolment rate in primary level was targeted to achieve 96 percent however the achievement is estimated to be 93.7 percent. In comparison to the targets, less progress is also observed in gross enrolment rates in both lower secondary and secondary levels.

Despite high achievements in maternal mortality rate, infant mortality rate, child mortality rate, and in total fertility rate of women age 15-49 years, the delivery of quality health service in remote areas during TYIP period has remained a challenge.

Table 2.6 Targets and Achievements of Health sector in the Three Year Interim Plan

Health Sector Indicators	Situation up to the end of the Tenth Plan	Targets of Three Year Interim Plan	Situation up to 2008/09
Maternal mortality rate (per 100 thousand)	281	250	229
Infant mortality rate (Per 1000 birth)	48	44	41
Child mortality rate (per 1000 birth)	61	55	50
Total fertility rate (15-49 year women)	3.1	3	2.9*

* Based on sample survey

Although, policy provisions made in the women, persons with disability, children, youths, and elderly citizens sectors have been satisfactory, their implementation has remained weak. There is still prevalence of widespread disparities in terms of

regional, caste and class in the women empowerment and gender mainstreaming sector and the cases of violence against women has not yet been reduced. Similarly, the existing problems in the social protection system for the persons with disabilities could not be made systematic and effective, and adequate programs could not be reached for the educational, physical and psycho-social development of vulnerable children in the backward and conflict affected communities. Moreover, poor conditions exist in the areas of promoting youths' role and increasing their productivity, development of contemporary educational system and creating employment opportunities and developing their entrepreneurship. Furthermore the capacity and experience of the elderly citizens could not be used appropriately in the national development. Although, some improvements have been observed in the status of the human rights compared to the past situation, establishing the rule of law by ending impunity is still becoming the main challenge. Moreover, the general people have also not experienced good governance due to the lack of development of state machineries as per their expectations on the public administration.

Although, there has been good progress during the review period in poverty alleviation, revenue collection, rural electrification, road construction, school-enrolment rate, and financial and cooperative sectors, the expected progress could not be achieved in agriculture, trade and industry sectors, which are the backbones of the economy. Remarkable development has not been observed even in irrigation, energy, and infrastructure sectors, which are related to rural road network of the remote areas.

In the process of mid-term review, the following general weaknesses are identified:

Lack of setting the targets and implementing the programs as expected even though, the long-term vision, objectives, strategies, policies and working policies were so extensive and important of the Plan.

No effective coordination among the plan implementing and monitoring agencies.

Prevalence of external intervention on the formulation and implementation of annual programs.

1. Lack of emphasis in the allocation of the resources in the priority projects.
2. Lack of strengthening the capacities of plan implementing agencies.

3. Progress Review of Millennium Development Goals

Poverty, Disparity and State Building

Nepal has been trying to achieve the Millennium Development Goals (MDGs) since the Tenth Plan by incorporating these goals in the Plan and annual programs which were committed by the member nations of United Nations including Nepal to achieve by 2015. The first progress review of the MDGs done in 2002 revealed that the achievement made by Nepal were not encouraging. The second review done in 2005 although revealed that there had been significant progress in poverty alleviation, education, health, drinking water and in preservation and promotion of bio-diversity, it had mentioned that additional efforts were required. The progress review done in 2009/10 has shown that even in the adverse situation remarkable achievements have been achieved in these sectors.

Nepal has made impressive progress in reducing poverty. It is reduced by 11 percentage point between 1996 and 2004 (from 42 to 31) and 6 percentage point (from 31 to 25) between 2005 and 2009 and reached to about 25.4 percent. Despite this very positive national trend, the disparities between rural and urban areas still persist at the national level. The urban poverty was only 10 percent while the rural one was 35 percent in 2004; it has decreased to 8 percent and 22 percent respectively in 2009. In this way the gap between these two areas is narrowing down than before but it is still wide. From regional perspectives, poverty in the Mid-Western Region is high and the disparity between better off regions in terms of poverty reduction like Eastern Region and Kathmandu valley shows a widening gap between the rich and the poor. In 2004 poverty in the Mid-Western Region was 44.8 percent while in the Central Region and in Kathmandu Valley it was 27.1 percent and 3.3percent respectively. In 2009 these figures have come down to 37.4 percent in the Mid-Western and 22.3percent and 1.9 percent in the Central Region and Kathmandu Valley respectively. Over 80 percent people still live in rural areas and subsistence agriculture is their main source of living. The contribution of agriculture to GDP in 2008 is only 33 percent. The main source of income in the rural areas is remittance, which is 18 percent of total GDP. According to the Nepal Labor Force Survey, 2008, of the total 4.83 million households in Nepal 1.45 million (about 30 percent) households receive remittances. It has made significant support at the rural level as most of this remittance income goes to rural areas making a major source of livelihood improvement reducing poverty and hunger.

Progress of Millennium Development Goals and Future Program

In spite of the transitional situation, political instability and other challenges and compulsions, Nepal is likely to achieving six MDGs out of eight goals by 2015. Out of these, big efforts are required to create appropriate environment for achieving full employment, climate change and HIV/AIDS related goals. Some improvements have been seen in the food security situation. Underemployment

and unemployment has gone down and remittance income has increased – but recently at decreasing rate. Even though, significant progress is seen in poverty reduction, the prevalence of hunger and stunting reveals that the problem is serious in poor, weak and backward groups. The number of children below five years age having under weight is still 38.6percent and expected growth is not observed in 39 percent children. Likewise, 36.15 percent population is still deprived of minimum food requirement. From this, it is clear that there are a large number of poor and deprived people in Nepal and more focus and additional efforts are required on this issue. Similarly, 38.8 percent of people are either unemployed or underemployed. Due to this, it is clear that sufficient efforts are needed to achieve the first goal of MDGs.

In education sector, the net school enrolment rate has reached 93.7 percent, completing primary level 77.9 percent and literacy rate of 15-24 years reached 86.5 percent .The targets are likely to be achieved in net enrolment rate and of literacy. However, it would be difficult to achieve target of completing grade five. In this context, the targets related to primary education are likely to be achieved easily if some further efforts are made. The target will be achieved with the reduction in dropout rates and trend in repeating the classes. Net enrolment rate is increasing and if some additional efforts are made this target could be met. The youth literacy rate among 15-24 years old is already met. Similarly, in gender equality related indicator in the primary education, significant progress has been achieved during last five years and access to all in education will be achieved by 2015.

The progress has been achieved in gender equality and women empowerment. Gender equality is progressing considerably in the education of primary and secondary levels and in the literacy among 15-24 years. However, more improvement has to be made in girls trafficking and violence against women.

The maternal mortality rate (MMR) has also dropped significantly and will reduce by three quarters by 2015. Due to Nepal's special attention on reducing MMR, targets are seemed to be achieved as MMR reached 229 in 2009 in comparison to 213, the target of 2015. However, the status of maternal mortality is still not satisfactory and requires more improvement. The target of infant mortality rate per thousand is 34 and achievement is 41, this trend shows that the target will be achieved easily. The target of child mortality rate has already been achieved. But, it is more challenging to achieve the goal of preventing HIV/AIDS and to reduce the number affected. Although, the rate of increase in the number of HIV/AIDS affected has been reduced but the number has still been increasing.

The targets regarding environmental sustainability are not adequately addressed and it will require more efforts and resources. Environmental sustainability is directly linked with the living standard of the people and the economic growth. Nepal is highly vulnerable to the risks of climate change. Nepal's contribution to GHG is very low, and has no or little role in global warming. However, Nepal also

needs to pay attention to the environmental protection. Community-based conservation is most essential and it is effective for the conservation and sustainable use of forest and preserving biodiversity. With this the target can be met by 2015. More commitment is needed to achieve the goal of a hundred percent clean and healthy drinking water. In Nepal, the status of basic sanitation is unsatisfactory, and has received generally lower priority than water supplies. There is a wide disparity in the use of toilet facility between rural and urban areas. The environment policy is largely favorable in Nepal in meeting targets of MDGs. The overall development policy and plan is guided by the vision of poverty alleviation, inclusion and justice. The Interim Constitution, 2006 has also encouraged overall inclusion, participation and decentralization. Resource allocation has been more systematic and regular, and the amount has also increased. More resources are allocated in social sector and in favor of marginalized groups and geographic areas than before.

Climate change now being international priority agenda, environmental protection and conservation has gained more importance. The Government has given high importance on generating employment opportunities, poverty alleviation, food security and the climate change through a three-year strategy.

Initiation has been taken to jointly carry out poverty monitoring, Medium-term Expenditure Framework for appropriate plan and programs, and result-based development management (MfDR).

Though, out of eight goals related to Millennium Development Goals, six goals are likely to be achieved. However, it is still challenging to achieve these goals at local levels and to improve the living standards of people of remote area and backward communities so as to make them out of hunger and poverty by mainstreaming them in the development process. Now the State must pay attention to these issues.

Table 3.1: Nepal's Position towards the MDGs

GOALS	Will MDGs be achieved?					Supportive Environment to achieve MDGs			
	Achieved	likely	potentially likely	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
1 (a) Reduce poverty by half		✓				✓			
1 (b) Full and productive employment				✓				✓	
1 (c) Reduce hunger			✓				✓		
2 Achieve universal primary education			✓			✓			
3 Gender equality and empowerment of women			✓				✓		
4 Reduce child mortality		✓				✓			
5 Reduce maternal mortality		✓				✓			
6.(a) Reduce the spread of HIV/AIDS		✓				✓			
6(b) Control malaria and other major diseases		✓				✓			
7. Ensure Environmental Sustainability									
7(a1) Control loss of forest			✓				✓		
7(a2) Climate change and GHG emission					✓				✓
7(b) Control Biodiversity loss		✓					✓		
7 (c) Halve the proportion of the population with sustainable access to an improved water source, and improved sanitation by 2015			✓				✓		
7(d) Improve lives of slum dwellers									
8.Develop a global partnership for development									

Table 3.2 Key Development and MDG Indicators and Their Values

Indicators	Year	Achievements
Population size (in Million)	2009	27.5
Average population growth rate (%)	2009	1.94
Expected life expectancy (years)	2009	66.3
Gross national income per capita (U.S.\$)	2008/09	472
Gross domestic product growth rate (%)	2008/09	3.95
Inflation rate (%)	2008/09	13.2
Human development indicators (values)	2007	0.55
Population below national poverty line (%)	2009	25.4
Underweight children aged under five years (%)	2006	38.6
Literacy rate (15-24 years) (%)	2008	86.5
Net enrolment rate in primary education (%)	2009	93.7
Infant mortality rate of children under five years (per 1000 live birth)	2006	50
Maternal mortality ratio (per 100 thousand live births)	2006	229
HIV prevalence for 15-49 years (%)	2007	0.49
People using wood as their main fuel (%)	2008	68.4
Area under forest coverage (%)	2009	39.6
Population with sustainable access to improved water sources (%)	2009	80
Population with sustainable access to improved sanitation (toilet) both in rural and urban areas (%)	2009	43

4. Review of the Development Efforts, Challenges and Opportunities

Present Status of Achievements

Even after more than 50 years of planned development efforts, expected pace has not been noticed in our economic growth. As the outcome of the implementation of the past plans, some achievements have been made in sectors like road, irrigation, drinking water, information and communications, literacy and school enrolment rate, average life expectancy, child mortality rate, maternal mortality rate. However, the country is still in a developing stage at large. In this backdrop, it is felt that our development efforts should be given a new thrust. It is required to create necessary environment for preserving the past achievements and strategically facing the existing challenges in the development process.

Existing Challenges in the Development Process

The following are the main challenges in our development process.

1. To increase investment in the priority sectors by creating investment friendly environment.
2. To mitigate the impact and potential impacts from the global economic recession.
3. To control high level of inflation.
4. To avail local cooperation in infrastructure development.
5. To manage appropriately the increasing population.
6. To enhance the level of income by generating adequate employment opportunities.
7. To ensure the returns of development to the regions, communities and groups that left behind in the process of development.
8. To strengthen the democratic system by making public service delivery effective.
9. To provide sufficient and reliable energy supply by solving the problem of energy crisis.

Existing Opportunities

Although there are challenges as mentioned above, the country has definite opportunities available. There is a condition of advancing the development process of the country by utilizing these opportunities. The followings are some of the important opportunities which could be utilized.

1. Possibility of forging consensus towards development with new vigor and aspirations brought about by the unprecedented political change.
2. Existence of the opportunities to transform the nation as per the wishes of the people through the Constituent Assembly.
3. Possibility of using the available natural resources of the nation.
4. Continued cooperation and good wishes of development partners on Nepal's development efforts.

5. Possibility of taking advantages from the high growth rates of the neighboring countries in trade, tourism and other areas of the country.
6. Existing development support situation to use the physical and social infrastructures built in the past.
7. Possibility of investing remittance income and skills in productive sectors.

5. Three-Year Plan (2009/10 - 2012/13)

Long-Term Vision

The long-term vision of the Plan is to create a prosperous, peaceful and just Nepal through transforming Nepal from a least developed country (LDC) into a developing nation within a two-decade period. In this situation, people living below the poverty line will be at minimum level through the achievement of high economic growth and Nepal will be developed in the state of a prosperous modern nation. There will be peace and good governance in all spheres of the country. All Nepalese people will avail equal opportunities to ensure their future. All forms of discriminations and inequalities (legal, social, cultural, linguistic, religious, economic, ethnic, physical, gender and regional) will be ended from the society.

Goal

The goal of the Plan is to improve the living standards of all Nepalese people, reduce poverty to 21 percent, and achieve MDGs by 2015 through sustainable economic growth, generating dignified and gainful employment opportunities, reducing economic inequalities, achieving regional balances, and eliminating social exclusions.

Objective

The main objective of the Plan is to enable people to feel change in their livelihood and quality of life by supporting poverty alleviation and establishment of sustainable peace through employment centric, inclusive and equitable economic growth.

Strategy

Attaining employment centric, broad-based economic growth, creating development infrastructures considering the future federal states including regional balance, inclusive and equitable development, support the process of socioeconomic transformation of the nation, making governance and service delivery effective and mainstreaming trade in development are the macro strategies of the Plan. It includes the following strategies:

1. To achieve employment centric, poverty alleviation oriented, sustainable and broad-based economic growth with the joint efforts of the government, private and community/co-operatives sectors.

Emphasis will be given to enhance employment with the joint efforts of the government, private and community/cooperative in all the sectors of the economy to create internal and external employment opportunities for increasing population of the country and to improve living standard of the people living below the poverty line. Moreover, economic growth rate will be made sustainable, broad-based and poverty alleviation-oriented by giving priority to the development of more employment generating sectors. To achieve economic growth, agriculture, tourism, industry and trade sectors will be taken as prime sectors.

2. To develop physical infrastructure to support both the future federal structure of the nation and regional economic development.

Decision to adopt decentralized governance system with federal structure has already been made by transferring existing centralized unitary governance system in the country. Therefore, while developing physical infrastructure support to economic growth of probable states and promoting regional balance will also be considered.

3. To emphasize on inclusive and equitable development to achieve sustainable peace.

Inclusive and equitable development strategy will be adopted to uplift the living standard of the excluded groups, Dalit, Madhesi, Adibasi/Janajati, women, people with disability and remote geographical areas and poor people of the various regions of the country from the prevailing discriminatory practices in the society. Strategy will be adopted to create necessary environment for investment in the country emphasizing on inclusive and equitable development and supporting lasting peace in economic terms.

4. To contribute to socioeconomic and social services.

Strategies will be adopted to speed up the development momentum by strengthening economic and social services that needs to be provided to the people of the country by the government, private, cooperative and nongovernmental organizations and through transformation of existing economic and social situation.

5. To make development works result-oriented through ensuring governance and effective service delivery.

Strategies will be adopted to make development result-oriented by emphasizing people's participation, transparency, accountability and creation of corruption free situation through the establishment of values of rule-based state to ensure good governance in the nation as well as improving effectiveness of service delivery of the government and the private sector.

6. To strengthen economic growth and stability by developing private and community/ cooperative sectors and mainstreaming industrialization, trade and service sector in the national development endeavors.

Special attention will be given in the development of private and community/cooperative sectors in the country. With the support of these sectors industrialization, trade and service sector will be mainstreamed in the national development endeavors. Similarly, trade deficits will be reduced by developing exportable goods and services having comparative advantage and the opportunities created by the bilateral, regional and multilateral trading systems will be utilized to an optimum level. To this end, emphasis will be accorded to industrialization, maximum mobilization and use of internal and external resources, development of private, community and cooperative

sectors and promotion of exportable goods and services with the private, community, cooperative and public sector partnership.

Priority Sectors

The following priority sector has been identified by the Plan:

1. To make the economic development sustainable, broad-based, and poverty alleviation-oriented, emphasis will be given to the balanced development of the physical and social infrastructures taking into consideration the future federal republic state structure.
2. Priority will be accorded to employment creation and economic growth by providing priority to agriculture sector, tourism, industry, and export trade.
3. Investment will be increased to support development by promoting inclusion of excluded communities, region and gender in all structure, sector and processes of the nation.
4. To ensure availability and regularity of essential services for human livelihood (drinking water, energy/electricity, roads, communication, food security, health and education) the required investment in these sectors will be increased,
5. Emphasis will be given to ensure availability of quality services to the people on time and at concessional prices by promoting good governance.
6. Attention will be paid towards minimizing the impacts of climate change by protecting environment and availing opportunities.
7. High priority will be accorded to nationally important priority projects and those that will contribute directly to the relief of the people.

Key Quantitative Targets

The quantitative targets of the key indicators of the economic, social and infrastructure development of the country will be expected as given in the table 5.1 below.

Tabel 5.1 Quantitative Targets

SN.	Indicators	Situation in FY 2009/10	Three Year Plan's Targets
1	Economic growth rate (%)	4.4	5.5
	Agriculture sector growth rate (%)	3.3	3.9
	Non-agriculture sector growth rate (%)	5.1	6.4
2	Population living below poverty line (%)	25.4	21
3	Employment growth rate (%)	3.0	3.6
4	Delivery attended by trained health workers (%)	29	60
5	Contraceptive prevalence rate (%)	50	56
6	Total fertility rate (women of 15-49 year age group) (%)	2.9	2.6
7	Maternal mortality rate (per 100 thousand)	229	170
8	Neo-natal mortality rate (per 1000 live birth)	20	16
9	Infant mortality rate (per 1000 live birth)	41	36
10	Child mortality rate (per 1000 live birth)	50	40
11	Population with access to drinking water services (%)	80	85
12	Population with sanitation services (%)	43	60
13	Primary level net enrolment rate (%)	93.7	98
14	District head quarters connected with roads (no.)	71	75
15	Telephone including mobiles (per 100 people)	27	55
16	Electricity generation (installed capacity) (mw.)	691	972
17	Population with access to electricity (%)*	56	65
18	Irrigation (hector)	1227000	1425725
19	Areas covered with forest (%)	39.6	40
20	Total length of roads (km.)**	19447	20122

* Situation up to FY 2008/09.

** Except rural roads.

6. Economic Growth Rate and Resource Management

Economic Growth, Savings and Investment

Taking into consideration of the existing political situation, need to orienting nation into sustainable high economic growth direction, the institutional capacity and the expected availability of internal and foreign resources, the Plan has targeted to achieve 5.5 percent annual average economic growth rate. With this growth rate per capita income will increase by 3.5 percent and employment will increase by 3.6 percent on an annual average basis. The population living below the poverty line is targeted to be reduced to 21 percent on the basis of the achievements made in poverty reduction so far, elasticity of poverty with the economic growth, achievements of employment growth and targeted programs, and on the basis of accepted definition of poverty. Of the overall economic growth rate, the agriculture sector is estimated to grow by 3.9 percent and non-agriculture sector by 6.4 percent. The average annual rate of inflation is estimated to remain at 7.0 percent during the Plan period.

The agriculture sector growth is targeted at 3.9 percent on an annual average considering that the agriculture sector will be oriented towards commercialization with special attention given to agriculture sector, promoting co-operatives, irrigation, agriculture roads, agriculture credit, research and technology dissemination, rural electrification and development of market mechanism to increase production and productivity and the investment of the private sector.

In the industrial sector, policy and procedural reforms will be carried out along with ensuring industrial security and institutional reforms to improve industrial climate. Special attention will be given to the development of industrial and commercial infrastructures and expansion of services, expansion and promotion of micro, small and medium-scale industries, ensuring industrial peace, focus on mining industry and creating environment for the full use of the actual capacities of the existing industries. With these emphases, the growth rate of this sector is estimated to be 5.0 percent.

Rural electrification will be given special attention during the Plan period. With the involvement of the private sector, some hydroelectricity projects will be completed. Together with the energy produced from other sources including the government sector, the annual average growth rate of the electricity sector is estimated to be 9.5 percent. With the assumption that new and national important infrastructures will be constructed and expanded and private sector involvement will further be increased, the growth rate of the construction sector is estimated to be 6.5 percent on an annual average in the Plan period.

As peace has been restored, there is an encouraging environment for the tourism sector and during the Plan period, new areas and services in the tourism sector will be developed. Policy and institutional reforms will be carried out to eliminate structural obstacles for the development of tourism. Special efforts will also be

made to celebrate 2011 as a Nepal Tourism Year. As a result, the growth rate of this sector is estimated to be 8.0 percent per annum.

As the government is making high investment in the transport and communication sector by providing special priority in the Plan period and the investment of the private sector is also expected to increase due to policy reforms, the annual average growth rate of this sector is projected to be 8.0 percent.

In the trade sector, because of the positive impact of economic diplomacy and improvement in the industrial environment it is estimated that this sector will grow by 6.5 percent. Similarly, after restoration of peace, the investment climate will improve. As a result it is estimated that financial sector and real estate sector both will grow by 5.0 percent, respectively. Similarly, with the priority accorded by the government to the social services sector, additional increment in investment will help to generate growth in the health, education and other community sectors by 7.5, 8.0 and 9.7 percent respectively (Table 6.1).

**Table 6.1: Gross Domestic Product and Sectoral Value Addition during the
Three Year Plan (at 2009/10 constant prices) (Rs. in million)**

S. N.	Sectors	Growth Rate	Base Year 2009/10	2010/11	2011/12	2012/13
1	Agriculture		372561	389213	402444	418276
1.1	Agriculture and forestry	3.9	366744	381047	395908	411348
1.2	Fisheries	6.0	5817	6166	6536	6928
2	Non-agriculture		737744	787490	840391	896644
2.1	Industry		165412	175535	186306	197771
2.1.1	Mining and quarrying	5.0	5782	6071	6375	6693
2.1.2	Manufacturing	5.0	69349	72816	76457	80280
2.1.3	Electricity, gas and water	9.5	16597	18174	19900	21791
2.1.4	Construction	6.5	73684	78473	83574	89007
2.2	Services		572332	611955	654085	698873
2.2.1	Wholesale and retail trade	6.5	155139	165223	175963	187400
2.2.2	Hotel and restaurant	8.0	18571	20057	21661	23394
2.2.3	Transport, storage and communications	8.0	108394	117066	126431	136545
2.2.4	Financial intermediation	5.0	45182	47441	49813	52304
2.2.5	Real estate, rent and business activities	5.0	91660	96243	101055	106108
2.2.6	General administration and defense	5.0	22053	23156	24313	25529
2.2.7	Education	8.0	74055	79979	86378	93288
2.2.8	Health and social work	7.5	16250	17469	18779	20187
2.2.9	Other community, social and personal services activities	9.7	41028	45322	49692	54117
	Gross value added (including FISIM)	5.8	1110305	1174703	1242835	1314920
	Financial intermediation service (indirectly measured)		35156	40421	46168	52436
	Gross value added (at basic prices)	5.5	1075149	1134282	1196668	1262484
	Taxes less subsidies on products		107531	118176	129685	142124
	Gross domestic product (at producer's prices)	5.9	1182680	1252458	1326353	1404608

Basis of Resource Allocation

In order to achieve the targeted growth rates of the Plan, the allocation of sectoral investments will be made on the following basis.

1. Increase investment in those priority sectors, which outreach the downtrodden people who still have not received direct benefits from the investment made in the development programs and which support to broad-based, inclusive and sustainable development policies and programs. In addition programs will be implemented that help the government to increase investment in the infrastructure development, effective service delivery, social security and encourage the private sector investment in other economic activities.
2. Investment will be concentrated in those sectors, strategies and programs which create direct and indirect employment. Employment creation will be the main basis for selecting any project and investment will be concentrated accordingly.
3. Effective contribution to poverty alleviation and economic growth will be made by emphasizing programs that raise the income of the poor and marginalized communities and empower them.
4. Attention will be given to that type of economic growth which helps to promote the development of the remote hill and mountain areas of the backward geographical regions, by involving the participation of women, Janajati, Madheshi community, people with disability, elderly citizen and single women in the development process and outcomes and helps to fulfill their needs.
5. Special attention will be given to the strategies which promote the economic activities that are identified by local level communities that fulfill the needs of the communities and those projects which can be operated and managed by the community itself. This will help to promote employment by increasing ownership of the community and mobilization of people's participation. Similarly, strategies like fulfilling the local needs, economic development, utilizing local resources and reducing regional imbalance will also be given special consideration.
6. Special importance will be given to the development of agriculture sector, which is the important basis of equitable economic development and food security and livelihood. In the process, special attention will be paid to the development and expansion of required irrigation facilities, adequate supply of appropriate agricultural inputs on time and improving and expanding agricultural road, agricultural credit, research, technology dissemination, rural electrification and development of market mechanism to promote integrated services, marketing and productivity.
7. Special focus will be given to promote the investment of private sector or public private partnership in the development of electricity, information and

communication, rural energy, road and other infrastructures in which the government is mainly involved so far.

8. Special attention will be paid to create investment friendly environment with the involvement of all the stakeholders. By doing so, promoting productivity, effective distribution through the production of quality goods and services will be encouraged.
9. Access of all the people will be made in the consumption of goods and services, public services, financial service, and the sources of production.
10. Reform and expansion in institutional and legal provisions will be made to achieve high economic growth rate, improve accessibility to the results of development to all and to create situation that every citizen could get easily the public service delivery by making them easily available.
11. Special attention will be paid in the increment of economic growth rate and making the development broad-based through promoting national integration and increasing investment in mega projects which work as identification and means to national development.
12. Investment will be increased in those areas which help to realize the change in people's livelihood and maximize the utilization of the available potential sources to create the environment for development programs and initiate sustainable economic development.

Capital Investment and Incremental Capital Output Ratio

During the Plan period, it is assumed that investment climate will be improved and special efforts will be made to make projects and activities cost effective. On this basis, there will be improvement in the use of existing capacities of different sectors and it will be helpful to improve incremental capital output ratio. However, due to increase in investment in infrastructures development in the Plan period whose return could not be accrued immediately, it is estimated that incremental capital output ratio (ICOR) will increase slightly to 5:1. Based on the estimated ICOR and projected growth rate of 5.5 percent, it is estimated that the gross fixed capital formation will be Rs.1,023.70 billion at 2009/10 prices during the Plan period. (Table 6.2)

Table 6.2: Capital Investment and Incremental Capital Output Ratio
(at 2009/10 constant prices)

(Rs. in million)

S. N.	Sectors of investment	Incremental capital Output Ratio	Public		Private		Total	
			Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Agriculture		49372.6	13.55	87773.6	13.31	137146.2	13.4
1.1	Agriculture, and forestry	3	47172.6	13.22	85640.2	12.99	133812.8	13.07
1.2	Fisheries	3	1200	0.33	2133.4	0.32	3333.4	0.33
2	Industry		77379.9	21.24	126730.1	19.22	204120	19.94
2.1	Mining and quarrying	5	455.7	0.13	4101.2	0.62	4556.9	0.45
2.2	Manufacturing	5	5465.6	1.5	49190.1	7.46	54655.7	5.34
2.3	Electricity, gas & water	22	68557.3	18.82	45704.9	6.93	114262.2	11.16
2.4	Construction	2	2911.3	0.8	27733.8	4.21	30645.1	2.99
3	Services		237578.4	65.21	444860.3	67.47	682438.7	66.66
3.1	Wholesale & retail trade	2.8	2709.9	0.74	87621.1	13.29	90331.1	8.82
3.2	Hotel and restaurant	7	6752.4	1.85	27009.4	4.1	33761.8	3.3
3.3	Transport, storage and communication	8.7	93067.9	25.54	151847.7	23.03	244915.6	23.92
3.4	Financial intermediation	5.5	3917	1.08	35253	5.35	39170	3.83
3.5	Real estate, rent and business activities	5.5	0	0	79463.5	12.05	79463.5	7.76
3.6	General administration and defense	4	13904.4	3.82	0	0	13904.4	1.36
3.7	Education	3.5	30291.9	8.31	37023.5	5.62	67315.4	6.58
3.8	Health and social work	8.9	28033.7	7.69	7008.4	1.06	35042.2	3.42
3.9	Other community, social and personal services activities	6	58901.1	16.17	19633.7	2.98	78534.8	7.67
	Total investment	5	364340.9	100	659364	100	1023704.9	100

Government Budget and Sources of Financing Government Expenditures

During the Plan period, it is estimated to raise total revenue amounting to Rs 677.99 billion at 2009/10 prices. While projecting revenues, it is estimated that the revenue will increase on an annual average by 8.7 percent at constant prices and the ratio of revenue to GDP which is estimated to be 16.1 percent in the FY 2009/10 is projected to reach 17.3 percent at the final year 2012/13 of the Plan. On the government expenditure front, the total expenditure during the Plan period is estimated to be Rs 1,019.99 billion at 2009/10 prices. Of this, the current expenditure is estimated to be Rs 584.20 billion. It is estimated that current expenditure to GDP ratio in the FY 2009/10 remains at 14.3 percent, Current expenditure will increase due to election of central, provincial and local government during the Plan period. The current expenditure to GDP ratio is targeted to reach 15.0 percent in the Plan period, On the capital expenditure, it is projected to reach Rs 364.34 billion during the Plan period. In the FY 2009/10, the capital expenditure to GDP ratio was 7.2 percent which is targeted to increase to 9.2 percent during the Plan period.

During the Plan period it is estimated that a total of Rs 249.28 billion at 2009/10 prices will be mobilized through foreign assistance. Of this, it is estimated that foreign grant will be Rs 175.18 billion and foreign loan will be Rs 74.10 billion. As a ratio of GDP, the total foreign aid is estimated to be 5.38 percent in the FY 2009/10, which is estimated to increase to 6.57 percent during the Plan period, It is targeted to mobilize 24.44 percent of the total expenditure only through foreign aid mobilization in the Plan because of the strategies initiated to improve self reliance in the development endeavors.

On the resource mobilization during the Plan period, as there will be substantial increase in revenue mobilization, expected increase in the availability of foreign aid and control in the growth of current expenditures, it is estimated that the growth rate of domestic borrowings can be kept within a desired limit. In the FY 2009/10, domestic borrowing is estimated to be 2.1 percent of GDP, which is estimated to increase marginally to 2.2 percent at the final year of the Plan. It is assumed that because of adoption of appropriate fiscal policy in the Plan period, the macro-economic stability will be maintained. (Table 6.3)

Table 6.3: Projection of Government Budget
(at FY 2009/10 constant prices) (Rs. in million)

S.N.		2009/10	2010/11	2011/12	2012/13	T Y P Total	Percentage
1	Total expenditures	272540	312790	340380	366830	1020000	100.0
	Current expenditures	168810	177680	195450	211080	584200	56.95
	Capital expenditures	84710	114000	121300	129040	364340	36.08
	Principal repayment	19010	21100	23640	26710	71450	6.97
2	Total revenue	189600	205980	228430	243580	677990	66.09
3	Budget deficit	82930	106800	111950	123250	342000	33.91
4	Foreign grant	42720	55030	58330	61830	175180	17.08
5	Revenue and foreign grant total	232320	261010	286760	305410	853170	83.17
6	Deficit after grant	40220	51780	53630	61420	166820	16.83
7	Foreign loan	15090	20470	23120	30520	74100	7.79
8	Domestic borrowings	25120	31310	30510	30900	92720	9.04

Impact of Investment on the Macro-economy

It is assumed that the proposed investment in the Plan will have a positive impact on the macroeconomic indicators of the economy. In the Plan, the economic growth will be made employment-oriented, inclusive and broad-based by maintaining macroeconomic stability.

Table 6.4: Projected Investment, Public Expenditure and Its Sources

(as percentage of GDP)

Sectors	FY 2009/10	Final year of the T Y P FY 2012/13
Total investment (including change in stock)	38.2	40.5
Gross fixed capital formation (GFCF)	21.3	25.5
Private	16.2	16.4
Public	5.0	9.1
Gross national savings	34.4	41.1
Gross domestic savings	9.4	11.2
Revenues	16.0	17.3
Total expenditures	23.0	25.8
Current	14.3	14.9
Capital	7.2	9.1
Principal repayment	1.6	1.9
Foreign aid	4.9	6.5
Grant	3.6	4.4
Loan	1.3	2.1
Domestic borrowings	2.1	2.2

Viewing macroeconomic indicators as a ratio of GDP, the revenue is estimated to reach 17.3 percent in FY 2012/13 from 16.0 percent in the FY 2009/10. It is estimated that total expenditure will increase from 23.0 percent to 25.8 percent, current expenditure from 14.3 percent to 14.9 percent, and the capital expenditure from 7.2 percent to 9.1 percent. Similarly, it is estimated that foreign aid will increase from 4.9 percent to 6.5 percent and domestic borrowings to 2.2 percent. It is also estimated that the share of gross fixed capital formation to GDP will rise to 25.5 percent from the level of 21.3 percent.

7. Macroeconomic Policy and Economic Development Policy

7.1 Savings

Background

The investment required for achieving the desired economic growth necessitate appropriate saving mobilization. Although the gross domestic savings has been low in Nepal due to increasing consumptions, the gross national savings has been increasing satisfactorily since past few years mainly due to rise in remittance inflow.

Statistics show that gross domestic savings rate has been decreasing in Nepal since past few years. In the base year FY 2006/07 of the Three-Year Interim Plan, the domestic savings was 9.8 percent of the gross domestic product. However, in the final year of the Plan the domestic savings will be only 9.4 percent, indicating 3.3 percent point below the target of 12.7 percent of the Plan. In FY 2006/07, the national savings was 28.6 percent of the gross domestic product which is estimated to reach to 34.4 percent in the FY 2009/10 indicating very high achievement against the target of 28.9 percent of the Plan.

Low interest rates on bank deposit, increasing consumption, high inflation and limited financial accessibility in the rural areas etc. seen in the recent past can be taken as the main problems of saving mobilization.

Therefore, it is necessary to maintain balance with investment by satisfactorily increasing domestic savings as increase observed in national savings.

Objective

1. To increase the investment capacity by high saving mobilization.

Strategy

1. Give priority to saving mobilization programs by managing consumption and creating environment for high saving mobilization.
2. Emphasize increase in revenue saving by reducing public sector consumption expenditure.
3. Increase national savings by promoting foreign employment.

Working Policy

- 1.1 Necessary Policy will be adopted to make positive interest rate and to mobilize savings of the general public.
- 1.2 Bank and financial institutions will be encouraged to expand their branches to rural areas to increase financial savings.
- 1.3 To encourage people's savings, new instruments will be made available targeting the countries with high inflow of remittance.
- 1.4 Households, communities, and private and corporate sectors will be encouraged to save.

- 1.5 Appropriate environment for savings will be created by controlling increasing rate of inflation.
- 1.6 Policy to discourage the tendency of making unnecessary expenditures will be adopted.
- 1.7 To mobilize savings of the women, poor and deprived communities through micro credit and cooperatives, these institutions will be encouraged to increase their capacities to mobilize appropriate instruments on the basis of risk taking capacities.
- 2.1 Investment will be concentrated on high yielding areas.
- 2.2 The share of revenue in GDP will be increased through cost effective revenue collection.
- 2.3 Saving habits will be encouraged to invest the remittance income in the productive sectors.

Expected Outcome

1. At the final year of the Plan the ratio of gross domestic savings to gross domestic product would have been reached 11.2 percent.
2. At the final year of the Plan, the ratio of gross national savings to gross domestic product would have been reached 41.1 percent.

7.2 Revenue

Background

More revenue can be mobilized for capital expenditure after making current expenditures through sustainable and high internal resource mobilization. In the past two fiscal years there has been remarkable increase in revenue. However, for its sustainability investment of government and private sectors need to be increased. Moreover, there is a need of reducing import-based revenue and increase investment in productive sectors of the economy such as industries promoting the country to be self-reliant.

In the final year FY 2009/10 of the current Plan, it was targeted that the ratio of revenue to gross domestic product will be 13.6 percent. However, due to the constant efforts made during the Plan period, a remarkable increase in revenue is expected to reach 16.0 percent of the GDP.

The major challenges in the revenue mobilization are major share of revenue based on import trade, small contribution of direct tax in revenue, lack of information technology friendly revenue administration, lack of desired amount of revenue collection even at broadening tax base, lack of effective control in revenue leakage, lack of adequate exercise to make tax policy stable and predictable, lack of adequate probe and actions taken to bring all under tax net or

showing less participation not complying with tax liability, and also not providing effective encouragement to the people to participate in the tax net.

The major challenges are to increase self-participation in the tax, reduce tax-participation cost, broaden the tax base by making tax administration investment friendly, utilizing tax as a means of promoting investment, and increase confidence of the business sector towards effective utilization of the tax.

Objective

To increase revenue collection through capable, IT-based, transparent and reliable revenue management.

Strategy

1. Develop equitable tax system by maintaining stability in revenue policy.
2. Expand and strengthen the tax base by creating investment friendly environment.
3. Control revenue losses by identifying the areas of revenue leakages.
4. Increase revenue collection by expanding tax-base and by enhancing efficiency in revenue mobilization.

Working Policy

- 1.1 Develop the Value Added Tax as a major source of revenue and establish it as an important base for other taxes.
- 1.2 Custom evaluation system will be made realistic, modern, timely and systematic according to the principles of World Trade Organization
- 1.3 Support and facilitation will be made in increasing foreign trade by adjusting custom tariff rates in accordance with commitments made by Nepal in the international and regional organizations like World Trade Organization and South Asian Free Trade Organization.
- 1.4 Reforms in Custom Act and Custom Administration will be made gradually taking into consideration the provisions of international agreement and conventions in order to make facilitation and simplification of trade.
- 1.5 Self-regulated revenue board will be established in order to make revenue administration efficient, prompt, and active.
- 2.1 Double tax exemption agreement will be made with the capital exporting countries to attract foreign direct investment.
- 2.2 Special encouragement will be given to the industries established in the special economic zone and to the export oriented industries by providing tax exemptions to promote export by encouraging domestic and foreign investment.
- 3.1 By completing organization and management survey of the Ministry of Finance and its offices, timely reform and capacity enhancement will be made to increase capacity of revenue mobilization.
- 3.2 Leakage control mechanism will be made more effective.
- 4.1 Revenue collection efficiency will be increased through effective implementation of revenue policy.

- 4.2 Tax rate will be stabilized and the tax base will be broadened.
- 4.3 Revenue collection will be made cost effective.
- 4.4 Professions, employment and other occupations and economic activities of the informal sector will be brought under tax net.
- 4.5 Non-tax revenue will be increased by more systematizing royalties, dividend, and fees.
- 4.6 Non-tax revenue will be developed as important source of tax collection by identifying new sectors of non-tax revenue and reviewing its rates and coverage,
- 4.7 Tax exemption policy will be gradually decreased and permanent account number will be provided to all individuals/institutions involved in economic activities.
- 4.8 Business cost of tax payers will be reduced by making tax system sound and effective through electronic system. To this end, policy will be adopted to provide e-services to the tax payers and greater use of information technology in the tax administration.

Expected Outcome

- 1. The annual average growth rate of revenue would have been reached 8.7 percent at the constant prices of FY 2009/10.
- 2. At the final year of the Plan, the revenue GDP ratio would have been reached 17.3 percent.
- 3. The shares of direct tax in total revenue would have been reached 27.8 percent in the final year 2012/13 of the Plan compared to 26 percent in the base year 2009/10 of the Plan.

7.3 Public Expenditure Management

Background

It is the responsibility of the state to judiciously manage the public expenditure in productive sectors by maintaining balance between investment and savings. Although, there has been increase in the revenue collection in comparison to the past years, however, the current expenditure has been very high in relation to the projected targets whereas the proportion of the capital expenditure has been very low.

In the base year 2006/07 of the TYIP, the total expenditure was 18.4 percent of GDP, which is estimated to reach 23.0 percent at the final year of the Plan. It is estimated that, the capital expenditure will increase from 5.5 percent of 2006/07 to 7.2 percent in 2009/10 and the current expenditure will increase from 14.3 percent to 14.9 percent.

The major problems of this sector are: increase in the current expenditure, lack of control of non-budgetary expenditures, very low capital expenditures, lack of effective monitoring and evaluation of government expenditures and lack of effective public expenditure system, and monitoring and reporting tasks.

Objective

To achieve national development goal by mobilizing resources in the priority sectors through effective management of public expenditure.

Strategy

1. Strengthen the multi-year allocation system of capital expenditures while formulating the budget by institutionalizing the Three-Year expenditure projection initiated since the current FY 2009/10.
2. Achieve more productive public expenditure results by making it cost effective.
3. Make public expenditure system transparent and devolve it to the related institutions and local bodies in particular sectors.
4. Make the programs implemented through people's participation more result-oriented, transparent and accountable.

Working Policy

- 1.1 Formulate result-oriented budget on the basis of policy and programs.
- 1.2 Necessary policies and regulations will be formulated and implemented to broaden multi-year allocation system by institutionalizing it.
- 2.1 Implementation of Single Treasury Account System will be gradually expanded to all the districts.
- 2.2 "Ministry-wise Budget Proposal Norms will be set in formulating budget based on realities in all sectors where investment is made from state source and Public Procurement Plan will be made mandatory part of the budgetary process.
- 2.3 Necessary acts, regulations and structural mechanism will be made for the implementation of e-procurement system.
- 2.4 Public Expenditure and Financial Accountability Action Plan will be implemented by formulating Financial Transparency Accountability Act and Regulations.
- 2.5 Timely reform and capacity enhancement of the Ministry of Finance and Financial Comptroller General Office will be made by conducting their organization and management study in order to complete public expenditure management task.
- 2.6 Public expenditure management will be made more result-oriented and useful by strengthening monitoring system.
- 3.1 Financial Accountability Action Plan will be implemented while formulating budget, allocating expenditure, and keeping account and audit.
- 3.2 Necessary laws and regulations will be formulated and implemented to devolve required responsibilities to the local bodies.

- 3.3 While making public expenditures required results and resources will be considered and resources will be allocated according to high return in terms of sectoral and macro aspects.
- 3.4 Allocative efficiency will be enhanced while making public expenditures.
- 3.5 Budgetary system will be made more transparent through medium term expenditure framework.
- 3.6 Public audit system will be introduced in development projects.
- 3.7 Encouragement to the officials will be made to get fund according to the targets and reimbursement from the foreign aided projects.
- 3.8 E-bidding will be encouraged.
- 4.1 Policies will be made to make users committees effective and accountable.

Expected Outcome

- 1. Public expenditure management would have been transparent and more accountable.
- 2. Public expenditure management would have been cost effective and result-oriented.
- 3. Current expenditure would have been within the limit of 14.9 percent of GDP while capital and development expenditure would have been increased.

7.4 Public Debt Management

Background

Public expenditure management should ensure adequate resources for private sector investment and export promotion. Mobilization of external loan, grant and domestic loan is required to fulfill the gap between government revenue and expenditures. Domestic borrowings have been a means to financing the budget deficits. It is estimated that, at the final year 2009/10 of the TYIP, the ratio of domestic borrowings to gross domestic product will be 2.1 percent.

No fixation of priority sectors for the investment of public debt, limited capacity to use loans, not being able to receive the committed bilateral/multilateral loan/grants, no reduction in the situation that demands reliance on foreign and internal loan to meet the increasing expenditure needs, very high proportion of treasure bills that has one year payback period in the total internal loan, increase in interest related risks at the time of re-issue due to high liabilities of short term loans, and increase in foreign exchange related risks in foreign debt due to more than 60 percent debt liabilities of the external debts in the total debt liabilities are the main problems in the public debt management. Similarly, developments of capacity to bear the debt burden by maintaining balance between revenue and

expenditures by using internal and external debt are the main challenges on the way of sustainable development of public debt.

Objective

To move forward the developmental needs in balanced way and reduce long term national debt burden by making public debt management sustainable and effective.

Strategy

1. Manage the public debt within defined limit.
2. Foreign loan on business terms will not be received except in mega infrastructure development and situation of compulsion and government will not be guarantor in any foreign loan taken by any agencies except by the government itself.
3. Give priority to use saving amount for debt repayment considering the situation of state fund.

Working Policy

- 1.1 Amount of domestic debt will be kept within limit to maintain macroeconomic stability.
- 1.2 Long term bonds (development bonds, civil savings bonds etc.) will be issued for the purpose of raising internal debt.
- 1.3 Policy will be adopted to control overdraft and stop its use as the source of financing the budget deficit.
- 1.4 Remittance bond will be issued to make foundation for the priority sectors.
- 1.5 Instead of using budget for the management of liquidity in the financial market, the system of issuance of treasure bills will be made.
- 1.6 High priority will be accorded to financial discipline in debt management.
- 2.1 Business loan will not be taken from the international financial institutions except for the high return providing mega infrastructure projects.
- 2.2 In general, the government will not be guarantor for the loan taken by other institutions except by public enterprises and government itself.
- 2.3 Debt repayment will be made by evaluating the state fund on regular basis.

Expected Outcome

1. The share of domestic borrowings to the gross domestic product would have been 2.2 percent at the final year of the Plan.
2. Public debt management would have been effective.

7.5 Foreign Investment

Background

At the present situation, sustainable economic development of Nepal is not possible with the mobilization of internal resources only. Therefore, it is necessary to accelerate the speed of economic development through the use of foreign capital, technology and management. The double digit oriented economic growths of the two big neighboring countries investments even only can play crucial role in the economic development of Nepal. It is urgent necessity of foreign investments in the priority sectors set by the state by creating investment friendly environment in coming days in the context of inability to attract foreign investment even after the implementation of the Industrial Policy, Commercial Policy and Foreign Investment and Technology Transfer Policy of 1992.

Small internal market and lack of integration with regional markets for market expansion, more frequency of strikes, closure (bandh) and chakkajam, uncomfortable labor relations, limited capital markets, difficult procedural system, industrial insecurity, lack of appropriate relation between laborer and investors are the major problems in this sector.

Objective

To mobilize foreign investments for sustainable and broad-based economic growth and creation of employment.

Strategy

1. Increase foreign investment by promoting foreign investment friendly environment for the development of priority sectors.
2. Enhance foreign investment through opportunities in foreign trade and service sectors.

Working Policy

- 1.1 Strengthen necessary legal, policy and institutional system in order to facilitate foreign investment.
- 1.2 Emphasize efficiency of capital, technology transfer, and management in foreign investment.
- 1.3 Infrastructures will be developed by attracting foreign investment in infrastructure sectors like hydro electricity, tourism and transport.
- 1.4 Investment friendly environment will be created by establishing economic zones, flexible labor policy and adopting one window system and other procedural reforms.
- 1.5 Economic diplomacy will be made effective by developing it as result-oriented.
- 1.6 Investment will be encouraged by publishing about the comparative advantage sectors and other national importance defined sectors.

- 1.7 Investment mechanism will be created for the foreign investors through the secondary markets in the selective sectors in Nepal.
- 2.1 Special encouragement will be provided to attract investment on the basis of the possibility of opportunities in the foreign trade and service sectors.

Expected Outcome

1. Foreign investment would have been attracted by creation of appropriate environment for foreign investment.
2. National economy would have been more aligned to international and regional economies.

7.6 Foreign Aid Management

Background

It is necessary to mobilize foreign aid to manage increasing current expenditures and employment centric, inclusive economic development. In the TYIP, the foreign aid had played an important role. It is estimated that the share of foreign grant in the gross domestic product will be 3.6 percent and share of foreign loan will be 1.3 percent at the final year FY 2009/10 of the Plan. Similarly, it is estimated that at the same FY the share of foreign aid in the total government expenditure will be 15.7 percent and share of foreign loan will be 5.5 percent.

Unable to spend foreign aid in desired amount for the promotion of regional balance and in the sectors which help to make inclusive and equitable society, lack of investment environment in high return providing projects, ineffective implementation of SWAP, weak receiving and utilization capacity of foreign aid, lack of increment in the mobilization of foreign aid in mega physical infrastructure construction in expected manner, lack of adequate preparation before making projects and programs contracts, unable to include all types of foreign aid into national budgetary system, unable to mobilize the assistance received through international non-government organization in national priority sectors in transparent and accountable manner, are the problems seen in the foreign aid mobilizations.

To use foreign aid in national priority sectors, develop co-ordination in the vision, commitment and mobilization between sectoral needs and implementation level, using donor communities aid strategy as per the national needs and priority and increasing aid mobilization capacity are the main challenges of this sector.

Objective

To mobilize foreign aid in priority sectors in order to fulfill the deficit in the required financial resources to obtain national development goals.

Strategy

1. Propose aid according to national priority and benefit.
2. Enhance capacity to mobilize foreign aid.
3. Improve transparency and accountability in foreign aid mobilization.
4. Mobilize foreign aid to support private sector capital flow in country's trade production and service sector.

Working Policy

- 1.1 Opportunity available inside the country will be widely marketed for mobilizing donor communities' aid.
- 1.2 Working procedures will be developed considering the aid agreement up to implementation in order to implement Paris Declaration 2005 and Accra Agenda for Action 2008.
- 1.3 Study will be conducted about the need of sectoral foreign aid policies.
- 1.4 Project banks will be established for the feasible projects for mobilizing foreign aid in the appropriate sectors.
- 2.1 Aid utilization capacity will be enhanced by improving institutional capacities and implementing multi-year budget allocation system.
- 2.2 Co-ordination between institutional capacity developments related institutions will be enhanced to increase capacity, transparency and accountability in aid mobilization.
- 2.3 Develop Nepal's capacity to compete in Global Funds and other various resources at the global level.
- 3.1 Foreign aid will be mobilized in national priority sectors in coordinated, transparent and accountable manner.
- 3.2 Appropriate statistical system will be operated by developing/revising it to prior estimation of foreign debt liabilities and debt management.
- 3.3 International non-governmental organizations will be asked to mobilize resources by themselves rather than competing on the foreign aid resource earmarked for Nepal.
- 4.1 Appropriate result oriented new foreign aid policy will be formulated by revising the existing foreign aid policy.
- 4.2 System will be introduced about the requirement of at least 60 percent amount of the project as a program cost expenditure of the foreign aid.
- 4.3 Emphasis will be placed on South-South Cooperation to increase foreign aid mobilization.
- 4.4 While mobilizing foreign aid private sector development and aid for trade will be considered.

Expected Outcome

1. Ratio of foreign grant to gross domestic product would have been 4.4 percent at the final year of the Plan.
2. Ratio of foreign loan to gross domestic product would have been 2.1 percent at the final year of the Plan.

3. System of at least 60 percent of the foreign aid spent on program cost would have been established.

7.7 Money, Banking and Credit

Background

Maintaining Price stability and favorable balance of payments situation has been the main objectives of the monetary policy. The objective of the monetary policy is to stabilize over all financial sector and develop secured, healthy and effective payment system. The fixed exchange rate system with Indian currency has been taken as monetary anchor. In this backdrop, there has been pressure on prices since FY 2008/09 and there is a balance of payments deficit in FY 2009/10 which is the big amount of this period. As compared to huge expansion of number and transactions of bank and financial institutions under financial system, the expansion of the economy has been normal. Therefore, financial consolidation should be the prime priority for the sustainable development of the financial system. It is required to reform the existing low rate of interest in the market by addressing the liquidity problem seen in the banking sector in some time intervals. Similarly, alertness is required to stop the creation of systemic risk in the banking sector due to the possibility of arising unhealthy competition by increasing number of financial institutions even though the ratio of non-performing loan of the banking sector has been decreasing. To this end, there is a need to make added effectiveness in the tasks of the banks by continuing the total capacity enhancement tasks of the Nepal Rastra Bank.

In the TYIP, the policy adopted was to maintain price stability and balance of payments, manage required liquidity in the economy and strengthen and stabilize financial sector to increase accessibility of the financial services all over the country and strengthen the payment system. In this Plan, the annual growth rate of broad money supply was targeted to 16.4 percent; however, it is estimated to achieve annual average growth rate of 23.4 percent. Total domestic credit and loans to private sector was targeted to increase by 18.3 percent and 20.3 percent, respectively. However, it is estimated to increase by an annual average of 21.9 percent and 24.3 percent, respectively. Because of high inflow of remittances, the expansion of money and credit aggregates has been higher than their targets.

The bank rate has been taken as an ex-ante stand of the monetary policy. At the beginning of the TYIP, the bank rate was 6.25 percent, however due to increase in inflation and monetary expansion; it was increased to 6.5 percent in the FY 2008/09. Similarly, the compulsory cash ratio of domestic deposit liabilities was 5.0 percent at the beginning of the Plan, which was increased by 0.5 percent point and made the ratio 5.5 percent in the FY 2008/09.

In this Plan period Financial Sector Return Program was continued. There is the program of strengthening overall financial sector including Nepal Rastra Bank. capital fund adequacy provisions of BASEL II has been implemented since FY 2007/08 for the commercial banks, in the context of making financial sector strong and capable, The 'on-site' and 'off-site' supervision process has been made effective to strengthen the financial sector. In this, actions like 'Early Warning Signal', supervision based on risk, prompt corrective measures have been adopted.

At the beginning of the Plan, the credit flow of the commercial banks was 51 percent of the gross domestic product, which is estimated to reach 57 percent at the final year of the Plan. There has been improvements in the ratio of non-performing loan during the Plan period, The total non-performing loans of the commercial banks was 10.3 percent at the mid-July 2007 which is limited to 2.9 percent at the mid-January 2009.

Since FY 2006/07, ratio of credit to the priority sectors by the commercial banks has been abolished. But, the credit to the deprived sector has been set at 3.0 percent for the commercial banks, 2.0 percent for the development banks and 1.5 percent for the finance companies on the basis of their total credit.

Still, there is existence of a high non-performing loan ratio of the full and partially government owned and some private sectors commercial banks. An additional challenge has been seen in the stability of financial sector due to probable unhealthy competition created by huge expansion in the number of bank and financial institutions and increased tendency to take high risks. In the rural areas, the accessibility of banking services is still limited. For this purpose, effective implementation of the financial inclusion program has also been a challenge.

Objective

1. To ensure price stability and financial sector stability.
2. To support for making positive balance of payments through developing secured, capable and healthy payment system.
3. To expand accessibility of the banking services in the rural areas as well as all the sectors of the country.

Strategy

1. Maintain macroeconomic stability through monetary management.
2. Maintain flow of monetary liquidity according to the needs for sustainable high economic growth.
3. Expand the accessibility of formal financial system in productive and rural areas by promoting the capacities of financial sector institutions.
4. Financial system will be made efficient, inclusive and result-oriented by regulating overall financial sector efficiently and effectively.

Working Policy

- 1.1 Open market operations will be used as a main instrument of the monetary policy.

- 1.2 Financial institutions will be given freedom to manage their portfolios without companies' negative effect in the national interest the economy and investment climate.
- 1.3 Financial Sector will be strengthened through using regulatory and supervision of international standard.
- 1.4 Necessary reform will be made in the acts, regulations and mechanisms as per commitments made by Nepal in international forums and to make financial sector dynamic and more forward looking.
- 1.5 Risk management oriented regulatory system will be made more effective.
- 1.6 Second-tier institution to supervise and monitor will be established for those financial sector and institutions which are not under the function of Nepal Rastra Bank at present.
- 1.7 Financial sector will be made competitive, accountable and more capable by implementing international financial norms and standards.
- 1.8 Financial Sector Master Plan will be formulated with the participation of the government and regulators of the financial institutions.
- 2.1 Single borrower limit will be increased in selected national importance sectors.
- 2.2 Mobilization of infrastructure development bond will be encouraged through financial institutions for remittance mobilization.
- 3.1 Appropriate norms/standards of small, rural and financial businesses with special objectives will be set and implemented.
- 3.2 To increase financial accessibility in the rural areas, necessary legal provisions will be made and motivational programs will be brought forward.
- 3.3 Skills, effectiveness and transparency in the financial transaction will be enhanced by transforming informal sector into formal sector.
- 4.1 Necessary regulatory and policy regulations will be made to make co-operative, contractual savings, derivative market and other financial markets and systems skillful and effective.
- 4.2 Laws related to deposit insurance will be formulated and implemented.

Expected Outcome

1. Annual average growth rate of inflation would have been limited to 7.0 percent.
2. Annual average growth rate of broad money supply would have been 18.3 percent.
3. Annual average growth rate of narrow money supply would have been 15.6 percent.
4. Loans to private sector would have been increased on an annual average of 22.3 percent.
5. Total domestic credit would have been increased on an annual average of 20.3 percent.

7.8 Agriculture Credit, Rural Credit and Micro-finance

Background

The overall development of the nation depends on the development of infrastructures in the agriculture and rural areas. The development of rural sector depends mainly on the agriculture and various industries, business and employment situation activated in the rural areas. Productivity of agriculture and industries depends on technology in use or technology that would be used, other complementary works (irrigations, fertilizers, seeds, availability of raw materials and the market) and adequate credit supply in simplified way in the rural areas. In the past, various programs were implemented for the agriculture and rural development. However, an expected result has not been achieved in production growth. In this backdrop, it is necessary to increase access of availability of agricultural and rural credits to the general public by controlling the obstacles witnessed.

Mobilizing all the bank and financial institutions involved in rural credit into single system in a coordinated fashion, mobilizing the Agriculture Development Bank as a lead institution of agriculture credit supply, mobilizing commercial banks and other development banks also for making availability of institutional agriculture credits, making availability of productive credit to women and unemployed youths, mobilizing Rural Self-Reliance Fund by managing long term sources of funds expansion of credit investment in the rural areas more and more through micro finance institutions by making structural reforms to increase access of micro credit to the poor groups were the policies adopted in the TYIP. In this context, National Micro Finance Policy, 2007 has been promulgated and the draft of Micro Finance Act is in the process to submit it to the Government of Nepal. Moreover, works are also underway to establish Micro Finance Fund.

In the context of already abolishment of the Priority Sector Lending Program, the availability of necessary instruments like deposit insurance in institutional manner, crop insurance, animal insurance, rural solar system insurance, micro insurance in the agriculture sector as well as expansion of micro finance services are still seen as challenges.

Expected results have not been achieved even in the poverty alleviation program due to the lack of effective expansion of the micro finance services as a result of non-establishment of Micro Finance Fund even two years after the promulgation of National Micro Finance Policy. To make expansion of urban and accessible area centric financial institutions to rural oriented is challenging.

Objective

To help the development of agriculture and rural sectors by expansion of agriculture and rural credit through enhancing accessibility of commercial micro-finance services and also by diversification of micro-finance service instruments and promoting capacities of service delivery institutions.

Strategy

1. Deprived Sector Credit Programs will be continued with some modifications.
2. Broaden the transaction coverage of micro finance institutions.
3. To involve the cooperatives and non-governmental organizations in agriculture, rural credit and micro-finance transactions.
4. Strengthen appropriate regulatory mechanism by encouraging self-regulation of all the institutions involved in the micro-finance.
5. Increase the access of women, poor and deprived communities by improving the institutional and funding capacities of the micro-finance institutions.

Working Policy

- 1.1 Micro-finance will be accommodated with entrepreneurship and skill development as well as with the essential elements like market development, technology and inputs etc.
- 1.2 National Cooperative Bank will be utilized for expansion of agriculture credit, rural credit and micro-finance.
- 2.2 Encourage to use the micro-finance credit widely in productive sectors by broadening the coverage of the micro-finance in the mobilization and use.
- 2.3 Make available the agriculture credit and rural credit in simplified manner and on concessional interest rate.
- 3.1 Poverty Alleviation Program will be made effective by implementing agriculture and rural service with targeted programs jointly and in coordinated manner.
- 3.2 Encourage the cooperatives and non-governmental organizations to involve more in agriculture credit, small credit and businesses.
- 4.1 Second-tier institutions will be established by promulgating micro-finance institutions to regulate and supervise the micro-finance institutions.
- 4.2 Self developed micro finance organizations will be developed, promoted and regulated.
- 5.1 Banks will be encouraged to expand branches in rural and remote areas.
- 5.2 Increase accessibility of credit flow at appropriate interest rate by providing wholesale and retail credit at concessional interest rate through establishment of micro-finance fund and coordinating with other funds.
- 5.3 Capacity of micro-finance delivery institutions will be enhanced.

Expected Outcome

1. Accessibility of credit in rural areas would have been increased.
2. Income and employment opportunities for rural people specially those for women, poor and Dalits would have been increased.
3. The micro-finance services to 130 million families including women, poor, Dalits and deprived groups would have been availed.

7.9 Prices

Background

Some increases in the prices are required in the economy to encourage economic activities. Macroeconomic stability in the economy is necessary because high price rises affects the whole economy negatively. Price situation is affected by demand and cost as well as by supply aspect. The latest price situation in Nepal is impacted by cost and supply aspect and specially price oscillation of petroleum products in international markets and price situation in India rather than demand aspect. Although, the prime objective of the monetary policy is to maintain price stability, however, in recent years maintaining price stability by using the monetary instruments through banking system has been becoming more complicated. Weak administration has been seen as more responsible for price rises.

In the TYIP period, it was targeted to limit the annual average inflation within 5.6 percent; however, it is estimated to remain at an annual average of 10.5 percent. Although, price adjustment has been made from time to time after high increase in the price of petroleum products in May of FY 2008/09, there has not been seen any indication of expected positive impact in inflation.

Increase in salary and wage rates, cartelling in price fixation, low growth rate of agriculture sector, increase in prices of pulses and food items due to effects in the supply system caused by control of food grains exports by India, and continuous increase in prices of sugar in the international market etc. are the causes behind the double digit inflation during the past two years of the Interim Plan,

As agriculture is still dependent on monsoon rainfall, the prices of agricultural products increases due to reduction in agriculture production caused by adverse weather. The task of regular adjustment of petroleum products prices in accordance with international prices and managing adequate storages for regular supply of essential goods including food grains are challenging ones. Similarly, because of uncompetitive market practices such as cartelling, hoarding and transport syndicates, there is pressure on prices from time to time even when goods and services are available adequately. Shortage of electricity supply, increased culture of strike, chakkajam and bandh, lack of adequate market monitoring, lack of effective supply system, creation of situation of non-competitive market through syndicates, cartelling and hoarding, lack of buffer stocks for regular supply, increase in prices of petroleum products in international market, lack of market interventions and monitoring to make effective system, lack of strengthening of organizations of government institutions and corporations involved in supply management, lack of effective implementation and compliance of laws, and lack of appropriate policy provisions etc. are the causes of price rise.

Objective

1. To improve the purchasing power of the general public by controlling high price rise.

Strategy

1. Limit the inflation at a desired level by formulation and implementation of appropriate monetary and fiscal policies.
2. Maintain price stability through the development of competitive market mechanism and market monitoring and supply management.

Working Policy

- 1.1 Monetary expansion will be kept within a desired limit.
- 1.2 Monetary policy will be revised regularly considering market price and liquidity position.
- 1.3 Effects on price will be taken into consideration while formulating financial and foreign exchange rate policies.
- 1.4 Price management will be made by reforming supply management, controlling undesired market activities through monitoring and regulation and maintaining balance and coordination between monetary and fiscal policies.
- 2.1 Relationship between the producers and consumers will be established through cooperative market and direct market mechanism specially to make the influence of intermediaries competitive in the agriculture sector and to control price increase at the desired limit.
- 2.2 Petroleum products prices will be adjusted according to international market prices.
- 2.3 Stock maintaining capacity and supply will be managed for the essential goods.
- 2.4 Market cartelling, hoarding and transportation syndicate system will be discouraged by appropriate regulations.
- 2.5 Price stability will be maintained through development of competitive market mechanism, market monitoring and supply management.
- 2.6 Attention will be given to disseminate information widely by institutionalizing market information system.
- 2.7 Enhance the consumer awareness through consumer awareness programs.
- 2.8 Regular monitoring of the prices and price index of some rural sectors will also be made.

Expected Outcome

1. Inflation would have been maintained at annual average of 7.0 percent.

7.10 Capital Market

Background

Development and expansion of capital market is necessary to supply long term capital in the productive sectors of the economy at low cost through the collection of small savings scattered in the country. In the Plan period, those programs which are not being completed in the Interim Plan in the process of planned development of the capital market will be continued and considering the need of new vision and market related aspects and developing additional infrastructures and strengthening market regulations qualitative change of market will be made,

In the TYIP, with a view to strengthen the stock exchange regulatory system and to transform into the international standard new act related to stock market was promulgated. Moreover, Nepal Stock Exchange Board Regulations, 2007, Share Market Operation Regulations, 2007 and Share Dealers (stock brokers, traders and makers) Rules, 2007 and Share Registration and Issue Regulations, 2007 have been implemented. During this Plan period, the Nepal Stock Exchange Board has been established as a single regulatory agency for the stock issuance work as per the new act. To promote transparency and dynamism in stock transactions, the open voice bidding system of transaction has been substituted by computerized transaction system. The government bonds have been transacted through stock market. Information and awareness programs about the various aspects of the stock market have been implemented targeting other parties related to the stock market including the stock investors. Primary works have been initiated to establish Central Depository System.

The regulatory agency not being adequately equipped with resources to regulate effectively the share market, prevalence of weak condition of governance practice and credit oriented tendency of the organized sector, not holding of the annual general meetings of the non-financial organized companies on time due to ineffective regulatory mechanism of these organized institutions except those of financial sector organized institutions, and not being made public the actual position of the financial performance, no control over inside trading for those who have access to internal information, lack of expected competition between the share brokers, legal provisions related to price sensitive information and financial statements which are required to be made public instantly, still remain ineffective, investors are not sufficiently informed and poor awareness about investment in shares, risks and returns, investment mechanism, portfolio investment, stock market instruments and financial terminologies, etc. are prevalent as problems and challenges in this sector.

Objective

To develop capital market which helps to mobilize capital required as per demand of internal market and increase investment in productive sectors.

Strategy

1. Make capital market as appropriate mechanism of saving and investment as well as dependable mechanism for capital mobilization.
2. Enhance the capacity of capital market.
3. Regulate the capital market strongly.

Working Policy

- 1.1 Sufficient supplies of stock and diversities in the instruments of investment in stock will be made through the adoption of fiscal and monetary policies, which helps to promote stability and development of the stock market.
- 1.2 System will be established to sell in simplified way without hampering commercialization, accountability and capacity of the company and basis for the operation and management of collective investment plan will be prepared.
- 1.3 Listed companies will be encouraged to sell shares to many shareholders.
- 2.1 Transaction system will be modernized to upgrade the efficiency and standard of stock exchange market and trading.
- 2.2 Standard of the stock market data management system and information flow will be developed and system of financial statement review of listed organized agencies will be established.
- 2.3 Central Depository System (CDS) will be established to safeguard investors from the possibility of fraud by transforming quickly the shares of listed companies and necessary acts, and regulations will be formulated related with it.
- 3.1 Supervision of market will be made effective by strengthening legal provisions related to the stock market.
- 3.2 Regulatory mechanism will be made effective by regularly monitoring the market entry of alternative investment instruments (derivatives) and by making necessary legal provisions.
- 3.3 Regulatory agency will be established for mercantile exchange and commodity exchange.
- 3.4 Measurement of disclosure will be done to improve operational financial transparency at international level of corporations.
- 3.5 Capable market information system will be developed.
- 3.6 Necessary act and regulations will be formulated to make commodity exchange market more effective.

Expected Outcome

1. Stock market would have been modernized through the implementation of Central Depository System.
2. Mutual fund would have been implemented for capital mobilization of investors.
3. Both foreign organized investors and non-financial companies would have been brought into capital market net.

7.11 Foreign Exchange and Balance of Payments

Background

At present, Nepal's export of traditionally exportable goods has become negative whereas import has increased tremendously. Although, increasing exports through trade liberalization policy has been adopted, it could not yield sustainable and desired result. On the one hand, a high increase in export has reduced the foreign reserves, on the other hand government has to purchase Indian currency with the U.S. dollar due to deep rooted India-centered trade. The remittance, which was the main source of foreign exchange reserve in the past, is in a decreasing trend.

The TYIP had targeted to achieve surplus in the balance of payments by 1 percent of GDP which was reached to 4.3 percent in the second year of the Plan. The current account surpluses, in the first and second year of the Plan were 2.9 percent and 4.3 percent of the GDP, respectively, which was due to high increase in transfer income, although, there was substantial increase in the deficit in the goods and services trade.

In the first eight months of the final year 2009/10 of the TYIP, the current account and the overall balance of payments are in deficits. The deficit of current account is Rs.32.58 billion and overall balance of payments deficit is Rs.23.53 billion. The current account deficit has become high due to 62.92 percent increase in the goods trade deficit. Likewise, grants under transfers have decreased by 23.3 percent, the remittances inflow increased only by 9.9 percent in the FY 2009/10 which was increased significantly in the FY 2008/09.

The exchange rate of the Nepalese currency was depreciated with major international currencies like US dollar, Euro, Pound and Japanese Yen at the mid-July of 2008 compared to the mid-July of 2007. On the contrary the exchange rate of the Nepalese currency was appreciated with international currencies at the mid July of 2009 compared to mid-July of 2008. Similarly, the exchange rate of Nepalese currency with US dollar has appreciated by the 5.49 percent at mid February 2010 compared to mid-July 2009.

The foreign exchange reserve in the banking sector was Rs.212.62 billion at mid-July 2008 and reached to Rs 234.34 billion at mid-July 2010. The share of convertible currency reserve in the total reserve was 85.4 percent at mid-July 2008 reached to 84.5 percent at mid-February 2010. In the same way, unconvertible currency share increased from 14.6 percent to 15.5 percent. The target of the TYIP to maintain foreign exchange reserve at least for the six months of import goods and services is achieved. The current forex reserve in the banking system in the mid-February 2010 is well enough for the imports of the goods and services of the 6.6 months.

Increase in the exports by commodity-wise and country-wise diversification is still a challenge due to energy crisis, labor problem, unrest and closure, strikes etc. in the country which has affected negatively in the industrial production. Furthermore, it is still challenging work to manage foreign exchange due to the commitments made in the World Trade Organization, BIMSTEC, SAFTA and other regional, bilateral and multilateral trade agreements.

It is also challenging to reduce heavy dependency with India on the external trade. As the inflow of remittances is the sustainable source of foreign currency, the probable crisis in this sector may create difficulties to face the probable crisis in the foreign currency management. In the context that India is adopting more liberal policies in the capital account transactions, it is required to adopt regular monitoring and appropriate policy options considering the probable effects on the foreign exchange management and macroeconomic stability of Nepal.

Objective

To make favorable balance of payments to achieve the aim of national interest by diversifying and promoting country wise and commodity-wise exports, and spending the external expenditures of the state with skillful and result oriented manner and increasing remittances and other incomes.

Strategy

1. By giving priority to the exports of goods and services and on the basis of short, medium and long term strategies, the diversification of commodity-wise and country-wise will be made and export will be promoted.
2. Increase the inflow of remittances from the neighboring and other countries through formal channels.
3. Strengthen the foreign exchange reserve system.
4. Encourage to invest the received remittances in the productive sectors.
5. Support additionally in the foreign exchange earnings by increasing the productivity of the service sector including tourism.

Working policy

- 1.1 The skill and capacity enhancement program will be launched for the people going to foreign employment by gradually institutionalizing the foreign employment.
- 1.2 New markets will be explored and contacts will be established to promote the foreign employment.
- 1.3 Use of institutional mechanisms will be made attractive while sending remittances from the neighboring and other countries.
- 2.1 The competitive capacity will be increased with the external sector by effective evaluation of the real exchange rate and risks and the negative effects occurred due to the fluctuations in the foreign exchange rate within the short time period will be minimized.
- 2.2 For the promotion of export trade, the product and service markets will be identified. And policy and laws will be revised and institutional

- strengthening works will be done to create necessary environment for the production of appropriate goods and services in the country.
- 2.3 Regular monitoring of the real exchange rate will be made to reduce the probable risk and negative effect in the external competitive capacity caused by the short term fluctuations in the foreign exchange rates.
 - 2.4 Increase in the global economic integration will be adjusted with the country's external sector stability.
 - 3.1 Appropriate policies and laws will be formulated to encourage investments of the remittance income in the productive and other appropriate sectors.
 - 4.1 By making tourism industry more capable, it will be made a reliable basis of foreign exchange earnings.

Expected Outcome

- 1. Foreign exchange reserves would have been sufficed to support at least 6 months of imports of goods and services.
- 2. The mobilize resources would have been used in high results yielding sectors.
- 3. The balance of payments surplus would have been 1 percent of annual GDP.

7.12 Public Enterprises

Background

It is necessary to concentrate the resources of the government in those sectors which supports to increase employment and inclusive economic growth by reducing the government investment in those sectors where there is business efficiency of the private sector. The role of the government should be limited only on the selected enterprises. To operate public enterprises, on the basis of the business plans, the accountable, capable and efficient government system should be adopted.

Up to FY 2008/09, the share and loan investments (internal and external debt) in the public enterprises remained at Rs 92.22 billion and 7.2 million and Rs 116.46 billion, respectively amounting to the total of Rs 208.68 billion and Rs 7.2 million. The total loan and share investment is 55.81 percent and 44.19 percent, respectively.

The works are in progress to increase efficiency of the enterprises and to set the norms of the political appointment for the restructuring and management reform in the enterprises. To liquidate the Agriculture Inputs Manufacturing Ltd, Hetauda Textile Industry Ltd, Birgunj Sugar Factory and Biratnagar Jute Mills Ltd, the necessary process has been under progress for the assessment of the assets and clearance of liabilities. As the outstanding financial irregularities of the public

enterprises are at the increasing trend, the clearances of 50 percent of the outstanding financial irregularities are under progress.

The public enterprises are in problematic situation due to the reasons like lack of transparency in the appointment of the chief of the enterprises on the competitive capacity basis, unable to implement the long-term business plan, very weak management, lack of supervision, existence of problematic human resource management, increasing liabilities in the profits of the enterprises and political interference in the process of resource and operation of the enterprises. The challenges also are to promote the business capacity of the public enterprises, to divest the enterprises which can be run by the private and community sector by conducting investment and entrepreneurship survey. Moreover, transferring the ownerships of these enterprises to community ownership and issuing shares of those public enterprises to the general public which is in the condition to be operated by the government are also the existing challenges.

Objective

1. To achieve the objective of public service delivery by adopting the policy that the public enterprises will be operated only in those necessary sectors where the state is required to deliver the services and developing the public enterprises more systematical and institutional manner.
2. To use the public enterprises where the private and other sectors are reluctant to invest and where the state itself needs to bear the whole liabilities.

Strategy

1. The efficiency and effectiveness of the public enterprises will be enhanced by making the public enterprises management professional and accountable.
2. Keep only those public enterprises under the government ownership which are established in the very important and sensitive social sector and operate them in professional manner.
3. Divest those public enterprises which are not required to operate by the state.

Working Policy

- 1.1 Necessary positions will be ensured by conducting organization and management (O&M) survey of the public enterprises, which need to be operated by the government and the personnel management will be done accordingly.
- 1.2 On the basis of the performance contract, the appointment of the general manager/executive officer in the public enterprises will be made.
- 1.3 Financial good governance in the public enterprises will be maintained by making the management accountable.
- 1.4 Bonus and other facilities will be provided only if it helps to operate and strengthen the public enterprises and the profits and performances will be tied up.

- 2.1 Policy and institutional reform will be made to efficiently operate the public enterprises and also strengthening the management supervision and account audit system.
- 2.2 Evaluation of the public enterprises will be made on the basis of their objectives to establish, operation process and results achieved so far and decide whether the involvement of the government in the operation is required or appropriate in the public enterprises in the present context.
- 3.1 The enterprises will be classified according to appropriateness of the enterprises to operate in the public sector by adopting appropriate management system and the appropriateness of the enterprises that should be operated in the public, private sector partnerships.
- 3.2 Those public enterprises will be divested which are not necessary to be operated by the state by formulating divestment working procedures and also considering feasibility, necessity and probable effects.

Expected Outcome

1. Productivity of the public enterprises would have been increased.
2. Financial liabilities of the enterprises of the enterprises would have been decreased.
3. Participation of the private sector and the general public in the operation of the enterprises would have been increased.
4. Clearance of financial irregularities would have been improved.
5. Government liabilities would have been reduced.
6. Divestment process of the public enterprises would have been move forwarded by identification of those public enterprises which are involved in the work that are not required to be involved by the government.

7.13 Private Sector Development

Background

Although, the previous periodic plans have given more emphasis to the private sector as an engine of economic growth of the country, however it could not move forward due to its small size, lack of investment friendly environment and lack of infrastructure. It has shown some positive symptom of progress since 1990 after entering into liberalization from the control regime, but it could not be sustained for the long period. Although, the government had promulgated liberalization and privatization policy for the development of this sector but it could not be expedited as expected due to the industrial insecurity, unrest and to some extent the lack of entrepreneurship in the private sector.

The private sector could not be developed as expected because of political instability, lack of predictable investment climate, power cut and weak

infrastructure including the transport. Moreover, weak security situation, low productivity of labor and the difficulties in the transport and communication sector due to the geographical remoteness are equally important to hinder the private sector development. Furthermore, the problem of technology upscale and transfer, weak institutional arrangement, less access in the international market with duty free facility and, absence of professionalism and corporate culture are the other prominent factors responsible for less than expected development of the private sector.

Objective

To increase the involvement of the private sector as a development partner of the government in the areas of investment, production, distribution, social development and employment generation.

Strategy

1. Encourage the investment of the private sector in the production and distribution of goods and services, and in the construction of development projects (especially mega projects).
2. Maintain flexible labor relation by providing appropriate remunerations under secured working environment to the laborer and personnel working in the industrial enterprises to enhance the investment of the private sector.
3. Manage the industrial security environment to develop cordial industrial relations.
4. Create appropriate environment for investment.
5. Enhance the capacity of the private sector.

Working Policy

- 1.1 Fiscal and monetary policies will be appropriately mobilized to enhance source of investment and capacity.
- 1.2 Accountability and responsibility of private sector will be made clear.
- 2.1 Flexible labor policies will be adopted with a view of labor security.
- 3.1 Industrial security force will be formed for security in industrial estates.
- 4.1 New industrial policy will be formulated for the development of private sector and others necessary policies and regulations will be amended and developed.
- 4.2 Regulatory institution will be developed for the development of the private sector.
- 4.3 Industrial zoning will be identified to operate the industry where other facilities including the all year round electricity facility will be provided.
- 4.4 Essential infrastructure capacity will be provided to encourage investments.
- 4.5 Investment board will be established.
- 5.1 Private sector will be made transparent and capable.
- 5.2 Entrepreneur training will be expanded to develop entrepreneurship.

Expected Outcome

1. Investment of the private sector would have been increased.
2. Capacity and accountability of the private sector would have been enhanced.

7.14 Private, Government and Cooperative/Community Sector Partnership

Background

Because of the increasing expectations of the people and the expansion of the government's role, the demand for the government's presence has increased in all spheres of life. But, due to the limited resource it is required to attract the other development partners in the development process. The government has accepted the private sector as a development partner in the social and economic development sectors. The involvements of the private sector definitely enhance the cost effectiveness. The government has given emphasis to the public private partnership (PPP) approach especially in the physical infrastructure sector. The PPP approach need to be move forward by maintaining trust with the private sector by the government and formulating the necessary policies and legal arrangement for predictable output of investment. The concerning policies and laws should clearly spell out the rights and duties of the partners.

The absence of public, private and co-operative sector partnership institutional structure in the local bodies and lack of the provisions and clear policy to invest according to this approach in the existing financial acts and regulations are the problems related to this sector. Moreover, lack of provision of investment by PPP approach in the financial institutions' investments, lack of conducive environment for investment to attract the foreign investment in PPP, problems of capital accumulation because of weak capital market, and no center established for PPP to assist technically to the public and private sector etc. are the hurdles mainly responsible in the process of translating PPP concept into practice. The PPP concept can be moved forward only by overcoming these problems.

Objective

1. To create opportunities for the public, private and community/cooperative sector to participate in supporting the overall economic development of the country and sufficient employment creation.
2. To create the environment for appropriately sharing the risks and benefits among the partners by ensuring the interest of private, community and of cooperative sector.

Strategy

1. Achieve the development goals through the partnership among the government, community/cooperative and private sector and by including all of the three partners or required sectors on the activities which could not be done by only one partner.
2. Create environment that helps to develop the government, community/cooperative and private sector.

Working Policy

- 1.1 Increase the involvement of public, community/cooperative and private sector in the infrastructure development and social sector.
- 1.2 Potential sectors for the investment by the public, community/cooperatives and private sector will be studied.
- 2.1 Existing contradictory provisions in PPP policies will be revised and partnership related policies and laws will be formulated.
- 2.2 Problem faced by the government, private and community/cooperative sectors like load shedding, labor relation and security issues will be appropriately solved.
- 2.3 A separate entity will be established and developed to prepare necessary investment document, implementation of the action plan and to regulate and supervise for the promotion of the PPP.
- 2.4 Participation of different partners will be made in different projects with clear policies and defined accountability to safeguard the interests of all involved parties and arrangement will be made to share benefit and risk equally.
- 2.5 Environment of mutual trust will be created among the government, private and community/cooperatives sector partners.

Expected Outcome

1. The investment through the PPP would have been enhanced in the large, medium and small projects on the basis of feasibility, opportunity, sector and comparative advantage.
2. The partnership would have enhanced the understanding and mutual works.

7.15 Cooperative Sector Development

Background

Co-operatives are community based service oriented professional and autonomous organizations. It encourages self reliance and equity and strengthens self reliant economy. Members of co-operatives believe in moral values such as honesty, transparency, social responsibility and keeping concerns for others. Interim Constitution of Nepal, 2006 has considered co-operative sector as one of the three pillars for national development. Lack of national and sectoral co-operative policy

and the situation of not being able to timely revise existing rules; regulations and standards have created chaos in co-operative sector development. Several problems have emerged in co-operative sector, such as - lack of professional competencies among members of co-operative and lack of effective monitoring and regulation.

Co-operatives help to consolidate resources in national capital otherwise scattered in the community and to form an equitable society by bringing economic, social and cultural transformation. Policy and programs of the government in the past have emphasized the importance of co-operative modality to maintain peace in the society by means of self employment and to expedite the development works. It is believed that some 3 million people are already affiliated so far in more than 18,000 co-operatives and more than 50,000 people are employed directly in co-operative business. Several types of co-operatives are in operation in the country including production, financial and banking, and service-oriented co-operatives. Access of communities, who do not have knowledge of banking system, has been increased through financial mobilization even in rural sector through savings and credit co-operatives. Co-operatives working in the field of gender mainstreaming and empowerment, particularly women co-operatives are proven to be effective in reducing violence against women. In essence, co-operatives have contributed in social inclusion and in judicious distribution of benefits and opportunities among members of the community.

There are several problems and challenges in the development of co-operatives sector. Unclear co-operative policy of the government; lack of effective regulation and monitoring; and inadequate co-operative education, training and information are some of the challenges the co-operative movement is facing externally while lack of skilled human resource; lack of professionalism; and failure in discharging values, norms and principles of cooperatives are some examples of internal problems. Despite these problems there is good prospect of co-operative business contributing in national economy. Existence of institutional framework all over the country; building relation at international level; and growing attraction of general public towards co-operatives are the strengths of their development. The long term vision is to develop co-operatives sector as one of the prime sectors in reducing poverty by means of welfare economic development.

Objective

To create a basis of economic prosperity, social transformation and equitable development by mobilizing labor, skill, capital and resources of general people for collective well-being through co-operatives.

Strategy

1. Develop co-operatives as one of the strong pillars of the economy so that it can play the complimentary role with the government and private sector by organizing the poor and backward segment of the population in co-operatives following the values, norms and principles of co-operatives;

2. Support in inclusive and equitable development of all class and ethnicity including excluded communities through co-operatives and enhancing the access of all in financial sector;
3. Make provision of additional services and facilities for development and promotion of co-operative farming, industry and services, bank and enterprise;
4. Develop the system of self regulation and effective monitoring and evaluation by co-operative organizations themselves by clearly defining criteria of establishments of co-operative organizations and their operational standards;
5. Encourage multi-purpose co-operatives.

Working Policies

- 1.1 Co-operative movement will be made free of non-cooperative practices prevailed in co-operative organizations.
- 1.2 Co-operative movement will be made free from politicization.
- 1.3 Co-operative movement will be restructured in a professional and participatory fashion.
- 1.4 Co-operative movement will be developed as the basis for agriculture extension, infrastructure development, marketing, and local resource mobilization.
- 1.5 Co-operatives will be encouraged to production, processing, storage and marketing of agricultural and non-agricultural commodities.
- 1.6 Co-operatives will be developed as a powerful means of production and investment promotion, capital formation and marketing, agriculture and livestock insurance.
- 2.1 Co-operative stores will be operated and managed for distributing commodities of daily necessities in concessional rate to general consumers for making public distribution system effective.
- 2.2 Programs will be formulated and implemented for uplifting the poor segment of the society (*Dalits*, ultra-poor, marginalized and landless) and excluded communities through co-operatives.
- 2.3 Rural youth self-employment program will be launched by involving new generation into co-operatives.
- 3.1 Necessary government support will be ensured for the development of co-operative sector.
- 3.2 Curriculum of co-operative education will be introduced from secondary school level to university level.
- 3.3 Resources available through various trust funds such as, rural self-reliance fund, poverty alleviation fund and micro-finance, will be channelized and mobilized through co-operatives.
- 3.4 Local development works and social service delivery works under public-cooperative partnership program (PCCP) will also be launched through local co-operatives.

- 4.1 Regulation and monitoring system of co-operatives will be strengthened.
- 4.2 Co-operative accounting and auditing standard, work performance indicators, and standards of fiscal self-capacity will be formulated in order to manage the financial transactions of co-operatives.
- 4.3 Monitoring will be focused on big co-operatives by reducing the workload for monitoring small co-operatives operating in rural areas by maintaining concessional limits through self regulation standard and transparency process.
- 4.4 Professional competencies of co-operatives will be enhanced by conducting co-operative education and awareness generation programs through co-operatives.
- 4.5 Directors of the co-operatives violating co-operative act and loan defaulters will be black-listed and all the persons who are in the black-list of co-operatives, commercial banks and financial institutions will be barred to involve in operation of any co-operatives and make any transactions.
- 4.6 Existing co-operative law will be reviewed and necessary revisions will be made.
- 5.1 Special privileges will be provided to multipurpose co-operatives operating in rural areas.

Expected Outcome

1. Contribution of co-operative sector would have been increased in GDP and financial sector by increasing employment and income generation.
2. Governance would have been improved in operation of co-operatives and services to be rendered to the general public would have been increased.
3. Social inclusion would have been enhanced by upliftment of poor and backward class people.
4. Capacity of already established co-operatives would have been enhanced and co-operative education, training and information would have been expanded.
5. Loan delivery through co-operative bank would have been increased

7.16 Poverty Alleviation

Background

Although initiation has been taken to reduce poverty in the country since the Ninth Plan (1996/97 - 2002/03) by placing it at the centre of planned development endeavors, and as the poverty ratio has reduced to 25.4 percent at the end of FY 2008/09, poverty is still a major problem in Nepal. It is estimated that about 1.250 million households or about 7 million people are still living below the poverty line in the country. Difficulties have been realized to achieve the set targets of poverty alleviation in the country due to the problems like discrimination and inequality, weakness in structure of the economy, small production base, low productivity,

weak governance, exclusion and discrimination, discrepancy in policies, weak redistribution system, and ineffective targeted programs. Poverty alleviation related targets, objectives, strategies and working policies have been formulated for effectively implementing the targeted employment and income generating programs considering the experiences of the past periodic plans, policies on women, Dalits, Adibasi, Janajati, minorities, Madhesi, people of Karnali and remote hills and mountain areas, and people with physical disability and linguistic, cultural, religious and economically weak groups.

Implementation of the programs for poverty alleviation by various ministries on their own way and ineffective monitoring and evaluation are the problems observed in the endeavors to poverty alleviation. Lack of appropriate coordination between the programs of the various ministries and agencies is also being taken as the challenge in this sector. Poverty alleviation related objective and strategies have been set on the basis of implementing poverty alleviation related programs of the various sectors through the concerned ministries in the Plan period and monitoring and evaluation of the implementation will also be carried out by the National Planning Commission.

Objective

To reduce existing inequality and poverty in the country by increasing dignified and profitable employment opportunities through the expansion of inclusive, productive and targeted programs.

Strategy

1. Direct the state role and policies towards broad based economic growth, creation and promotion of employment opportunities, and their justifiable distribution through productive activities of the formal and informal sectors in the country
2. Emphasize on the adoption of labor intensive production system and program operation on the basis of sectoral comparative advantages.
3. Encourage safety net for the minimization of risk to the deprived and marginalized class through promotion, development and expansion of human security friendly policy and mechanisms.
4. Emphasize on food and nutrition security.
5. Mobilize resources to support poverty reduction through national and foreign investment, foreign aid, and effective coordination and collaboration among the non-governmental organizations.

Working Policy

- 1.1 Legal and institutional structure will be in place for ensuring employment targeting to poor, marginalized and deprived class by operating targeted programs like micro credit and skill development.
- 1.2 Institutional and procedural set up will be in place by formulating necessary laws to implement employment right enshrined in the constitution.

- 1.3 Emphasis will be given to use the local resources and skills and to improve production system on the basis of sectoral comparative advantages and local competitive capacity.
- 1.4 Identity card system will be carried out to classify economic status with a view to effectively implementing the targeted group-based programs.
- 1.5 Employment opportunities will be created by increasing the role of private sector, public-private, partnership and cooperative sector.
- 1.6 Foreign aid will be used with priority in the employment generating sectors.
- 1.7 Resources will be mobilized to support poverty alleviation through the cooperation and collaboration among the non-governmental organizations.
- 1.8 Access of the deprived class in the employment opportunities will be increased through education and employment-oriented trainings.
- 1.9 Access of the poor and deprived class on credit will be increased by expanding micro finance services.
- 1.10 Policy of targeted and demand based programs for poverty alleviation will be continued.
- 2.1 Emphasis will be given to use labor intensive technology in the productive activities of infrastructure development, modernization of agriculture system, rural tourism and formal/informal sectors.
- 3.1 Safety net preparation works will be initiated for risk reduction of deprived, poor and marginalized class.
- 4.1 Necessary programs for food and nutrition security will be formulated and effectively implemented.
- 5.1 Bank and financial institutions will be encouraged to operate credit programs for making foreign employment opportunities inclusive and deprived oriented.
- 5.2 Effective coordination and collaboration will be made between national and foreign investment, foreign aid and non-governmental organizations for program implementation and resource mobilization for poverty reduction.
- 5.3 Poverty and environmental promotion/motivation related programs will be launched.

Expected Outcome

1. Laws would have been formulated to ensure employment right provision in the constitution.
2. Appropriate policy would have been formulated to encourage labor intensive technology.
3. Training opportunities related to employment oriented skills and technology development would have been increased.
4. Identity cards would have been distributed by identifying the population living below poverty line.
5. Concessional and facilitate Credits would have been available to those deprived unemployed people interested to invest in the productive works.

6. Conditions of women, Dalits, deprived and communities would have been improved.
7. Population below the poverty line would have been reduced to 21 percent.

7.17 Labor and Employment

Background

It is the prime responsibility of state to promote employment opportunities by imparting knowledge and skills to national human resources in line with national and international labor market. To reduce unemployment, to institute tripartite bond among government, employers as well as workers and to create investment friendly environment, it is necessary to invest in labor management infrastructure. Currently, in Nepal, 2.5 million people of working age are unemployed and labor participation rate stands at 83.4 percent. Out of the total population, 30 percent is either unemployed or underemployed whereas four hundred thousand people are entering labor market every year. In this context, the emphasis of TYP would remain on increasing employment opportunities within the country; protecting the rights of workers; initiating reforms in labor law and administration to increase production and productivity; making foreign employment decent, safe and productive; increasing access of youth, women, indigenous people, people with disability, Madhesi, Dalits, conflict affected people as well as backward and poor people to productive employment; ensuring social security to workers and elimination of worst forms of child labor in accordance with international commitments.

Reorganization of Department of Labor and Foreign Employment, preparation of the list of unemployed, protection of workers' rights and determination of minimum wage, establishment of Foreign Employment Promotion Board, the rescue and relief operations for Nepali migrant workers facing difficult circumstances, establishment of migration resource center, provision of Labor Attache, labor agreements with five different countries, establishment of Foreign Employment Count Court (Nyayadhikarn), formulation of the National Master Plan on Child Labor, commencement of the process of sending industrial apprentices to Japan, rescue of 16,000 child laborers from worst forms of child labor, prevention of 17,000 more children from entering labor market, operation of Informal Education and Daycare Centers and investment made by non-government sector in alleviation of child labor can be enumerated as the achievements made in this sector.

The absence of cordial industrial relations; lack of employment opportunities; inadequacy of the vocational and skill development training opportunities; inability to cater the needs of national and international labor markets for skilled human resources; failure in curbing frauds and abuses related to foreign

employment; prevalence of child labor in formal and informal sectors; increasing number of child laborers due to conflict; and weak collaboration and coordination among national and international agencies constitute the main problems and challenges facing this sector.

Industrial peace, conducive environment for domestic and international investment, increased demand of Nepali workers in international labor market, increase in remittance, potential to take advantage of foreign labor market, opportunity to enhance the skill profile of human resources, potential for substituting child labor by youth and adult workers, increased international investment for child labor, and increased engagement of private sector indicate towards opportunities available in this sector.

The following objectives and strategies for labor and employment sector have been formulated based on long-term vision that aspires for creating and availing the opportunities for productive, safe and decent employment; investing economic and non-economic benefits incurring from domestic and foreign employment for poverty reduction as well as sustainable economic and social development of the nation by making foreign employment safe and rewarding; and creating a child labor free society.

Objective

1. To create decent employment and self-employment opportunities within the country.
2. To create healthy, safe and decent working environment through development of cordial labor relations.
3. To reduce unemployment by developing enterprising, competent and skilled human resources capable of competing in domestic and international labor markets.
4. To increase the contribution of foreign employment to poverty reduction by maximizing the benefits and minimizing the risks.
5. To eliminate worst forms of child labor as a matter of priority while striving for eliminating all forms of child labor.

Strategy

1. Make provision for employment guarantee of stipulated duration in stipulated sectors while unleashing employment opportunities and potential through employment-centric investment.
2. Establish cordial industrial relations by protecting the rights of the workers as well as creating investment friendly environment strengthening Employment Information Center into an Integrated Employment Exchange Center.
3. Make foreign employment safe, decent, dependable and more rewarding while initiating qualitative reforms in the entire migration cycle.

4. Create enabling environment for self-employment by enhancing opportunities for vocational and skill development trainings and by localizing such trainings to reach the consumers.
5. Reform child labors related policies, legislations and institutions and simultaneously implement child programs linking with national programs of poverty alleviation.

Working Policy

- 1.1 Employment Guarantee Law will be enacted and enforced to ensure employment in the designated sectors for limited period.
- 1.2 Additional jobs will be created by employing employment intensive technologies while investing on agricultural as well as on non-agricultural sectors (infrastructure, tourism, forest and industrial enterprises).
- 1.3 Employment monitoring system will be strengthened to ensure effective employment opportunities.
- 1.4 Access to jobs in accordance with knowledge and skills will be facilitated through creation and expansion of Information Centers, and analysis of the enlisted human resources will be carried out to strengthen effective employment exchange system.
- 2.1 Along with constitution of Worker/Labor Commission to protect the rights of workers and resolve labor disputes, tripartite mechanism of government, employers and workers will be established down to the local levels.
- 2.2 Existing labor laws will be reviewed with a view to balance labor flexibility with social security and reforms will be initiated in labor relations and entire labor administration to create investment friendly environment so as to enhance employment opportunities. Along with that, labor inspection system and model labor offices will be developed.
- 2.3 Provision of contributory social security will be made.
- 2.4 Within labor market planning provisions will be made to protect the rights of domestic and homes based workers and regulate labor relations.
- 2.5 New era of labor relations will be *commenced* to establish industrial peace by initiating reforms in policy, legislations and institutions.
- 3.1 An integrated operational system with regard to foreign employment will be adapted after constituting high level effective coordination structure of all stakeholder agencies to coordinate all related affairs and institutional structure dealing with foreign employment will be expanded down to the local level.
- 3.2 Along with according priority to labor diplomacy within economic diplomacy and appointing competent and professional labor attaché in destination countries, the diplomatic presence of destination countries in Nepal will be enhanced while mobilizing the organization of non-resident Nepalese abroad to expand and promote labor market as well as to protect and support migrant workers.

- 3.3 To facilitate outbound and incoming Nepali migrant workers a special channel will be established at international airport.
- 3.4 Collaboration with the countries in SAARC region will be explored to develop security and support systems for female migrant workers in destination countries.
- 3.5 Labor agreement will be negotiated with more countries to ensure safe and systematic foreign employment for Nepali workers.
- 3.6 Awareness programs will be carried out down to the local level to provide basic information related to foreign employment and labor migration.
- 3.7 Institutional/corporate responsibility will be encouraged among remitting agencies and effective packages will be implemented for the facilitation and productive use of remittance.
- 3.8 Foreign Employment Welfare Fund will be mobilized for ensuring security, protection, economic relief and reintegration of migrant workers for the education and health of their family members along with awareness programs.
- 3.9 Foreign employment oriented quality trainings will be provided in a way that ensures access of women, dalits, poor, marginalized communities and people from remote areas. At the same time foreign employment will be made inclusive and pro-poor.
- 3.10 Policies will be formulated to encourage outbound migrant workers to fly from Nepali land instead of taking the route of third countries. Special package will be devised to help women decide on foreign employment option based on informed choice.
- 3.11 Arrangements will be made to send people in foreign employment or in domestic labor market as skilled and semi-skilled after carrying out the test of their acquired training or skills and certification.
- 3.12 Collaboration with financial institutions will be sought to facilitating loans for foreign employment as well as for those who seek employment within the country.
- 3.13 The security and protection related concerns of Nepali people going to India for employment will be addressed.
- 3.14 Documentation and record system of Nepali people going for foreign employment will be improved, systematized and updated giving emphasis on disaggregation.
- 4.1 Integrated micro enterprise development programs will be implemented to promote self-employment including provisions of skill and entrepreneurship development and soft loans.
- 4.2 Skill development programs will be carried out as a campaign by consolidating all institutions providing vocational and skill development training under one umbrella and developing it as a professional quality training provider institution.

- 4.3 Coordination and cooperation will be done with the Ministry of Education and Council for Technical Education and Vocational Training to improve the quality and employability of trainings of longer duration, including technical SLC trainees.
- 5.1 New pilot programs for the elimination of worst forms of child labor will be launched after revising National Master Plan on Child Labor. Also, institutional arrangements will be made for the rescue and rehabilitation of child laborers.
- 5.2 Research and studies on child labor related issues will be continued.

Expected Outcome

1. Skilled and competitive labor force would have been produced to meet national and international labor market demand thereby reducing unemployment rate.
2. Rights of the workers would have been protected and healthy working environment promoted.
3. Access of women, youth, *Dalits*, indigenous nationalities, *Madhesi*, Muslim, conflict affected as well as very poor and marginalized regions and groups to employment would have been enhanced.
4. Promotional programs for safe and systematized foreign employment implemented, new arenas of employment would have been indentified and amount of remittance increased.
5. Employment Information Centers would have been evolved into employment exchange centers mediating between employers and job seekers.
6. National Master Plan on Child Labor would have been revised and worst forms of child labor eliminated.
7. One hundred thousand youth would have acquired employment-oriented skill development training of at least three months annually and accessed employment.
8. Labor disputes would have been reduced.
9. Investment friendly environment would have been created.
10. Disaggregated database of foreign employment would have been established.

7.18 Transport Management

Background

There has been a considerable expansion of road transport in the country with a total length reaching to 31000 km. Seventy one districts have been connected by the road network. The population having access to road within 4 hours distance has exceeded 62 percent. Road transport, in absence of alternative means of

transport, has remained indispensable to ensure the right of movement of Nepali people and to enhance the dynamism in the economy. The number of registered vehicles has gone up to 805,614. At present, there has been extensive involvement of private sector in public transport provision. Recently, with a view to expand railway service, feasibility studies for the construction of 5 cross-border railways and one East-West Railway are under progress. The incidences of accidents have also been increasing with the expansion of transport service.

The opening and expansion of branch offices and service centers in Bagmati and Narayani Zones; computerization of all vehicular records in Bagmati, Gandaki and Lumbini Zonal Offices; posting of six hundred thousand records of driving licenses on website; implementation of new standards and processes relating to third party insurance; provision of 45 percent concession for people with disability in public transport fare; driving training for women and people with disability; constitution of a high level committee to introduce embossed number plates and converting driving licenses into smart cards can be taken as the achievements made in recent years.

Lack of dependable, safe and accessible public transport; lack of coordination cooperation among different agencies to improve service delivery; inability to improve quality in service; complications brought about by the polluting old vehicles in environment conservation; absence of credible program for transport sector reform in urban centers including Kathmandu Valley are some of the problems faced by this sector. The expansion and modernization of the transport administration to ease the movement of the public and to develop it as the major source of revenue collection by making it simple and trouble-free remain the challenges in this sector.

Increased length of roads; growing number of vehicles and expanding services, increasing involvement and investment of private sector as well as rising demand and participation of people for greater service coverage point towards the opportunities of development and expansion of the sector.

Objective

1. To enhance the dynamism of economy by improving accessibility to safe and reliable transport services while protecting the right of Nepalese to movement.
2. To make transport administrations clean, swift, smart and competent.

Strategy

1. Make transport service safe, reliable and easily accessible through inter-agency coordination and efficient transport management.
2. Allow to operate environment friendly vehicles (such as electrical vehicles or bicycle) meeting certain minimum standards of service after gradually replacing polluting vehicles.

3. Encourage public private partnership in public transport services.
4. Carry out feasibility study to launch programs for expansion and development of railway services.
5. Enhance the contribution of transport sector to revenue by stemming the leakages.

Working Policy

- 1.1 A long-term strategic plan will be formulated and reforms will be initiated in legal, structural as well as policy provisions including transportation policy and vehicle registration and replacement policy to make management of transport effective.
- 1.2 Transport sector will be established as an efficient and advanced sector equipped with modern technology.
- 1.3 A study will be carried out and necessary arrangements made to constitute a Transportation Authority for the proper and efficient management of transport sector.
- 1.4 Competition will be enhanced and scientific route permit system will be adopted in transportation sector.
- 1.5 To make public transport service safe and reliable, improvements will be made on entire transport management system through functional coordination and collaboration among all concerned agencies.
- 1.6 Route permit system will be systematized based on the study of road conditions, traffic density and availability of means of transportation. While adopting route system arrangements will be made to operate vehicles on time bound manner.
- 1.7 Public transport system and transport management monitoring system will be strengthened.
- 1.8 All offices and department will be linked in a computer network and operated through electronic medium.
- 1.9 In Kathmandu valley mass commuting vehicles will be encouraged and public transport service will be made easy, safe, comfortable, accessible, reliable and effective.
- 1.10 Transport related infrastructure will be developed and regular inspection will be carried out along with improvement in traffic system.
- 1.11 Transport management in the Valley will be systematized by adopting Global Positioning System.
- 1.12 Transport service will be made safe by raising public awareness about vehicular accidents and safety measures as well as enhancing discipline in the sector.
- 1.13 By managing bus stops and parking lots from urban road to highways traffic congestion will be reduced, transport system will be strengthened and made accessible.
- 1.14 Transport management policy will be adopted in a way that balances carrying capacity of the road with means of transportation.

- 2.1 To adopt mechanized testing system to test the condition of vehicles, vehicle fitness test system will be implemented and expanded.
- 2.2 Scientific measures of quality service will be set and old and polluting vehicles that do not meet set standard will be replaced.
- 2.3 To control pollution in transport sector appropriate standards will be set, progressively refined and implemented.
- 2.4 Environment friendly means of transportation will be encouraged along with the use of bio-fuel.
- 3.1 Terminals along with necessary parking lots for passenger and ...vehicles in Kathmandu Valley and other urban areas will be built and operated based on the concept of public private partnership.
- 3.2 The investment, participation and involvement of private sector in public transport service will be regulated.
- 3.3 Government, local government bodies and cooperative institutions will be involved in public transport service as per necessity.
- 4.1 Existing Janakpur-Jaynagar Railway will be operated in more businesslike manner by upgrading and expanding the railway up to the Bardibas in Mahendra Highway.
- 5.1 In order to stem leakage of revenue in the transport sector, all transport management records will be computerized and linked in a network along with the adoption of scientific embossed number plates and conversion of driving license into smart card.

Expected Outcome

- 1. Citizens' right to movement would have been protected by effective transport management.
- 2. Transparency and effectiveness of transport management would have been improved through e-governance and increased revenue collection considerably.
- 3. Transport administration would have been established as a competent and efficient agency equipped with modern technology.
- 4. Environment would have been conserved through reduced vehicular pollution.
- 5. Vehicle accidents and death casualties would have been reduced through strengthened transport administration.
- 6. Service would have been expanded through increased investment and participation of private sector.
- 7. Transport service would have been established as a safe, reliable, disciplined and decent profession.

7.19 Agriculture and Food Security

Background

Agriculture is considered to be backbone of Nepalese economy. It is the major source of livelihood of Nepalese people. A total of 74 percent of the total population still depends on agriculture for their subsistence. Most of them are small and marginal farmers. As one third of the GDP comes from agriculture sector, it is quite clear that it has an immense role to play in reducing poverty and ensuring food security and balance of trade of Nepal. Contrary to very important position of agriculture sector in development of Nepal, growth rate of agriculture has not been that encouraging due to low investment both by the government and the farmers themselves. Annual growth rate of agriculture sector was 2.7 percent in the 90s, whereas it rose up to 2.8 percent per annum in 2001 to 2006. Though the growth rate was recorded as high as 4.7 percent in 2006/07, which is the base year of TYIP, it stood to mere 2.1 percent in 2008/09 and crop production experienced the sharp decline in the subsequent year mainly due to bad weather.

In this backdrop, the major challenges agriculture sector facing are to increase the growth rate of agriculture produces and to limit the soaring food prices. Due to both of these reasons pressure has been experienced on availability and accessibility of food and the task of ensuring food security to ultra poor and rural communities has become more challenging. In addition to low agricultural production and productivity, uncertainty in monsoon rainfall; climate change; inadequate irrigation facility; growing pressure in marginal land for cultivation; less utilization of appropriate technology; less accessibility of farmers in markets; and frequent occurrence of livestock related epidemic are some of the challenges in the sector.

Other existing problems and challenges in the sector are: less investment in agriculture sector (less than anticipated by APP); less efforts to attract private sector investment for agriculture commercialization; problem of irregular and inadequate supply of chemical fertilizer in hilly remote areas; development of agriculture commercial pockets not as expected; non-existence of agricultural road network; shallow tube well and other irrigation facilities less than required; less importance accorded to commercial livestock production; widening gap between research and extension in agriculture, livestock and fishery; inadequate physical infrastructure for agriculture commercialization; lack of improved breed livestock; lack of standard laboratories and technology development and dissemination centers' network; inadequate development of agro-industry and technology development. Despite these problems there are good prospects of contributing in national economy by sustainable development of agriculture sector through strengths such as institutional framework and human resources up to the grassroots level; existence of policy and legal base; availability of technical expertise; growing attraction of development partners for investment in agriculture sector and priority accorded to the sector by the government.

The objectives and policies are designed in such a way that Agriculture Perspective Plan (APP) and National Agriculture Policy as the principal policies

will assist food and nutrition security and millennium development goals by making it competitive through its commercialization and modernization.

Objective

1. To enhance the contribution of agriculture sector in food and nutritional security, employment generation and poverty reduction and balance of trade by means of its modernization and commercialization considering agriculture sector as the backbone of national economy;
2. To improve economic status of rural people by increasing the production and productivity of agriculture and livestock commodities in line with the requirements of farmers and other stakeholders.

Strategy

1. Efforts will be centered towards ensuring food and nutritional requirements by enhancing agriculture productivity through commercialization of agriculture and livestock commodities and development of rural infrastructure.
2. Enhance competitive capacity by making easy availability of improved breed livestock and reducing the cost of livestock production
3. Make quality control, monitoring and regulation of food agriculture and livestock commodities effective
4. Develop climate change resilience technology and to disseminate conservation, promotion and utilization of agriculture biodiversity
5. Encourage organic agriculture
6. Coordinate research, extension and education
7. Encourage contract farming and cooperative farming
8. Develop and extend the agriculture market

Working Policy

- 1.1 Area of cultivated land will be extended by utilizing marginal and fallow land and maintaining fertility of soil.
- 1.2 Capacity of farmers, entrepreneurs and experts will be developed by utilization of newly developed technology in the field of commercialization of agriculture, quality testing, monitoring and regulation.
- 1.3 Special privileges and services will be provided to poor farmers below poverty line based on defined criteria through group approach.
- 1.4 Priority will be accorded for quality seed production by strengthening government-owned and private farms which produce certified seed and improved livestock breed.
- 1.5 Programs for certification of international standard in seed and livestock production and food commodities to be exported from Nepal will be carried out by obtaining the accreditation from International Seed Certification Organization and organizations which certify livestock production and other food commodities.

- 1.6 Agriculture production through value chain activities will be promoted by ensuring participation of all the stakeholders in agriculture value chain from producers to consumers.
- 1.7 Small and marginal farmers will be encouraged to produce low volume high value crops and commodities by organizing them into groups and co-operatives.
- 1.8 Year round irrigation facility will be ensured through ground water and surface irrigation and rain water harvesting.
- 1.9 Production materials, machinery equipments, fuel and energy will be made available to farmers in concessional rate so as to reduce the cost of production.
- 1.10 Agriculture and livestock produce will be made competitive with the view of import substitution and export promotion.
- 1.11 Emphasis will be placed on increasing production of potential agricultural commodities having comparative advantage.
- 1.12 Special program will be carried out in food deficit and nutrition deficient areas for the production and consumption of locally potential agricultural produces.
- 1.13 Production of raw materials for agriculture and livestock-based industry will be increased.
- 1.14 Establishment and operation of large agriculture farms from private sector, agriculture and livestock-based industry and chemical fertilizer, organic manure and agriculture lime factory and private-cooperative partnership company will be encouraged.
- 1.15 Emphasis will be placed on provision of agriculture and livestock insurance, concessional agricultural credit, and tax discount for agricultural and livestock based industry and trade.
- 2.1 Production and processing of agricultural and livestock commodities will be made competitive.
- 2.2 Nepalese agricultural and livestock products will be made accessible to domestic, regional and international markets.
- 2.3 Cost of livestock production will be reduced by encouraging use of productive animal, forage and fodder development that suits to local climate and consumption of mineral block for nutrition.
- 3.1 National food laboratory will be strengthened and upgraded to accredited laboratory of international standard for utilization of new technology of quality testing of food commodities, certification and commercialization.
- 3.2 Standard and quality will be improved by making contemporary revisions in regulating agricultural and livestock commodities and services in line with international rules, regulations, conventions and agreements.
- 3.3 Public awareness programs will be carried out for proper use of pesticides so as to protect people from negative effects of pesticides.

- 4.1 Agricultural bio-diversity will be conserved through adaptation of global climate change in agriculture.
- 4.2 Appropriate technology and infrastructure will be developed for conservation and utilization of indigenous knowledge and genetic/ natural resources.
- 4.3 Production based on agricultural bio-diversity and employment and income generating activities will be encouraged and operation of market centers and entrepreneurship will be promoted.
- 5.1 Organic zone will be declared with the brand promotion of organic products by identifying potential commodities and regions for encouraging organic cultivation of high value crops targeting international markets.
- 5.2 Expansion of organic cultivation will be ensured by disseminating of knowledge and skills to local levels.
- 6.1 Basic, applied and action research will be promoted with priority as per national need.
- 6.2 Agriculture research programs will be focused towards getting maximum benefits that arise from WTO and other regional trade agreements.
- 6.3 Partnerships with concerned agricultural institutes will be enhanced.
- 6.4 Access of poor and women farmers will be ensured in decision making process related to selection, implementation and evaluation of agricultural researches.
- 6.5 All the agriculture and livestock related services will be made available locally to the farmers in an integrated and extended fashion.
- 7.1 Agriculture production, processing, marketing and microfinance program will be effectively carried out through commercial banks providing wholesale agriculture lending to co-operatives.
- 7.2 Contract farming and co-operative farming programs will be encouraged involving private entrepreneurs and co-operative sector for increasing agricultural production.
- 7.3 Structure of agricultural co-operatives from rural to central level will be strengthened.
- 8.1 Collection centers and wholesale markets close to commercial agriculture and livestock production centers and outreach market networks will be developed and extended.
- 8.2 Access of agriculture and livestock market information will be extended up to local level.

Expected Outcome

- 1. Production of food crops would have been increased from 7,762,000 MT to 9,633,000 MT; pulses 262,000 MT to 377,000 MT; fruits 705,000 MT to 775,000 MT; potato 2,459,000 MT to 2,757,000 MT; vegetables 3,001,000 MT to 3,601,000 MT; milk 1,496,000 MT to 1,605,000 MT; and meat 248,000 MT to 329,000 MT by the end of plan period.

2. Production of per person food crops would have been increased from 272 Kg. to 322 Kg.; pulses 9 Kg. to 13 Kg.; fruits 25 Kg. to 26 Kg.; vegetables 105 Kg. to 120 Kg; potato 86 Kg. to 92 Kg.; fish 2 Kg. to 2.01 Kg; milk 52 Kg. to 54 Kg.; and meat 9 Kg. to 11 Kg.; and egg 23 Kg. to 31 Kg. by the end of plan period.
3. Raw materials required for agriculture and livestock based industry would have been increased.
4. Storage capacity of agricultural commodities would have been enhanced.
5. Foreign exchange reserve through exports of agricultural commodities would have been increased.
6. Modern equipments would have been used in food researches.
7. WTO standard would have been enforced in export and import of food commodities.
8. Modern technology would have been used in quality fixation of agro-industry.

7.20 Land Reform and Management

Background

Appropriate land management is very important for social and economic transformation of the nation. It is an urgent need to effectively apply means of land management and productivity enhancement to harness the maximum benefits from the land in the present context of excessive fragmentation of land and use of marginal land for cultivation due to rapid population growth, infertile land and limited use of land. In this context, High Level Commission for Scientific Land Reform has already submitted its report to the government for enforcing scientific land reform in accordance with the spirit of Interim Constitution of Nepal while all the political forces of the country agree on the need for increasing investment in agriculture for production and productivity through land reform.

According to National Agriculture Census 2001, number of landless farmers' families (possessing less than 0.1 ha. of farm land) is 227,100 which constitute some 8 percent of total 3,364,100 farmers' families. Most of the landless families work as bonded laborers for their livelihood whereas marginal farmers barely earn their living for six months from their agriculture production. In addition to this, the total number of landless families in Nepal is supposed to be sizeable and significant although there is no such official study. Scientific land reform has been conceived in accordance with the need of developing production-oriented and entrepreneurial agricultural system for livelihood of farmers and their families. Therefore there is an urgent need to ensure the access of landless and poor people to land by solving the problems such as tenants' right, guthi land, haliya and squatter settlements.

Along with rapid progress in the field of science and technology, there is a need of developing geographic information infrastructure to develop basic geographical information by utilizing modern technology and successful implementation of development projects by adjustments of maps and geographic information generated through different agencies. There is also a need to update records of land information based on land ownership and entitlements by enhancing the quality of public service delivery through application of modern technology in land administration.

There are numbers of challenges and problems prevalent in this sector such as - non-formulation of National Land Policy; limited access to land to the landless households dependent on agriculture; existence of squatter settlements; dual ownership of land parcels; lack of updating of land and geographic information; lack of inter agency co-ordination; non-utilization of modern technology in land survey; inadequacy of modern IT friendly rules and regulations. Despite these problems there is good prospect of contributing in national economy by sustainable development of land reform sector through strengths such as institutional framework; existence of policy and legal base; constitutional guarantee of rights of landless and land dependent populace; and introduction of modern information technology (IT) in the sector.

Objective

To create the basis of economic and social transformation by enhancing land productivity through improvement in traditional land ownership and scientific land reform and management

Strategy

1. Formulate national land policy and land use policy with the spirit of scientific land reform;
2. Manage landless and agriculture dependent families appropriately;
3. Ensure tenants' rights to land by abolishing dual land ownership;
4. Enhance the access of general people in land and geographic information by developing modern IT friendly land survey and land management system;
5. Provide all the land related services through one window system by institutionally strengthening land management agencies and its capacity development;
6. Safeguard government-owned, public lands and *guthi* lands;
7. Categorize land on the basis of land use.

Working Policy

- 1.1 National land policy and land use policy will be formulated and existing rules and regulations will be amended.
- 1.2 Land consolidation and collective farming system will be encouraged in order to discourage land fragmentation process.
- 1.3 Bases for new land ceiling will be devised by reviewing existing land ceiling.

- 2.1 Resource and capacity development programs will be conducted in co-ordinated fashion through increasing the access of landless people to land for enhancing agricultural production and productivity.
- 3.1 Action plan for abolishing dual ownership of land will be effectively implemented.
- 3.2 Actions will be initiated and expedited to prepare consolidated land entitlements report of individual person and family within the country.
- 4.1 Modern technology will be utilized for land survey.
- 4.2 Land and land ownership related maps and other information will be updated through land information system (LIS).
- 5.1 Provisions will be made to deliver public service in integrated fashion by institutional re-structuring of land administration and management related agencies in line with federal structure.
- 5.2 Training programs of Land Management Training Center will be effectively launched in co-ordination with universities and other institutions so as to supply the human resources possessing modern knowledge and technical expertise for the transformation of traditional land administration and management system.
- 5.3 Updating and rehabilitation of land records destroyed during conflict will be completed.
- 6.1 Records of government land, public land and *guthi* land will be updated and safeguarded.
- 7.1 Re-categorization of land will be initiated on the basis of land use.

Expected Outcome

- 1. Policy and institutional reforms would have been carried out in land reform sector and programs would have been effective.
- 2. Programs for systematic settlements of landless families would have been initiated.
- 3. Land maps would have been updated by the application of modern technology and reliable land information would have been made available for land use program formulation.
- 4. People would have access to land information with the application of modern technology and people would have service and related information readily available in simple and effective way through one window system.
- 5. Modern technology would have been applied in sector of land administration and management.
- 6. Service delivery would have been improved through reinstatement of partially destroyed maps and other related information during conflict.
- 7. Destroyed maps and other related information during conflict would have been reinstated in Achham and Arghakhachhi districts.
- 8. Skilled human resource for land management would have been made available.

7.21 Forests and Soil Conservation

Background

Forests resources are considered prerequisites for development of agriculture, industry, water resources, environment and bio-diversity in Nepal. It consists of important resources such as - water, forage, herbs, wildlife, other non timber forests products, bio-diversity and environmental services. Therefore sustainable management of forests resources requires out most importance to enhance the contribution of forestry sector in economic development and social upliftment. Forests are instrumental in reducing the negative impacts of climate change and adaptation of human ecosystem in changing environment. Therefore conservation, management and sustainable development of forests are very important.

It is estimated that forest occupies 39.6 percent of total land area in Nepal. Out of this, 29.6 percent is dense forests and rest 10.6 percent is shrub land. Various programs are being implemented for the management of forests. According to the Department of Forests 14,686 Community Forests Users Groups (CFUGs) have been formed and 1,252,543 ha. forests area has been handed over to the communities and 1,687,801 households have been benefitted. Similarly, in order to improve the livelihood of the community below poverty line and support the forest conservation activities 5,113 Leasehold Forests Users Groups (LFUGs) have been formed and 23,028 ha. forests area has been handed over to the communities and is being managed as leasehold forests. Community empowerment has been observed through these initiatives and livelihood of 43,183 households has been improved along with improvement in quality of handed over forests.

In the context of conservation of bio-diversity of Nepal at local level, 20 protected areas have been established, which covers 23.1 percent of total land area of Nepal. Similarly, pasture area covers 12 percent and wetland area covers 2.5 percent of total land area. These areas are located in various ecological zones and have helped in the conservation of incredible natural, biological and cultural heritage of those areas.

Problems and challenges related with forests resources management are multi-dimensional, complex and inter-connected with social, economic, physical, environmental, and policy issues of the country. These problems and challenges include- forests encroachment; illegal export of forests products; poaching and illegal trade of wildlife; river cutting; soil erosion; forests fire; uncontrolled grazing; illicit felling; uncontrolled collection and export of boulder, gravel and sand from riverbeds; illegal collection and export of non-timber forests products; conflict between people and wildlife; use of forests area for development works and other purposes. All of these problems and challenges are arisen due to heavy population growth; poverty; migration; unemployment; illiteracy; political instability; un-clarity in policy and poor implementation. In addition to these,

efforts to get preference to forests conservation from all sectors; balancing between development and conservation; provisions of necessary resources for effective management; inclusive and equitable forests resource management; and getting constructive support from all stakeholders at the time of political transition are more challenging. So far, 0.1 million hectare forests area in various locations of the Tarai and inner-Tarai is under encroachment.

Community based forests management, protected area system, integrated soil and watershed management, and landscape level conservation and management are some of the examples of nationally and internationally recognized successful programs. Issues such as - availability of precious forests products, increased opportunities for employment and income generation through establishment of environment friendly green enterprises, development of integrated resource conservation models, experiences of forests organizations, activeness of stakeholders, production of multi-purpose goods and services according to local, national and international perspectives in forests resource management, carbon trade and payments for environmental services- should be considered as some of the opportunities prevailing in forests sector. Therefore, considering these potentialities, there is urgent need to formulate common and longer term vision with policy priorities and action and results-oriented efforts.

Objectives, strategies and working policies of forests sector have been designed with the view of contributing in poverty alleviation of local communities by improving their livelihood through promotion of ecosystem services and mitigation and adaptation measures of negative impacts of climate change by sustainable, participatory and decentralized management of forests, plant resources, watersheds, protected area, and bio-diversity resources.

Objective

1. To enhance forests productivity by promoting environmental services through scientific and participatory management of forests resources;
2. To support poverty alleviation by generating employment opportunities through promotion of forests activities and commercialization.

Strategy

1. Maintain minimum of 40 percent forests of total land area of the country based on geographic and environmental sensitivity;
2. Conduct research and development and sustainable management of forests, plant resources, watersheds, protected areas and bio-diversity by participatory approach;
3. Apply landscape management approach for conservation and management of forests and natural resources;
4. Design and operationalize necessary framework for management and distribution of potential income that accrued from reducing negative impacts of climate change and contributing in adaptation by carbon deposits through

- forests conservation promoting economic services derived from forests resources;
5. Conserve and manage watershed in integrated way by means of basin approach;
 6. Empower local community by creating green employment opportunities through public-community-private investment in environment friendly enterprise based on forests products; and
 7. Democratize governance system of government, non-government, community and private institutions working in forests sector and making it inclusive, transparent and accountable.

Working Policy

- 1.1 All types of forests in Nepal will be managed according to principles of Sustainable Forest Management.
- 1.2 Forest areas will be maintained by tree plantation and conservation in proportion to forests area damaged due to infrastructure developmental activities carried out according to national priority.
- 1.3 Forests resources destroyed during the times of conflict will be rehabilitated by means of tree plantation and reconstruction of other physical infrastructures.
- 1.4 Policy will be designed and action-oriented programs will be launched for controlling forests encroachment, illicit felling, smuggling of forest products and poaching by developing a coordinated framework.
- 1.5 Forests will be protected from fire through participatory approach by applying prohibitive and controlling measures.
- 1.6 National Forest Resource Assessment program will be launched to update data to assess the quality of forests resources of Nepal.
- 1.7 Mapping of all types of forests area and resource assessment will be carried out with the application of geographic information system (GIS) and arrangements will be made for using these information in local forests management.
- 1.8 National Forests Strategy will be formulated with long-term perspective involving the concerned stakeholders in forestry sector.
- 2.1 Opportunities of income generation of poor, women, indigenous and ethnic people, *Madhesi* and people from backward class will be increased and social and economic empowerment will be ensured by forests management.
- 2.2 Forests resources of high hill area will be managed in balanced and integrated approach by including rangeland, trans-human herders, Himalayan lifestyle based on forests resources, herbs, extinct agriculture and livestock bio-diversity, climate, and eco-tourism.
- 2.3 Emphasis will be given on conservation of bio-diversity; and livelihood of poor communities dependent on wetlands will be supported by sustainable management and utilization of wetland ensuring participation of local people.

- 2.4 Balance will be maintained between livelihood and bio-diversity conservation by ensuring support and participation of the public under protected area management.
- 2.5 Scientific and participatory action research in forestry sector will be carried out in collaboration with educational and other institutes working in research field.
- 2.6 Botanical gardens will be developed as research and recreational centers and national herbarium will be made well-equipped and effective.
- 2.7 Certified organic production of non timber forests products will be initiated with the development of national standards for forests certification. Gradual preference will be accorded to process forests certification for sustainable forests management.
- 2.8 Forests resources will be utilized by means of silvi-cultural management. Tree plantation in private areas, schools, and public places outside forests area will be encouraged.
- 3.1 Action plan for the conservation of bio-diversity, fresh water conservation, sustainable livelihood, conservation of cultural heritage, climate change and environment conservation will be developed and implemented with the perspective of landscape management approach in Tarai, hills and high hills in accordance with National Bio-diversity Conservation Strategy 2002.
- 4.1 Arrangements will be made for the judicious distribution of income generated through developing policy and institutional framework for ecological services derived from production of forests resources to stakeholders contributing to real management of forests.
- 4.2 Model programs will be launched for the generation of additional financial resources under REDD concept in reducing the negative impacts of carbon sequestration and deposits in climate and adaptation.
- 4.3 Vulnerability assessment will be conducted for assessing potential risks due to climate change and necessary and appropriate adaptation programs will be launched for risks management.
- 5.1 Watershed and sub watershed management will be carried out with basin approach ensuring public participation.
- 5.2 Conservation works in Tarai will be launched with upstream and downstream environmental linkage and sustainable management of Chure ecological system will be carried out in integrated approach in accordance with Chure Conservation Strategy to support livelihood of the local people of Chure region.
- 6.1 Opportunities for green employment will be generated with the provision of special facilities in order to encourage interested private, co-operatives and community for availability of raw materials, processing, value addition, market extension and export promotion for environment friendly enterprise based on forests resources for its commercialization.

- 6.2 Livelihood improvement program for forests dependent poor and indigenous ethnic groups will be launched with the provision of forests enterprise development fund.
- 6.3 Public services to be provided by the government machineries will be classified and policy will be developed for the partnership with the communities and private sector based on necessity, priority and feasibility.
- 6.4 Policy of 'One User Group: One Forests Enterprise' will be implemented in every VDC so as to support economic development through forest sector.
- 6.5 Programs for production and processing of aromatic and medicinal plants will be encouraged with public-community-private partnership and policy of development of special zone for production and management of aromatic and medicinal plant species will be made.
- 6.6 Special program of green employment will be launched for youths in rural area.
- 6.7 Government and public land will be provided on leasehold basis to produce required raw materials to environment friendly enterprise based on forests products.
- 6.8 At least 35 percent of revenue, accrued from all types of forests management approaches based on community, will be invested for enhancement of livelihood of ultra poor, backward community and indigenous ethnic group of the same region.
- 7.1 Gender and social inclusive strategy of forestry sector will be effectively implemented as a model ensuring participation of at least 50 percent women in the committees of community forests user group.
- 7.2 Duplication in program implementation will be avoided by coordinating at local and district level stakeholders of forests sector.
- 7.3 Restructuring of forestry sector institutions will be made in accordance with state restructuring and new national strategic plan of forests sector.
- 7.4 Mutual cooperation among local government, community and overall forests sector will be made more effective extending it up to village level in accordance with the spirit of decentralized and federal governance system.
- 7.5 National forests program fund will be developed with the formation of multi-stakeholder coordinating mechanism in the leadership of Government of Nepal in order to mobilize foreign assistance in forestry sector in national interest.
- 7.6 Policy of conducting public auditing of on-going programs will be applied to ensure good governance in forestry sector.
- 7.7 Institutional strengthening will be done along with strengthening of monitoring and evaluation system by making necessary revisions in existing legislations for effective conservation, promotion and management of forestry sector.

Expected Outcome

1. 40 percent of total land area of the country would have been maintained as forests area with greenery promotion through sustainable forests management system and special encouragement program.
2. About 1700 community forests user groups and about 644 leasehold forests user groups would have been formed and forests would have been handed over to those user groups and 21,480 households of poor and backward class would have been benefitted.
3. Adaptation plan would have been developed and implemented, in order to face the negative impacts of climate change, at least in 1,000 community forests user groups.
4. A fund would have been established for the development of forests enterprise and participation and investments of private sector would have been increased in forests enterprise
5. Watershed would have been managed according to community based basin approach in holistic and integrated way.
6. New national forest strategy (master plan) and district forests strategy plan would have been formulated and implemented and forests institutions would have been restructured.
7. Forests survey would have been conducted and mapping and assessment of forests resources would have been conducted up to district level.
8. Additional financial resources would have been generated against the contribution made by forests sector in climate change from carbon sequestration and deposits.
9. Forests, biological corridors and hot spots of national and international importance which are in threat of encroachment, illegal cutting, forests fire and poaching would have been conserved.
10. Herbarium and botanical garden would have been managed and strengthened.
11. Women's participation in plan formulation, implementation and evaluation process would have been increased.
12. Additional employment from systematic development of forestry sector would have been generated.

7.22 Industry

Background

Industrialization is taken as one of the most vital indicators of economic growth and prosperity of the nation. Therefore, today's main necessity is to support industrialization by establishing industries based on agriculture and local resources in rural sector and establishing and developing industrial zones in urban areas. The government has promulgated New Industrial Policy, 2009 to develop industrial

sector and to provide protection and facilities to the investors. It is expected to foster industrial friendly environment in the country. Similarly, the draft of Foreign Investment Policy has been prepared and Micro Enterprise Policy has been formulated. The Micro Enterprise Development Program, that covered remote and marginal sectors, has produced more than 45,000 micro entrepreneurs to date. Likewise, the preliminary work of building construction of Special Economic Zone is completed in Bhairahawa and the land acquisition activity and surrounding wall construction work in Simara is completed. The bill on Special Economic Zone presented in Parliament is under the process of discussions. Furthermore, Department of Mine and Zeology has conducted various developmental works like limestone mine in Surkhet, natural gas in Kathmandu, in Kalitar (Makawanpur) copper mine, in Gandhari (Dang) limestone mine, in Phulchoki iron mine and in Dadheldhura copper mine etc.

Though there are plenty of industrial development potentialities in the country, the country is unable to tap adequate benefit from this sector due to lack of appropriate managerial skills and knowledge, no proper substantial guarantee of industrial security and no appropriate environment created for internal and external investment. Inconvenient environment caused hurdle in industrial development and lack of skilled manpower, no diversification in exportable products, no adaptation of new technology, minimum ability to adapt the technology affected to productivity increment, no implementation of industrial friendly labor policy, irregular supply of electricity, mistrust and misunderstanding between business owners and laborers are main hindrances to industrial development. Similarly, scarcity of infrastructure in rural sector, inadequate access of micro entrepreneur to the microfinance institutions, difficulty of access to micro entrepreneur in forest-based resource, no clarity in legal provisions, unavailability of appropriate technology for qualitative product, weak forward linkages to market, lack of confidence of entrepreneurs, lack of formal recognition of micro-entrepreneurs to move forward in an organized way etc. are main problems and challenges of micro enterprise sector. In addition, difficult geographical structure, excessive competitive environment created by globalization and economic liberalization, increasing affordability in existing development of information and communication technology to make industrial products more qualitative and competitive seem great challenge.

Objective

1. To increase national income and employment opportunities by increasing export of industrial product through promotion of qualitative and competitive industrial production and productivity.
2. To attract domestic and foreign investment by creating strong investment foundation through developing necessary productive manpower and managerial capability for industrial development.

3. To increase the contribution of industrial sector in achieving balanced regional development and emphasize in maximizing the use of local resource, raw materials, skill and means.
4. To create productive self-employment by developing entrepreneurship to backward, poor targeted group through micro enterprises.

Strategy

1. Focus on physical infrastructure, policies formulation and implementation necessary to small, medium and large industries that have to be operated in nation.
2. Expand micro enterprise at the national level by targeting poor and backward classes, and conflict-affected groups through using credit facilities of microfinance institutions, extending market for agricultural, non-timber forest and other natural resource, and utilizing traditional skills.
3. Make industries competitive and capable for maximizing the contribution of industrial sector in national economy through appropriate means, resources and facilities, production materials, energy, infrastructure and service delivery by ensuring necessary reforms in policies to improve investment environment.
4. Encourage non-resident Nepalese (NRN) to invest in Nepal for the protection, diversification, and promotion of foreign investment.

Working Policy

- 1.1 Intellectual Property Authority covering total terms of reference on intellectual property rights will be established.
- 1.2 Industrial Manpower Development Academy under separate legal provision to unify various training centers to produce necessary manpower and capacity improvement to industrial development will be established.
- 1.3 Present Industrial Zone Management Limited will be upgraded into national level Industrial Management Authority by a separate law to operate necessary programs for promoting competitive capacity of the industries established in the industrial zones by reforming management of the industrial zones..
- 1.4 A separate National Productivity Council will be established by institutional strengthening of the present National Productivity and Economic Development Center to work as research, advisory, training and capacity development work for increasing the productivity.
- 1.5 A one point service center in the Industry Department will be established to deliver facilities, concessions, and infrastructure services made available by laws on timely manner without any difficulties. The duty, responsibility and authority of the service center will be managed by law.
- 1.6 Improved industrial relation will be considered as strong basis of industrial development for the increment of productivity. A flexible labor policy will be set to establish a harmonious relation between employer and labor along

with implementation of worldwide accepted standards in social security for existing working manpower with a view to creating and ensuring additional employment opportunities.

- 1.7 To support for extending relation of forward and backward linkages in the production process, managerial alternatives will be adopted in contract manufacturing, contract farming, agro-based industry, franchising and ancillary buy back etc.
- 2.1 To support for promoting, developing and extending of the micro enterprises and cottage and small industries necessary legal provisions and institutional framework and infrastructure will be made.
- 2.2 Industrial Centers will be developed by establishing community or cooperative, micro-enterprises, cottage and small industrial-villages to provide enterprise development services to the production oriented industries in the rural areas.
- 2.3 Micro Enterprise Development Program, which is functioning to support reducing poverty, will be internalized and expanded.
- 2.4 Gender balance, inclusion and involvement of the youths of the conflict-affected family will be emphasized to implement micro enterprise development throughout the nation within the Plan period by developing capacity of implementing institutions and supporting institutions and strengthening co-ordination between the concerned entities.
- 2.5 Micro enterprises for the targeted groups will be upgraded on the basis of the access of appropriate technology and the development of value chain relation.
- 2.6 Institutional and functional system will be modernized through learning, research and consultation process to increase the productivity of micro and small industry sector with the active participation of concerned institutions.
- 2.7 The Cottage and Small Industry Development Committee will be included within the organizational structure of Micro Enterprise, Cottage and Small Industry Promotion Board to be established for promotion, development, and expansion of micro, cottage and small industry.
- 2.8 Capacity building activities will be implemented as a campaign for imparting industrial skill, entrepreneurship, and managerial skill along with creating self-employment and attracting creative youth entrepreneurs in industrial business.
- 2.9 The services provided by the Micro Enterprise, Cottage and Small Industry Fund at present will be expanded and made effective.
- 3.1 Legal and institutional arrangement will be made to develop, manage and operate special economic zone and infrastructure through government, public private partnership and the private sector alone.
- 3.2 The export-oriented industry, industry that is established in special economic zone, industry in priority and the industries that are established in

- least-developed, under-developed, and less-developed areas will be given additional facilities and concessions as an incentive.
- 3.3 Technical and financial assistance will be provided to those industries which uses environment friendly technology in their own efforts and save energy.
 - 3.4 While formulating and refining the macroeconomic policy, revenue policy, local tax and other sectoral policy, system will be adopted that do not go against current industrial policy. And while providing protection, facilities and concessions to the industries, adjustments will be made with the provisions of multilateral and regional agreements will be taken into consideration.
 - 3.5 To strengthen industrial security system, industrial security force will be formed and mobilized in an effective way.
 - 3.6 Necessary arrangements will be made to solve the problems related to the sick industries and to identify, revitalize and reconstruct the sick industries by arranging necessary provisions in the laws.
 - 3.7 With the involvement of the private and cooperative sector, Investment Promotion Fund, Technology Development Fund, Micro-enterprise Development Fund, Sick Industry Revitalization Fund, and Industrial Investment Protection Fund (for providing compensation to non-business/non-commercial risks) will be established and operated.
 - 3.8 The industries, which will uses local resources, raw materials, skills, labors and technologies will be encouraged to establish and operate.
 - 3.9 Necessary institutional mechanism will be made and activated to create an investment friendly environment by making harmonious relation between the private and the public sector.
 - 4.1 Non-residence Nepalese will be encouraged to invest in Nepal to protect, diversify and promote foreign investment.
 - 4.2 Industrial Investment Promotion Unit will be established as per requirement in the Nepali Embassies or Missions abroad that contributes more direct foreign investment.
 - 4.3 No discrimination will be made between domestic and foreign investments except in the social protection for the people living below the poverty line and backward areas and group, and positive discrimination adopted for supplying necessary goods and services.
 - 4.4 Policy will be adopted that will not cut the facilities and concessions ensured by the prevailing system related to the Non-resident Nepalese. And Non-resident Nepalese and Nepalese-origin foreigners who have invested in Nepal will be treated as foreign investment and facilities will be provided accordingly.

Expected Outcome

1. A total of 150 thousands employment would have been generated at the annual rate of 50 thousands by establishing and operating large, cottage, and small and micro-industries.

2. Contribution of industrial sector to gross domestic product would have been increased.
3. Improvements would have been observed in the areas such as increase in micro-enterprises, up-grading of micro-enterprises, accessibility of micro-enterprises with micro-finance, use of appropriate technology, expansion of market relationship and enhancement of capacity of partner implementing agencies.
4. Growth rate of industrial production would have been reached 5 percent per annum on an average.

7.23 Trade

Background

For the rapid transformation of the national economy of the developing country like Nepal, by accelerating economic growth to improve living standard of people and to alleviate poverty, the commercial sector has a prominent role. It has been emphasized to develop commercial sector as one of the most vital aspect of economic development as it has positive contribution on various aspects such as rise in income and employment opportunities, promotion and commercialization of local products, utilization, mobilization and preservation of skill, labors and resources available in the country, simultaneous development of agricultural and industrial sector, identification, access and expansion of Nepalese products at international market. However, the commercial sector has not been properly mainstreamed in the national economy. In this context, our efforts should be concentrated to develop commercial sector as an engine of economic development by mainstreaming it in the national economy and national development plan by making our products competitive and qualitative in the international market in order to achieve maximum benefit.

Despite some policies and institutional reforms, the commercial sector of Nepal has not been developed as expected. Still, Nepali goods and services have not been able to become competitive in the international market. Significant improvements have not been realized in exports, development and promotion of exportable goods as specific standard quality could not be maintained in the traditional commercial goods such as carpet, garment and pashmina etc.

The niche product and niche market have not been identified. Sustainability in trade sector has not been ensured due to the development of trade based on imported raw materials rather than on the domestic raw materials. Due to supply side constraints, remarkable benefit from the export trade could not be achieved. The ICD and ICP created for trade facilitation couldn't be brought into complete use. The investment in the productive sector has not been expanded due to lack of industrial friendly environment and weak situation of peace and security. Expected

improvement has not achieved in export trade due to lack of development in agricultural and industrial sectors. Trade deficit has been increasing terribly. In the FY 2008/09, the total trade of Nepal was Rs.359 billion, out of which nearly Rs.291 billion was import and only Rs.68 billions was export. The trade deficit was Rs.223 billion. The ratio of import to export was more than 4:1.

Now our destination should be trade-led economic growth. Bilateral and regional trade, and Nepal's attachment in multilateral trading system and the implementation of Trade Policy, 1992 for one and half decade have played a significant support in making commercial sector more competitive and expanding the role of private sector for the development of the commercial sector. At present, a new Commercial Policy, 2008 has been implemented by replacing the former policy addressing new opportunities and challenges seen in the commercial sector.

Objective

1. To enhance the opportunities of income and employment by promoting domestic and international trade.
2. To get maximum benefits from goods and service trade by identifying comparatively new beneficial goods and services with the participation of private and government sector by making price and quality more competitive in internal and external market.
3. To alleviate poverty by promoting exports of local raw material goods using more resources and skills, and to expand the benefits from the activities of commercial sector up to the rural level.

Strategy

1. Develop trade as an important engine of national economy and make enable it compete at the international level.
2. Value add program in production and productivity will be conducted to improve the export capacity of goods and services and to achieve this, necessary support and facilitation will be provided.
3. Promote export by emphasizing the promotion of identified exportable goods, their marketing and establishment of value chain and also identifying and developing new exportable goods and services.
4. Strengthen the necessary infrastructure and institutional capacity in order to promote export, substitute import and diversity trade.
5. Mobilize foreign aid to promote export by increasing the competitive capacity of export trade.
6. Provide encouragement, facilities and concessions to the comparative advantage exportable goods and services for export trade promotion.

Working Policy

- 1.1 By protecting and promotion of the production of traditional skills, dexterous goods and services, the access in the international market will be extended.
- 1.2 Transaction cost of trade will be reduced through the procedural simplification and institutional reform.
- 1.3 Management will be mobilized to utilize import for the support of export promotion.
- 1.4 Maintaining balance between national benefit and economic liberalization, policy, institutional and structural reform programs will be put forward in the commercial sector.
- 2.1 Trade and transportation facilities up to the transit point of neighboring countries will be made convenient and related laws and policies will be amended and other physical and institutional infrastructure will be developed.
- 3.1 New exportable goods and services will be identified and developed and high emphasis will be given to the promotion of identified exportable goods, their marketing and establishment of value chain.
- 3.2 Trade of goods and services related to intellectual property trade will be extended at the international level.
- 4.1 Healthy competitive commercial sector will be developed by enhancing the private sector capacity.
- 4.2 To make commercial sector more competitive and qualitative, skilled human resources will be developed at the government and the private sector.
- 4.3 Reforms in policy, institutional and procedural physical aspects will be made to get more benefits from bilateral, regional and multilateral trade and transit system.
- 4.4 Trade will be promoted by promoting partnership among government, private and non government organization sector.
- 4.5 Foreign based diplomatic missions of Nepal will be made more capable, active and accountable for the promotion of economic diplomacy.
- 4.6 Necessary resources will be mobilized and implemented according to the concept of Nepal Trade Integrated Strategy.
- 4.7 Functional scope and institutional structure of the agencies related to the export will be improved.
- 5.1 Foreign aid will be mobilized to increase exports.
- 6.1 Financial incentives will be made available to promote exports by assessing the potentiality and needs.

Expected Outcome

1. Annual average export of goods would have been increased by 10 percent during the Plan period.
2. Trade deficit of 23 percent of the GDP would have been reduced to 20 percent and the ratio of export to import would not have been increased from 4:1.

7.24 Supply Management

Background

In the context of liberal economy, it is necessary for the government to carry out import management system through competitive and healthy market mechanism. Similarly, it is also the responsibility of the government to create environment which ensures an easy access of consumer goods to economically, socially, and geographically excluded class and community. The present import system being inefficient and ineffective, the distribution of public goods and services has not been effective, and the rights and welfare of the consumers have not been preserved effectively. In this context, it is necessary to promote and preserve consumers' right and welfare by making import system more efficient and effective through active participation and cooperation of the private and cooperative sectors.

To make a convenient import system, some policies, institutional and procedural reforms activities have been moved forward. The construction of modern warehouses has been started at different parts of the country, giving high priority to the food security. In order to prevent the shortage of highly essential consumer goods, the export of some of the food products has been restricted analyzing food scarcity and low import, and high price rise which have been seen in the country for few years. Towards policies reform, the Competitive Promotion Regulation 2009 has been under implementation while preliminary homework is completed for the amendment of Consumer Welfare Protection Act 1998 and Consumer Regulation 1999. The draft of Import Policy 2009 is on the final stage. The process has been initiated for the restructuring of present Department of Commerce to make import management, market monitoring and consumer welfare protection more effective. At present, supplement management of salt, petroleum products has been operating under the control of the government while the supply of the other goods is operating freely in the market according to the open market policy. However, the government has issued Integrated Service Centre Operation Guidelines 2008 with the objective of making the public distribution system effective and systematic. However, the Service Centre establishment works have not been materialized yet.

In recent years, the decrease in basic food production compared to demand, lack of commercialization of agricultural sector decline in other occupations agricultural labors as they are attracted towards foreign employment and restriction in export of food products by neighboring countries, inability to do homework about the alternative supply management by forecasting demand of highly essential goods, insufficient budget allocation for the transport of food products and salt, food security being more complex day by day, inability to keep stock of the essential

goods such as food, sugar and petroleum products, inability to regular monitoring the prices of goods, quality and weights that are supplied. Moreover, the attitudes of some entrepreneurs and business groups to create artificial scarcity through cartelling and taking advantage of weak market monitoring mechanism etc. have caused difficulty in making supply system more accessible, prompt and effective.

It has been a great challenge to make an easy supply of food products due to decline in production of food at international level and high price rise. The scarcity of food grains is realized in rural areas mostly due to lack of expansion of road network. For the reliable supply management, it is essential to implement with priority the works such as provision of sufficient financial fund for keeping stock of foods by purchasing on time, construction of godown and other infrastructures for keeping minimum buffer stock of food grains, maintaining proper partnership and coordination with private and co-operative sectors, and expansion of the agricultural product, etc. Similarly, for the convenient import of petroleum products, it is necessary to construct cross border petroleum product pipeline, new depot and expansion of their capacities.

Objective

1. To ensure easy access and availability of daily consumer goods and services at certain quality standard, norms and competitive price.
2. To develop integrated supply mechanism by increasing local production and productivity of the remote backward areas for reducing food dependency and providing relief to the poor people.
3. To make supply system regular, accessible and reliable through the development of fair competitive market system and to protect the welfare of the general public by market intervention in the abnormal situation so as not to deteriorate supply system.

Strategy

1. Formulate and implement a new supply policy to make supply of essential goods and services reliable, qualitative and efficient.
2. Strengthen concerned institutions to make over all supply system well managed, effective and promote coordination among institutions to develop an integrated supply system and to make market monitoring and supervision more effective.
3. Adopt policy of gradually phasing out the subsidy provided to the transportation of goods including the food grains in the areas having road access and comparatively easy transportation facilities.
4. Keep buffer stocks required for food security in the country.
5. Develop policy and institutional mechanism for the protection of consumer right and welfare.

Working Policy

- 1.1 Institutional and policy reforms related to the supply of highly essential goods and services will be strengthened.

- 2.1 The government corporations, private sectors, cooperatives and local bodies will be mobilized in order to ensure easy access and sustainable supply of essential goods including food grains, salt, and petroleum products in the remote and backward districts.
- 2.2 To make an overall supply system systematic and effective, the intra-institutional coordination will be strengthened and to develop integrated supply system and to make market monitoring/ supervision more effective, related institutions will be restructured and strengthened.
- 2.3 In order to make the supply system transparent and competitive, the capacity of government institutions working in this field will be enhanced and corporation will be strengthened to make them competitive and market oriented
- 2.4 Network of coordination mechanism will be strengthened among different institutions working in the field of supply management for the integrated management of essential goods and services in the remote areas.
- 2.5 Coordination with concerned institutions will be made to extend the program related to production and operation of commercial farming in order to enhance the supply of food at local level.
- 2.6 Operation of the programs related to the promotion of the indigenous crop/product production will be emphasized to remove external dependency for food in the remote areas.
- 2.7 Artificial scarcity, black marketing, artificial price hike, hoarding etc. will be discouraged by creating healthy competition in the market. To this end Competitive Market Protection Act and its Regulations will be effectively implemented.
- 2.8 For easy transportation of petroleum product Raxaul-Amlekhgunj petroleum pipe line will be constructed and storage capacity of petroleum will be expanded so as to meet the country's demand at least for one month.
- 2.9 Automatic price mechanism for price determination of petroleum product with international purchasing price will be effectively implemented.
- 2.10 For the control of loss of petroleum product during storage and transportation, loss determining parameters will be formulated and their effective implementation will be ensured.
- 2.11 Adulteration in petroleum product will be controlled by preparing necessary institutional, legal and technical infrastructures.
- 3.1 Revising the status of classified remote districts on the basis of access and availability of road transportation, electricity, communication and other infrastructure, Subsidy on transportation will be given for the supply of essential goods and the government resources will be concentrated only in newly defined core remote areas.
- 4.1 Buffer stock will be kept and managed for food security, and food grains will also be stored for SAARC Food Security Bank in specified quantity.

- 5.1 Market will be intervened to control artificial scarcity, black marketing and abnormal price rise in cooperation with public corporations as per need.
- 5.2 Consumer welfare will be protected by effective operation of market monitoring and supervision mechanism in collaboration with organization related to consumer right and welfare.
- 5.3 Necessary mechanism will be developed to create an environment to ensure healthy, qualitative and adulteration free goods and services for consumers.
- 5.4 Consumer rights and welfare will be protected by the amendment of Consumer Welfare Protection Act 1998 and Regulation 2000.

Expected Outcome

1. In remote areas, at least 20,000 metric tons food grains would have been transported each year or at least 60,000 metric tons during the Plan period.
2. The present capacity of national food security storage of 15,000 metric tons would have been extended to 25,000 metric tons by the end of the Plan period.
3. The food grains would have been stored in SAARC Food Security Bank as per commitment.
4. Modern godowns would have been constructed with additional storing capacity of at least 10,000 metric tons.
5. In remote districts, a total of 120,000 quintals of iodized salt would have been transported at the rate of 40,000 quintals per year at the end of the Plan period.
6. Number of districts getting food subsidy would have been reduced after the districts are linked with road network.
7. Petroleum products would have been made available so as to meet the national demand of one month.

7.25 Tourism and Civil Aviation

Background

It has been aimed to establish Nepal as a major tourist destination in the world through intensive and coordinated efforts in tourism development by expanding tourism industry to the local level of the country. Likewise, it is expected to earn more foreign currency and generate greater employment opportunities from tourism development by introducing Nepal as a “naturally beautiful country” in the world. In addition, this sector has also been anticipated to largely contributing to the economic development of the country and making it economically self-reliant. Accordingly, it has also aimed to initiate new programs for tourism promotion in abroad in order to maintain harmonious relationship with the people of the foreign countries. It has also envisaged encouraging community tourism

development program for achieving balanced and inclusive development to significantly supporting poverty reduction in the rural areas of Nepal.

Ongoing programs and projects now have focused on to make safe, easily accessible, reliable and well managed air transport services to have support to develop and extend tourism industry with extensively increased numbers of national visitors and international tourists as well.

Despite all that, there could not have been made conducive environment for building tourist friendly legal infrastructures and bringing more foreign investment within the country. Similarly, this sector is facing many problems and challenges, for instance; leave travel concession is yet to be accepted by law, national flag carrier is still operating its services with limited seat capacity, domestic tourism activities are still not included within the definition of tourism, alternative international airport with international standards is yet to be established, long-term impact study on existing trekking routes is still not getting importance on the process of building new road networks and other physical infrastructures. Likewise, BOOT is still to adopt in tourism sector, private sectors still unable to provide adequate services as per license and permission given for them, programs like rural tourism and home-stay have not been realized to yield benefits. In the same way, frequent strikes, obstructions, forcefully shutting down businesses, even destructions of physical infrastructures are affecting tourism businesses severely. Additionally, tourism industry is facing problems and challenges of having proper identification and promotion of nation-wide dispersed heritage sites and places. Moreover, availability of wide ranges of geographical landscape, bio-diversity and cultural, religious and historical richness are the immense potentials for the tourism development in the country.

Objective

1. To generate greater employment opportunities, reduce poverty, and maintain regional balance and economic growth through developing and expanding tourism industry up to local levels along with increasing economic activities by implementing intensive and coordinated development programs; and to develop Nepal as a major tourist destination in the world.
2. To develop tourism industry as well as national economy by extending international air services along with enhancing greater accessibility by strengthening existing air transport services of the country.

Strategy

1. Develop tourism industry as a main basis of national economy.
2. Establish Nepal as a major tourist destination of the world.
3. Expand domestic tourist destinations and diversify tourism businesses.
4. Develop and expand physical infrastructures in tourism industry establishing cooperation between public and private sectors as well as with local communities and local bodies.

5. Attain balanced and inclusive development through tourism development providing significant contribution in employment generation, poverty reduction and regional balance.
6. Create conducive environment for tourism development.
7. Develop regional/international airports.
8. Raise capacity of Nepal Airlines through management reforms of Airlines Corporation.

Working Policy

- 1.1 Programs will be implemented to promote Nepal Tourism Year, 2011 as a successful national campaign through effective cooperation at local, regional, national, and international levels.
- 1.2 Programs will be launched to reintroduce Nepal as new emerging destination by establishing its own destination brand name NATURALLY NEPAL ONCE IS NOT ENOUGH and other sub brand names like WILD WEST, VERGIN EAST etc. in the world.
- 1.3 In order to increase substantial number of tourists through road network including the Indian and Chinese tourists, publicity and marketing programs will be implemented in nodal towns of boarder areas. Similarly, these programs will help to develop and expand tourist itineraries, make transportation services easier with the cooperation of local bodies, establish and operate multi-usages visitors center for extension of services and information to tourists in those areas, and transfer tourism related functions at the local levels.
- 1.4 Tourism promotion programs will be enhanced through economic diplomacy by mobilizing Nepalese diplomatic missions located in foreign countries.
- 1.5 To attract off-seasonal tourists in the country new tour packages will be offered to tourists at special discounted-prices in participation and collaboration with the Nepal Tourism Board and private businessmen.
- 1.6 Common integrated programs will be launched to promote and support tourism in inter-continental tourist market by using regional and international organizations like SASEC, BIMSTEC, COSCAP, and World Tourism Organization..
- 1.7 To utilize Non-resident Nepali (NRN) people and their organizations for promotion and publicity of tourism. Particular NRNs will be honored in contributing 'SEND HOME A FRIEND' mission successful and making considerable efforts to increase number of tourists, and bringing more tourism investment within the country.
- 2.1 Traditionally popular major tourist destinations such as Mt. Everest, Birth Place of Siddhartha Gautam (Lumbini), the holy place of birth of Sita, and World Heritages sites will be further popularized by promoting them world-wide.

- 2.2 Lumbini will be developed and established as a special religious destination that must be visited once in their life particularly for the Buddhist people in South-East Asian countries, Sri Lanka, China etc. and Buddhist Circle will be formed within Lumbini sites connecting different places such as Lumbini, Tilaurakot, Ramgram, Kapilvastu, Devadaha, Gotihawa, Niklihawa, Kudan etc.
- 2.3 Programs will be launched to diversify, expand, develop and promote tourist products exploring and adopting new, feasible and practicable approaches related to mountaineering, adventurous, religious, and cultural tourism along with business, eco, agro-based, sports, education, and health tourism.
- 2.4 Programs will be implemented to promote domestic tourism identifying new tourist destinations and gradually adopting new approaches like Leave Travel Concession for the tourism development. Accordingly, private sector will also be encouraged to implement Leave Travel Concession approach.
- 2.5 Integrated programs will be launched including mountain, hill and terrain so as to foster and promote tourism activities by domestic visitors as well as foreign tourists.
- 2.6 Related policies and regulations will be revised to support the presence of Nepalese tourism industry in tourist originating markets.
- 3.1 Legal provisions will be amended to include domestic tourism activities within the definition of tourism.
- 3.2 Potentially new tourism sites will be declared as tourism areas and corridor/regional approach will be adopted for the development of tourism.
- 4.1 Periodic and annual programs and budget will be formulated and implemented for the management, conservation, infrastructure development of tourist places and sites through local bodies: VDCs, Municipalities, and DDCs along with supporting tourism development.
- 4.2 Tourism infrastructure development and community awareness programs will be increased for the development and expansion rural tourism and home-stay tourism in existing urban-based destinations and rural centers.
- 4.3 Private sector will be promoted and encouraged with special privileges and facilities in development and extension of infrastructure along with management and operation of airport and tourism development.
- 4.4 Integrated information system will be established for effective database update and recognize existing hotel, travel and trekking, and other tourism related businesses. Tourism information system will be made effective to mitigate crises related to tourism and to coordinate with the agencies established by private and public sectors.
- 4.5 Priority will be given to build tourist friendly infrastructure and existing popular routes of trekking and trails will be protected while constructing the physical infrastructures.

- 5.1 Skill development and different training programs will be conducted in local level to provide employment opportunities to young workforce seeking potential market and business occupations identified by them.
- 6.1 Programs will be implemented to initiate and establish data collecting system to obtain the data of Indian and Chinese tourists arriving through land, and to improve existing information collection and communication system.
- 6.2 In order to support tourism industry, BOOT Act and Regulation and Procurement Act, 2006 will be amended in order to carry out airport infrastructure development, technology development, and water transport services.
- 6.3 In order to define home-stay activity within a tourism business and to attract foreign as well as NRNs' investment in tourism sector necessary legal provisions will be made.
- 6.4 Program will be implemented to ensure quality products, services and facilities to be rendered to tourists through establishing mechanisms for setting and measuring standards of services and facilities. Emphasis will be given to prepare directives for regular monitoring and evaluation to maintain both quality and standard of tourism services. Code of conduct for tourism business will be implemented through their own associations.
- 6.5 Tourism Act, 1996 and Vehicle Act, 1992 and tourism related other acts and regulations will be updated by reviewing contradicting provisions of the acts.
- 7.1 Construction of alternative airport of international standard will be started.
- 7.2 TIA will be started to operate its services 24-hour a day by developing and expanding existing infrastructure with high priority to meet growing demand of domestic as well as international traffic services in Tribhuvan International Airport.
- 7.3 Airports important in terms of tourism will be upgraded to operate them for whole year.
- 8.1 Nepal Airlines Corporation will be operated efficiently through institutional management and reform along with adding up more carriers to increase its air seat capacity.
- 8.2 International airways companies will be highly encouraged to make more flights in the international tourist source market of Nepal.

Expected Outcome

- 1. Arrival of foreign tourists in Nepal would have been reached 1.2 million by FY 2012/13.
- 2. Average stay of foreign tourists in Nepal would have been reached 12 days.
- 3. Foreign exchange earnings from tourism would have been reached 400 million US dollars.
- 4. Direct employment from tourism sector would have been reached 150 thousands.

5. The number of international air services with regular flights to Nepal would have been reached 35 and air passengers arriving Nepal through international flights would have been reached 2 million.
6. One way air seat capacity in international sector would have been reached 4 million.

7.26 Culture

Background

National culture remains animated only through preserving and promoting the important archaeological, religious and cultural heritages of the nation along with conservation and specialization of culture, language, arts, and costumes. To make it a reality, every community and society of all regions, including indigenous nationalities, need to be recognized and national culture policy should incorporate true aspect of social inclusion with a great importance. Similarly, programs of protection and promotion of culture need to be expended and continued for re-construction, re-establishment and research and development of historically, archaeologically, religiously and culturally important all physical and non-physical cultural heritages, sites and structures. For greater extension and broader development, participation and cooperation with local bodies along with other local organized societies and organizations will be strongly considered necessary. Besides these, it easily ensures safety, protection and promotion of all heritages such as Temple, Bihar, Gumba, Masjid, Church, Gurudwara and support to manage them in sustainable way as well. In addition to this, these important heritages and sites are essential to develop and construct with national priority and as per mentioned in respective master plans of Pashupati, Lumbini, Greater Janakpur Development Areas.

Likewise, special programs will be launched in world heritage sites and archaeologically important places and areas for promotion and extension of these heritages and sites. And, different programs will be implemented effectively to prevent them from theft, losses, damages, and other immoral activities.

Objective

1. To publicize and communicate within the country as well as abroad about the nation's widely spread archaeological, religious and cultural heritages with excavation, preservation and development of them.
2. To develop and promote diverse languages, literatures, music and fine-arts appropriately as per notion envisaged in national culture policy.
3. To strengthen national integrity promoting recognition, preservation and social harmony and unity among miscellaneous castes and nationalities, languages and ethnicities as well as communities and groups.
4. To fortify national pride in the international arenas.

Strategy

1. Identify, preserve, develop and promote archaeological, religious, cultural heritages and structures.
2. All religious and cultural values and norms of every community will be acknowledged for promoting social, cultural and religious harmony and national unity of the country.
3. Make all communities to accept and respect cultural and religious values of other communities and to create environment for safeguarding and promoting their own social and cultural heritages by themselves.
4. All the scattered programs will be implemented in integrated and coordinated way.
5. Increase government investment adequately as per international commitment, treaties, agreements and ratifications made by the state.

Working Policy

- 1.1 National culture policy will be formulated and its directives will be prepared to implement it properly.
- 1.2 Programs will be launched to protect and promote areas of intellectual property right and world heritage sites and these sites will be publicized and communicated in international areas along with making substantial effort for enlisting new areas and places in world heritages lists, UNESCO.
- 1.3 Necessary new human resources will be developed and existing human resources in cultural and archaeological fields will be properly utilized.
- 1.4 Primary level archaeological laboratory will be established within the country.
- 1.5 After enlisting, classifying and prioritizing both the tangible and intangible, religious and cultural heritages and products, these will be handed over to the local bodies.
- 2.1 Programs will be implemented with the view that the local bodies themselves promote and preserve religious and cultural products available in the local areas.
- 3.1 Programs will be implemented for effective security provision to tangible and intangible heritages and investment in these sectors will be emphasized on the basis of income generation from mobilizing these heritages.
- 3.2 Endangered languages and cultures will be preserved.
- 4.1 International peace prize and other prizes will be managed and institutionalized.
- 5.1 Pashupatinath, Lumbini, Greater Janakpur along with other touristic and religious places and sites will be promoted by using various publicity measures and communication in international level.

Expected Outcome

1. Participation in preservation of archaeological, religious and cultural heritages would have been supported to build ownerships in local level to manage these heritages in sustainable way.
2. People from backward societies, different castes and ethnicities, and of various religions and communities would have been realized and mainstreamed through inclusion from the implementation of programs.
3. Religious and cultural heritages would have been taken as value of greater importance and through cultural inclusion, preservation of archaeological and historical heritages reconstruction and maintenance of cultural and religious heritages.
4. National image would have been strengthened by means of preservation and publicity of diverse and traditional languages, religions, cultural heritages and useful traditions along with literatures, arts and customs.
5. National recognition in international arena would have been enhanced through the preservation of copy rights and intellectual property right.

8. Social Development Policies

8.1 Decentralization, Autonomous Governance and Local Development

Background

Despite the completion of the ten periodic plans in the past and the TYIP, the equal share of economic development is yet to be realized by the majority of the people. Similarly in terms of physical and human development, the disparity has further increased between region to region, district to district, cities to village, among villages and even among different classes of the community. In addition even the benefits of limited economic growth have not been equally reached to all areas and among all classes of the people. There have been efforts to develop infrastructure by launching the development programs at local level by mobilizing available resources, means and potential to fulfill the basic necessities of the people with the aim of improving their living standard. There have also been efforts to strengthen and empower local bodies in this regard. As federal structure has been declared for the new constitution, there is a need to outline clear base for the selection of development programs with the direct participation of local people.

Formulation of the district level master plan, poverty mapping, deprived-group mapping, and social mobilization in all the 75 districts; establishment of 'Community Development Fund' in 800 VDCs; formula-based management of the grant /loan given to local bodies, upgrading of 3306 km of road to function round the year; regular maintenance of 8100km of rural roads; addition of 1582km of new rural roads; construction of 715 suspension bridges in main roads; completion of 297 drinking water and sanitation projects; formulation of alternative energy plans in five districts; construction of buildings of all local bodies and completion of about 10,000 physical infrastructure projects in the area of irrigation, tracks, culverts, drinking water taps, wells, etc. can be indicated as the achievements of the ongoing TYIP.

Although programs like formation of interim local bodies, implementation of full devolution, management of local services, restructuring of the local bodies, strengthening of local bodies and grant system, strengthening of financial decentralization, upgrading of local statistics etc. were taken up as goals to implement with priority, their effective implementation has hardly been materialized during the current interim plan period. In addition, absence of people's representatives in local bodies, lack of placement of secretaries in village development committees, and lack of technical manpower have made poor impact on the service delivery and development works at the local levels. Lack of prioritization of plans selected by the local bodies, non-execution of important

aspects of decentralization, devolution and self-governance, ineffective monitoring and evaluation of development plans and service delivery carried out by the local bodies, and selection of numerous projects by the local bodies with very limited resources are some of the reasons for not meeting the expected progress. Because of the lack of technical and skilled manpower in implementing plans, various problems have been observed such as lack of quality in completed projects, ineffective project selection process, lack of institutional development of local bodies, lack of implementation of Local Self-Governance Act, and Regulations, lack of amending laws and regulations colliding with the provisions for devolution, lack of financial discipline at the local bodies, duplication in works of governmental and nongovernmental organizations. In these contexts, this approach paper is guided by the long-term vision to carrying out local development under leadership of autonomous local bodies and improving the living standard of the people.

Objective

To lay down foundation for the overall development of the country by increasing accessibility of the local people to available resources and opportunities by providing people's basic services and facilities in an effective manner and utilizing resources, skills and technologies under the direct involvement of the local bodies and the local people.

Strategy

1. Establish and operate autonomous, responsive and accountable local body by carrying out devolution of political and administrative rights to local bodies, on the basis of federal structure and in accordance to the principle of inclusive democracy.
2. Increase the accessibility of socially, economically and geographically deprived class, region and community in the available resources by empowering them through the principles of equity and inclusion.
3. Improve the living standard of the people by creating job opportunity at local level utilizing local resources, labor centered technology and environment friendly participatory approach in infrastructure development.
4. In order to strengthen local governance, create an environment of autonomy by devolution of authority and by increasing capability of local bodies through devolution of work plan prepared by sectoral ministries.
5. Manage to implement programs clarifying the roles of governmental, nongovernmental, and social organizations, users' committees, and stakeholders who launch programs at local level and make them accountable to local bodies.

Working Policy

- 1.1 Local bodies will be given resources and hierarchical responsibilities on the

basis of rights, revenue sources, administrative privileges, uniformity and performance.

- 1.2 To strengthen local self-governance, devolution action plans, prepared by sectoral ministries in coordination with NPC and the Local Development Ministry, will be effectively implemented.
- 1.3 Following the concept of devolution of authority, projects which are conducted by different bodies will be coordinated and facilitated and sharing of information will be effectively implemented.
- 1.4 To make effective services and facilities from local bodies, the existing administrative organizations of local bodies will be re-evaluated and strengthened according to workload.
- 1.5 To prepare suitable legal base for local bodies, rules and regulations will be modified.
- 1.6 Revisions will be made in the guidelines to declare municipalities.
- 2.1 Special programs will be carried out to uplift Karnali, its border areas including remote and disadvantaged regions and classes.
- 2.2 Programs targeting poverty reduction will be carried out by developing and mainstreaming marginalized class which have been left behind socially and economically.
- 2.3 For overall development programs in rural areas, the existing economic resource will be utilized effectively by formulating development strategy and preparing programs accordingly.
- 3.1 To provide reliable access of social services and economic opportunities to local people, rural roads will be upgraded to run round the year, roads and bridges will be constructed in a planned way.
- 3.2 Skills, capability and other talents of local ethnic groups and their public heritages will be documented, recognized and registered.
- 3.3 Incomplete projects will be completed and other projects will be prioritized in a way that available resources will be integrated and utilized better.
- 3.4 In order to launch development projects which are under the demand and necessity of local people, resources will be utilized through basket funding.
- 3.5 Maximum use of natural resources and means will be mobilized considering sustainability, special programs for environmental conservation will be undertaken, and the local resources will be consumed in an eco-friendly way.
- 3.6 Private and community sector will be involved and given ownership in the waste management and cleanliness of the rural and urban area.
- 3.7 Rural infrastructure policy and strategic planning will be effectively implemented.
- 4.1 In order to create competent manpower to increase capabilities of local bodies, Local Development Training Academy and other eligible organizations will conduct training in collaboration and networking with domestic and foreign organizations.

- 4.2 The capability of local bodies will be strengthened through management of means and resources generated from local revenue mobilization and Inter-Governmental Fiscal transfer so that allocation potential, financial potential and service provision will be effective.
- 4.3 In order to establish local bodies as the initial and legitimate source for information, registration, documentation and verification of incidents will be carried out effectively.
- 4.4 The capability building program of district information centre will be enhanced and it will act as an information bank so that information required during local programs can be referred from it.
- 4.5 Participatory monitoring, social audit, public audit, management audit, quality check, transparent and accountable working procedure and e-governance will be strengthened at local bodies.
- 4.6 By strengthening and extending the role of local bodies in implementing programs related to social security, a mechanism of providing social security allowances from financial institutions will be established.
- 5.1 The duplication of programs implemented by local bodies and NGOs will be removed and will be organized in a unified and collaborative manner.
- 5.2 In order to effectively implement service flow and development works carried out by local bodies, authorized sector, stakeholders, NGOs and social organizations will be made accountable to local bodies.
- 5.3 A unified modality of working procedure will be created and put into effect in order to make plan formulation, implementation and management effective in terms of cost, benefit, initiative and responsibility; and by establishing participation, involvement and ownership of the users' groups.
- 5.4 Partnership and joint efforts with the representative associations/organizations of local bodies will be strengthened in the activities like decentralization, self-governance, and local development.
- 5.5 In the utilization and conservation of public land, lake, natural and cultural heritage, role of local bodies will be established and made them responsible.
- 5.6 Considering the possibility of duplication of work that municipality and town development committee working in the same region, working modality and the current system regarding the formation of town development committee will be reevaluated and suitable replacement will be put in place.

Expected Outcome

- 1. Local bodies would have been restructured; and plans would have been implemented by the people's elected representative and local bodies would have been fully authorized to manage development and construction works.
- 2. Resources of local bodies would have been properly managed and mobilized.
- 3. SWAP would have been implemented in local self-governance and in rural infrastructure.

4. Laws, policies and rules related to local bodies would have been timely revised.
5. Personal vital registration would have been increased to 90 percent.
6. Profiles of all local bodies would have been in place that would include their capacity building and human resource development plan as per local need.
7. Local bodies would have necessary human resources.
8. Periodic plan, capacity development plan and transportation master plan of all DDCs and municipalities would have been ready.

8.2 Youth and Development

Background

It is the need of the day to bring the youths as a potential source of energy and catalysts in building New Nepal by providing them with appropriate opportunities for employment and self-employment. There is also a need for inspiring hope, optimism, nationalism and responsibility, as well as developing skills and socioeconomic entrepreneurship among them. Obviously, the state should come up with appropriate initiatives and efforts to address the needs of the youth and to sort out their problems and issues as a matter of priority. It is also being realized that the programs in education, reproductive health, skill development and overseas employment sectors need to be implemented by targeting the youths. Against this backdrop, The TYIP attempted to prepare basic infrastructure for the empowerment, development and participation of youth so as to provide them with a substantive role in the development and socioeconomic transformation of the country. The Plan will focus on bringing the youths in the mainstream of the process of building New Nepal by consolidating and expanding those infrastructures.

The adoption of National Youth Policy, 2066, skills training to youths, implementation of Youth Partnership Program in collaboration with NGOs, establishment of some Youth Information Centers, launching of youth exchange programs (external and internal) and convening of national youth conference are some of the achievements made so far.

The major issues to be addressed as problems and challenges are: the absence of institutional structure of the ministry at the local level; inability to consolidate fragmented programs related to youth; difficulty in forging collaboration among training providers so as to develop skills and enhance the employability of the youths; problems in the monitoring of Youth Partnership Program; lack of partnership network of training provider institutions and NGOs; absence of effective programs for providing skill development and employment opportunities for youths; inadequate provision and access of youth-to-youth related

socioeconomic services and the high proportion of unemployed and underemployed youths.

The profound loyalty of youth to the nation and people, their affability and faith in the principle of equitable distribution should be taken as the opportunity for expediting national development by mobilizing youth in the promotion of democratic values and principles.

Objective

To realize holistic development of the country by brining youth in the mainstream of nation building process.

Strategy

1. Carry out programs for the socioeconomic, physical and intellectual development and empowerment of youth across all castes, ethnicities, communities, groups, gender and regions.
2. Enhance youth targeted services and facilities including employment opportunities and developing their socioeconomic entrepreneurship simultaneously.
3. Mainstream issues of the youth in sectoral programs so as to implement the provisions of National Youth Policy.
4. Mobilize resources through local bodies for youth related programs.

Working Policy

- 1.1 Voluntarism and youth engagement programs will be enhanced in the process of socioeconomic and cultural transformation of the country.
- 1.2 Enabling environment will be created to provide equal opportunity for empowerment and development of the youth from all caste, ethnicity, religion, culture, gender, class and region.
- 2.1 Youth migration will be reduced by creating youth friendly environment to enhance positive thinking and creativity as well as opportunities for their career development and resolving the problem of unemployment.
- 2.2 Special programs for youth mobilization will be carried out to eliminate poverty, illiteracy, untouchability, caste and gender-based discriminations and customary social evils existing in the society.
- 3.1 Youth engagement in the field of literature, art, music and sports will be encouraged.
- 3.2 Special programs based on age group will be implemented for youth from prioritized groups to provide them opportunities for education and career development.
- 3.3 Proper investment will be made to institutionalize the search of youth talents and to utilize their knowledge, skills and competence in productive sectors.
- 3.4 Special programs will be initiated to prevent youth from anti-social activities like drug abuse and addiction.

- 3.5 Action Plan will be prepared for the implementation of National Youth Policy and youth related programs to be implemented by various agencies will be consolidated and integrated.
- 3.6 Youth talents making special contribution in different walks of national life will be honored and rewarded.
- 4.1 Emphasis will be given to realize Millennium Development Goals and youth related international commitments.
- 4.2 Youths will be developed as catalyst of social change by forging collaboration with private sector, NGO sector and local bodies.
- 4.3 Youths will be mobilized as national development volunteers so as to familiarize them with economic, social and geographical conditions of the country.
- 4.4 The issues and concerns of youth will be mainstreamed in the sectoral programs of different ministries.

Expected Outcome

- 1. Participation of youth in various processes of nation building would have been enhanced.
- 2. Involvement of youth in agriculture, tourism and industry sectors would have been increased and employment opportunities enhanced.
- 3. National Development Volunteers Program would have been systematically expanded and youths would have been mobilized across the country to eliminate the existing unacceptable social taboos, untouchability, and social evils.
- 4. Youths would have been empowered socially and economically.
- 5. Participation of youth in nation building would have been progressively enhanced.
- 6. Programs aligned with National Youth Policy would have been implemented by all GOs and NGOs.
- 7. All youth related programs would have been implemented in a consolidated and integrated way.

8.3 Sports

Background

It has been decades since the National Sports Council was established and organized efforts were initiated to enhance the prestige of nation by means of sports and develop sport-culture at the same time preparing healthy and disciplined citizens. Nepal has been participating in various sports tournaments organized at national, regional and international levels at different intervals. Considerable investment has been made every year for the development of this sector. However, the sector has not registered satisfactory achievement. Now as

the GON has established a separate Ministry of Youth and Sports, it has been necessary to move ahead strategically and in a planned way to address the development needs of sports sector by taking initiatives at policy and institutional levels. Against this background, for the development of sports in the country, emphasis of this plan will be on the review, improvement and planned development of policy, institutional set up and physical infrastructure related to sports sector in accordance to the culture adopted by international sports societies of twenty-first century.

Increasing realization for the need of National Sports Policy; the resumption of national sports tournaments; the launching of President Running Shield Competition, organization of various school level tournaments; encouragement provided for maintenance and improvement of school playgrounds; the organization of Rover Rengemont program for Nepal Scout; the sports training provided for some teachers of community schools and remarkable performance of Nepali players in a number of international tournaments can be taken as achievements of this sector.

There are number of problems and challenges surrounding sports sector such as lack of public awareness towards positive aspects of sports, lack of appropriate physical infrastructure, lack of proper orientation towards planned development of sports, absence of coordination among agencies related to sports, inability to organize tournaments on regular basis, lack of skilled technical human resources in sports sector, uncertain future of talented sportsmen, lack of adequate resources to manage Scout effectively and so on. However, the national determination to establish sports as a decent profession and business by embarking on planned development of sports in collaboration with private sector is perceived as the opportunity of the sector.

Objective

To establish sports sector as an important aspect of national development by making it disciplined, respectable and systematic on the concept of "sports for all".

Strategy

1. Initiate institutional reforms by formulating National Sports Policy.
2. Expand the role of government, nongovernment and private sectors in the overall development of sports as well as sport tourism.
3. Classify and commercialize sports sector based on its potential as well as popularity.
4. Accomplish development and documentation of traditional sports.
5. Develop sports as a means to personality development as well as promotion of national identity.
6. Develop physical, mental as well as moral character of children, adolescents and youth by means of scouting.

Working Policy

- 1.1 To establish sports as an integral part of national life by carrying out relevant policy, legal and institutional reforms for the development of sports sector and expanding the role of sportsperson in the enhancement of national prestige and development.
- 1.2 Programs will be carried out to groom disciplined, healthy and competent human resources by means of sports.
- 1.3 Policy will be adopted to incorporate sports as a matter of priority in the National Education Policy.
- 1.4 To ensure participation and dignity of women in sports sector, efforts will be made to enhance women's participation systematic and practical.
- 1.5 Emphasis will be given on the development and expansion of special sports such as Special Olympics and Para Olympics.
- 1.6 Existing sport structures will be improved so as to make it compatible with national and international norms and standards.
- 2.1 Needful policies and programs will be formulated and implemented to enhance the role of government, nongovernment and private sectors in the development of sports and sports tourism.
- 2.2 Physical infrastructure will be constructed, maintained and preserved for the development of sports by enhancing the involvement and participation of private sector as well as local bodies in the process.
- 3.1 Special programs will be carried out to identify and promote talents in the sports sector.
- 3.2 Sports will be progressively made an integral part of national development through commercialization, modernization and by making it scientific.
- 4.1 Programs will be formulated and implemented with a view to contribute in economic development through identification and development of traditional, adventurous and touristically attractive and entertaining sports.
- 5.1 The decision on the participation in national and international sports tournaments will be taken in a planned way based on fixed criteria and will be made result-oriented.
- 5.2 Continuity will be given to the practice of honoring and rewarding the players and other sports related persons for making contribution to development and expansion of sports sector.
- 6.1 Efforts will be made to incorporate scouting, which is operated as an international educational campaign, in school level curriculum.
- 6.2 Arrangements will be made to involve children, adolescents and youths attached to Scout in the task of community development and services by promoting belongingness.

Expected Outcome

1. Sport talents would have been identified and developed in the sports sector.

2. Traditional sports would have been identified and developed.
3. Institutional strengthening would have been accomplished in the sports sector.
4. Sports sector would have been established as promising career path for the youths and a respectable business.
5. Investment and participation of nongovernment and private sector in the development of sports would have been enhanced.
6. The involvement of children and adolescents in scouting activities would have been increased.

8.4 Population and Human Resources

Background

The policy and practice of incorporating population management as integral part of planned development had been initiated in the Eighth Plan. According to the Census of 2001 the total population of Nepal was 23,151,423 and annual growth rate was 2.25 percent. As the food production growth does not keep with the growth of population it has been necessary to carry out population management programs in coordination with the development programs.

From the efforts made in the past, reproductive and health services have been expanded in the country. Although this has led to the reduction in the rate of infant, child and maternal mortality, there is much to do from the perspective of population and human resource management. As compared to other countries, rate of population growth is high and average life expectancy of both women and men is low. In the composition of population the largest group is youth which intimates the possibility of continued growth in future. The trend of urbanization and migration are on the rise. However, employment opportunities are not increased proportionately. The labor force lacks basic skills and competencies. Infrastructure required for socioeconomic development is inadequate. Increasing unemployment among the educated people raises question of relevance, utility and effectiveness of education system. The practice of developing human resources based on systematic projection of human resource requirements of the country across different sectors is yet to be established. On the other hand, there is a rising trend of highly skilled professionals produced by the country through huge investment are leaving the country for overseas employment. Poverty, low rate of economic growth, high dependency ratio, and current rate of morbidity and illiteracy are obstacles on the way to human capital formation. Low rate of economic and human development have slowed the pace of demographic transition. However, expanding infrastructure, increasing literacy and reducing poverty as well as birth and mortality rates are paving way for population management and human resource development. The Plan visualizes integrated population management

programs focusing on all geographic regions and people from all class, caste, ethnicity and gender.

Objective

1. To lower birth rate of Nepal to replacement level by 2022 by enhancing accessibility of people from all class, caste, region and age groups to population management programs.
2. To contribute to socioeconomic development of the country through proper management of population and human resource development.

Strategy

1. Emphasize on balanced regional distribution of population through proper analysis and management of population growth as well as through regulation of migration.
2. Facilitate demographic transition by mainstreaming population in all sectors and aspects of development.
3. Make population management and human resource development mutually reinforcing and synergistic through multi-sectoral collaboration and coordination.
4. Deliver all services and facilities related to population management and human resource development at the doorsteps through one door system and decentralization.

Working Policy

- 1.1 Appropriate reforms will be initiated at the policy, institutions and programs levels, after reviewing existing policies and programs related to population management to improve coverage and effectiveness.
- 1.2 Population growth will be managed by promoting the use of contraceptives as well as through education and awareness.
- 1.3 Efforts will be made to achieve balanced regional distribution of population through balanced distribution of physical infrastructure and socioeconomic services in rural and backward regions, promotion of satellite towns, development of integrated settlements and management of migratory trends.
- 1.4 Appropriate population policy will be formulated keeping in view with internal as well as international migration.
- 2.1 By increasing regional investment in infrastructure, education, health, employment as well as inclusive and equitable development, access of people from all class, region, caste, ethnicity and gender to quality services and facilities will be improved.
- 2.2 Population and human resource development will be integrated and mutually interlinked in all national, regional and local level interventions by identifying potential contribution of different sectors to population management.

- 2.3 For the personality development of every citizen, enabling environment will be created to engage them in productive work based on her/his talents and interests.
- 2.4 Appropriate programs will be carried out to reverse the trend of brain drain.
- 2.5 Awareness will be raised among communities and all stakeholders about inter-linkages between population, environment, resource consumption, poverty reduction and sustainable development.
- 2.6 Immigration trends will regulate, stemmed or managed based on the number and characteristics of immigrants.
- 2.7 Population education will be launched as campaign.
- 3.1 Private, nongovernmental and cooperative sector institutions will be encouraged to contribute to the development of employable skills and human resources particularly in the rural areas.
- 3.2 Emphasis will be given on capacity building of all institutions working in population management and human resource development at all levels.
- 4.1 Intensive services related to awareness, reproductive health, mother and child health and family planning will be made available to promote quality families after identifying target groups.
- 4.2 Special programs will be carried out to address the nutritional needs of children, pregnant women, *mothers of new born babies*, senior citizens and vulnerable people.
- 4.3 Government, nongovernment, private and cooperative sectors will be mobilized in a coordinated way for population management and human resource development.
- 4.4 Institutional strengthening of national statistical systems will be done to carry out study and research, collect and process data and develop effective information system.
- 4.5 Based on the results of National Census - 2011, an outline of population management and human resource development plan will be prepared by making sector wise projection of human resources.

Expected Outcome

- 1. Birth rate would have been reduced with the considerable increase in contraceptive prevalence rate.
- 2. Strategy for systematic development of human resources would have been prepared and implemented.
- 3. Access of targeted groups to socioeconomic services and facilities would have been increased thereby promoting human development.
- 4. Population growth rate would have been reduced.
- 5. Mortality rate would have been reduced.

8.5 Social Protection

Background

Providing minimum social security and support to individuals and communities suffering from poverty, disease and insecurities or from natural disaster or those suffering from homelessness or incapability due to aging and so on, and helping them lead a life with human dignity, is considered to be the responsibility of state. Accordingly, the Government of Nepal has been implementing a number of social protection programs including senior citizen's allowances, pension for retired employees, free basic education and health services. From the perspective of social protection, a sizable population of the country is vulnerable. The number of people deserted or rendered homeless has been increasing on account of risks and vulnerabilities brought about by poverty, unemployment and underemployment, dissolution of traditional support systems, socioeconomic inequities, natural disasters, social conflict and so on. Establishment of sustainable peace would be difficult until such risks and vulnerabilities are reduced and common people are enabled to cope with them.

For past few years, the Government has realized the need for an effective social protection system and has initiated various programs targeting the poor, children, senior citizens, laborers, and people with disability, endangered caste/ethnic groups, widows, conflict affected and indebted people. However, these programs are viewed inadequate from the perspective of coverage as well as quality. There is an absence of a regulatory and monitoring mechanism. Social protection programs are scattered and often implemented without proper assessment of financial and administrative feasibility, sustainability, distributive and operational efficiency. On the other hand, there has been a consensus among different stakeholders including political parties on the expansion of social protection measures combined with continued commitment of the Government and increasing interest of the development partners. Against this backdrop, the need of the hours is to expand the program and streamline and systematize distribution system accordingly while consolidating the existing programs and strengthening the implementation process.

Objective

To enable economically vulnerable and socially excluded marginalized individuals, groups and communities to cope and manage risks and vulnerabilities by providing them minimum level of social protection.

Strategy

1. Expand social protection programs to the poor, marginalized individuals, regions and communities to achieve the goal of "social protection for all."
2. Encourage community initiatives and community-based social care and security.
3. Link social protection programs with socioeconomic and human development.
4. Consolidate existing and scattered social protection programs into an appropriate, effective and integrated social security system.

5. Improve the effectiveness of implementation of social protection programs.

Working Policy

- 1.1 To orient the concept of social protection towards progressive realization of the goal of "Social Protection for All" by accepting it as the right of all citizens and as an important means to poverty reduction and human development.
- 1.2 All the people, poor, marginalized and vulnerable individuals, groups and communities, will be provided with free, quality, basic health and education services. Programs will be implemented in a way that brings senior citizens, children, widows, and people with disability and vulnerable people of all caste, ethnicities and groups within the net of minimum social protection.
- 2.1 Optimal use will be made of existing potential to develop social protection provisions by forging collaborations with private, nongovernment, cooperative and community sectors.
- 2.2 Shelter homes with livelihood provisions will be expanded over time for abandoned and destitute.
- 2.3 Emergency social services will be made available at the local level.
- 2.4 Traditional social protection systems will be identified, expanded and implemented through local bodies.
- 3.1 Provision of ration card will be made for people below poverty line to provide them special concessional services.
- 3.2 Programs such as contribution-based social health insurance/health cards will be formulated, implemented and expanded all over the country down to the community level to ensure people's right to health.
- 3.3 Skill development training programs will be implemented to improve the employability of poor and unemployed people.
- 4.1 All social protection programs scattered across different agencies will be consolidated into an integrated social protection system appropriate and suitable to the context of the country.
- 4.2 Stipulated minimum level of employment guarantee will be provided through labor intensive public work programs.
- 4.3 Identification and mapping of natural disaster prone areas will be done and appropriate policy and structural arrangements will be made for disaster preparedness.
- 4.4 Data of targeted groups and individuals will be updated; process and administration of social protection will be revisited and reformed for improved access and effectiveness.
- 5.1 The delivery of basic social and economic services will be made accessible and effective.

Expected Outcome

1. Provision of minimum social protection would have been made available for the poor, marginalized and vulnerable people.

2. The number of social protection and social care programs based on community initiatives would have been increased.
3. Integrated social protection system would have been formulated and implemented consolidating all scattered programs.
4. Linkages between social protection interventions with socioeconomic development programs would have been enhanced.
5. Effectiveness of implementation of social protection programs would have been improved.

8.6 Senior Citizens

Background

To protect the rights of senior citizens and ensure them a decent living, Government has made several efforts to make policy provisions and expand services including social protection and basic social care. Senior citizen health and treatment program has been expanded to all districts. Government has been providing institutional grant to a number of old people's shelter homes, sanatoriums, and daycare centers. To carry out policy and advisory work a high level Senior Citizen Coordination Committee has been established. Initiative to establish shelter homes for helpless and deserted senior citizens in all five development regions is underway. Senior Citizen Welfare Fund has been established and Senior Citizen Act, 2006 enacted. Social security allowance provided to senior citizens since FY 1994/95 has been given continuity.

Notwithstanding all these accomplishments, problems are being faced in the implementation of many senior citizens related policy and programs and in acting upon international and regional commitments adequately at national level. Although the number of senior citizens is increasing, there is a lack of adequate programs and resources to address them. The problem is aggravated by the ascendancy of nuclear family. There are some other problems such as lack of appropriately trained human resources, inadequacy of service and facilities, inability to attract private sector, lack of appropriate institutional set up and coordination.

In recent times, there has been increased awareness at policy and social arenas towards the issues of senior citizens and an institutional network has emerged to identify and act upon the problems and issues facing them. Accordingly, it is expected that the development of infrastructure for the improvement of their living standards will be easier in coming days.

Objective

To expand services and facilities and create conducive environment for senior citizens so as to enable them lead a healthy, safe and decent life.

Strategy

1. Make policy and institutional provisions to utilize knowledge, skill and experience of senior citizens in the interest of nation.
2. Expand access of senior citizens to economic and social security programs.
3. Promote and expand economic and social security programs by enhancing coordination among government, nongovernment, private, cooperative and community sectors as well as local government bodies.
4. Launch special programs targeting senior citizens who are abandoned, torpid, victims of violence, with some disability and vulnerable.

Working Policy

- 1.1 National senior citizen policy will be formulated and implemented to utilize knowledge, skill and experience of senior citizens.
- 1.2 Policy will be adopted and programs carried out to create opportunities to utilize the knowledge, skill and experience of senior citizens by collecting and analyzing data.
- 2.1 Existing social security provisions of senior citizens will be reviewed, and strengthened and expanded.
- 2.2 Policy will be adopted to provide state grant based on set criteria to institutions and cooperatives running shelter homes, social care centers or mobile health clinics for senior citizens.
- 3.1 In collaboration with government, nongovernment, community and private sectors, services, facilities and programs such as formal and informal social care and old people's homes, senior citizens' clubs, resource and counseling centers, religious sermons and services, physiotherapy and health consultations will be promoted.
- 3.2 The issues of senior citizens will be mainstreamed in all relevant sectoral development programs and projects.
- 3.3 A competent senior citizens commission or board or council will be established to formulate, implement and monitor the policies, programs and projects meant for the protection and support of senior citizens.
- 4.1 Targeted programs will be carried out for senior citizens who are abandoned, torpid, victims of violence, with some disability and vulnerable.
- 4.2 Services and facilities provided by government to senior citizens will be given continuity by initiating timely reforms in the delivery systems.

Expected Outcome

1. Senior citizens' access to economic and social security programs would have been enhanced.
2. Coordination among government, nongovernment, cooperative, community and private sectors and local government bodies in formulation and implementation of senior citizen targeted programs would have been improved.

3. Provision of residential social care for abandoned, physically challenged and vulnerable senior citizens would have been carried out in five development regions.
4. National senior citizen policy would have been formulated and implemented.

8.7 Children

Background

To ensure child rights protection and child development, efforts have been made to implement provisions of child rights convention along with its optional protocols, regional SAARC convention and national plan of action for children. Likewise, programs have been carried out to improve education, health, sports and entertainment services and facilities. Special targeted programs such as school health program and rehabilitation of trafficked, conflict-affected and street children are also being implemented. Similarly, scholarship programs for poor Dalit children and education, health, training, skill development, awareness raising and community-based rehabilitation programs for children with disability are also executed. Awareness programs against discrimination, abuse, sexual and labor exploitation, child marriage, use of children in conflict, birth registration, HIV/AIDS among others are also in progress. "Children Zone of Peace" campaign is underway. "Child Rehabilitation Centers" are in operation. A separate fund has been established for emergency rescue. Concept of child friendly governance is under implementation. Provision of Child Protection Fund has been made to improve the nutritional status of children.

Consequently, positive results have begun to take shape in the areas of children's education, health, participation and protection. However, services and facilities provided to children and efforts made to protect them are scattered, inadequate and poor in quality. Challenge of resource mobilization and efficient utilization of available resources still exists. On the other hand, constitutional acceptance of child rights as fundamental rights; encouraging growth in the investment by national and international nongovernment organization in this sector; increasing participation of children in child rights protection and increasing awareness of masses to child rights issues indicate towards new prospects and opportunities being open.

Objective

To protect and promote fundamental rights of children by creating conducive, enabling child friendly environment for their holistic development.

Strategy

1. Expand child focused services and facilities and improve the quality.
2. Give continuity to relief and rehabilitation of children rendered vulnerable due to various reasons including conflict, marginalization, disability and HIV/AIDS.
3. Strengthen policy, legal and institutional reforms so as to improve access of targeted children in services and facilities.
4. Expand collaboration and coordination between all stakeholders including government, nongovernment and community sectors.

Working Policy

- 1.1 By eliminating all forms of exploitation, discrimination, violence and risks against children, along with their causes, conducive and enabling environment will be created for their physical, mental, emotional and intellectual development.
- 1.2 Emphasis will be given to child friendly local governance while promoting the concept of child friendly schools, services, local governments and communities.
- 1.3 In accordance with the concept of "children first", priority will be given to rights and needs of children in all relevant sectoral policies, programs and projects.
- 1.4 Children's park and libraries will be established at the local government levels.
- 1.5 Programs will be implemented with a view to fulfill the commitments demonstrated by the government towards child rights convention, its optional protocols as well as other international and regional instruments.
- 2.1 All children of the country will be progressively brought within the net of social protection by starting from the children of poor, conflict affected, marginalized communities as well as from children who are at risks or are with some disability.
- 2.2 Effective targeted programs will be expanded in all the districts to rescue, rehabilitate and protect the vulnerable or risk-prone children.
- 2.3 To protect children at risk, a policy will be adopted to establish child protection centers at regional level.
- 3.1 By providing regulatory framework for the practices of adoption, sponsorship or foster care alternative measures will be expanded for the development and protection of children.

Expected Outcome

1. The number of children at risk for various reasons would have been reduced.
2. Policies and laws related to children refined and institutional reform would have been carried out.
3. Child rights would have been protected and promoted through expansion and improvement of services and facilities.

4. Collaboration and coordination between government, nongovernment and community organizations working in the field of child rights protection would have been enhanced.

8.8 Nongovernment Organizations

Background

There has been phenomenal increase in the role and investment of NGOs in the socioeconomic life of the people. Currently, there are about 27 thousand NGOs and more than 220 international nongovernment organization working in the country in areas of health, education, community development, child rights protection, empowerment of women and marginalized communities, sustainable management of environment, livelihood promotion, awareness raising, human rights, peace and so on. An inter-ministerial committee is operating under Ministry of Women, Children and Social Welfare for the facilitation of these organizations. Efforts are being made by Social Welfare Council also to make this sector more systematic and accountable. Various training programs have been carried out at the local level to enhance their capacity so as to enable them to perform more effectively. To facilitate affiliation with local bodies, provision of affiliation through mobile teams has been made. Efforts are underway to make timely changes in the laws related to associations and societies.

Notwithstanding all these efforts made so far, it has been difficult to ensure efficiency, transparency and accountability in this sector. There are problems in mobilizing them in the areas of national priority; forging adequate complementarities between government and nongovernment sectors; and establishing effective monitoring and evaluation system. In spite of these problems and challenges, the phenomenal growth in investment and expertise gained by this sector in various fields has opened up vast opportunity to mobilize them for the development of the country. Many of them have succeeded to establish cordial relations with communities and improve living standards. The government has accepted NGOs as development partners. There is enormous potential for enhancing their contribution to the development of country through effective facilitation and systematic mobilization.

Objective

To strengthen the role of NGOs in socioeconomic development as well as in the development of services and facilities at the local level while forging inter-linkages and coordination between government, nongovernment and community sectors.

Strategy

1. Promote national and international NGOs as development partners by channelizing their investment in the areas of national priority.

2. Strengthen coordination and collaboration of local NGOs and community organizations with local government bodies.
3. Improve effectiveness of facilitation, monitoring and mobilization of nongovernment organization.

Working Policy

- 1.1 To channelize the investment of nongovernment sector in the area of national priority i.e. launching and expanding of social development and protection programs such as socioeconomic empowerment, protection and promotion of human rights, livelihood promotion, education, health, drinking water, and environment conservation among targeted groups, marginalized areas and communities.
- 1.2 Efforts will be made to orient the programs of nongovernment sector towards rural and disadvantaged communities.
- 2.1 To make coordination, monitoring and evaluation of the activities of NGOs effective, mechanisms will be put in place at regional and local levels for their facilitation, monitoring and evaluation.
- 2.2 NGOs will be made development partners by networking them at the level of local government. The participation of NGOs will be sought in the planning process of District Development Committee, Municipality and Village Development Committee and whenever required they will be mobilized as active partners in implementation as well.
- 3.1 A high level coordination committee represented by both sides will be formed and strengthened to promote collaboration and coordination between international NGOs and government agencies.
- 3.2 Norms will be developed to evaluate, classify and provide facilities to nongovernment organization based on the volume of their investment, performance, linkages with government policies and programs, contribution made and transparency.
- 3.3 Legal, institutional provisions and human resources related to NGOs will be reviewed and made effective through timely reform.
- 3.4 Appropriate guidelines and directives will be prepared and implemented for the facilitation and evaluation of international NGOs so as to expedite the process and make it effective. Development partners will be discouraged to mobilize foreign aid by creating parallel structures for such programs and projects.
- 3.5 Arrangements will be made to stop the practice of channelizing fund earmarked for Nepal by bilateral, multilateral and intergovernmental agreements through NGOs.
- 3.6 Duplication in the scope of work and programs of NGOs will be reduced by ensuring transparency, accountability and responsibility in their activities. A separate desk will be created under district development committee for effective coordination of the activities of NGOs.

Expected Outcome

1. Investment and programs of national and international NGOs would have been focused to the areas of national priority.
2. The role and capacity of local NGOs and community organizations would have been enhanced.
3. Programs of more and more NGOs would have been implemented in coordination with local government bodies.
4. The effectiveness of facilitation, monitoring and mobilization process of NGOs would have been improved.

8.9 Education

Background

As a result of past efforts and investment made in education sector, there has been considerable development as well as expansion of education infrastructure and especially there has been noted improvement in primary school enrolment. At the level of basic education investment friendly environment has been created and positive efforts have been made towards sustainable improvement of access, quality and management at school level. Consequently, children enrolling in grade one with childhood development experience has reached about 50 percent, net enrollment rate at primary level 93.7 percent, net enrollment rate at lower secondary level 63.2 percent, net enrollment at secondary level (9-10) 40.8 percent, adult literacy rate 53 percent and gender ratio has reached near parity level.

Notwithstanding these achievements there remain some major problems such as inability to develop school infrastructure in accordance with defined norms; to retain girls and children from deprived communities at school; to provide higher education opportunities to all; to update all levels of education; to regulate institutional schools; to level the learning achievements of community and institutional schools; to manage teachers effectively and to link education with production, employment and practice. Other problems and challenges facing this sector are: ineffectiveness of national literacy program; inability to make education inclusive as per expectation; lack of coordination in early childhood development; inability to create child friendly environment; problems in the implementation of free compulsory basic education; lack of sustainable resource to make secondary education progressively free; inability to improve access of common people to technical education and vocational training and lack of coordination in the work done in this sector; politicization and weak management of higher education; poor quality of education and lack of reliable educational statistics at all levels.

However, increasing concern of guardians about quality of education; significant growth of private sector investment and upsurge in the investment of development partners on common program in coordinated manner are the opportunities of this sector. Education sector objectives and strategies have been formulated with a long-term vision of producing conscious, competent, productive and competitive citizens for a prosperous and just Nepal based on the demand of national and international markets by ensuring inclusive, equitable and quality education and making use of available opportunities.

Objective

1. To provide opportunities for literacy and continuous education to all Nepalese, particularly to women and people from poor communities by linking literacy with way of life and by establishing inter-linkages between skills and work.
2. To develop and expand early childhood development education.
3. To ensure quality education while providing compulsory and free basic education (grade 1-8) to all and expanding equitable and inclusive access to secondary (9-12) and higher education.
4. To develop and expand skill and employment-oriented education.
5. To achieve regional balance by gearing up higher education towards the creation of Knowledge Society and by linking it with national production and development.
6. To develop education at all levels as a means to positive social change.
7. To improve the quality of community schools by forging partnership and coordination between community and institutional schools and by making use of good practices of both.

Strategy

1. Reduce illiteracy significantly during the plan. To implement literacy program by linking it with life skills.
2. Expand early childhood development and improve its management.
3. Implement compulsory and free basic education with clearly spelt out plan of action.
4. Implement School Sector Reform Program in an effective manner.
5. Resolve problems remaining in teachers' management and educational administration with a concrete plan of action.
6. Develop clear policy framework with regard to the participation, management as well as social and educational responsibilities of institutional schools.
7. Make technical education and vocational training employment-oriented by developing them as separate streams while providing vocational training opportunities to the youths.

8. Formulate higher education policy and tie it up with national production and development; and enact Higher Education Act to regulate the establishment and operation of universities.
9. Update and improve curriculum, teaching/learning materials as well as methods and quality of education at all levels to initiate timely modifications.
10. Involve local bodies and communities in the operation of schools, *technical schools*, campuses and universities by making them responsible.
11. Manage educational statistics of all levels.

Working Policy

- 1.1 Literacy program will be implemented more effectively by mobilizing local bodies, NGOs and civil society, schools, university students, religious institutions, private sector and political parties. Literacy program will be tied up with livelihood promoting vocational education based on literacy database.
- 1.2 By bringing children from poor, Dalit and marginalized communities in early childhood development and by forging coordination in the programs of government, communities and other agencies, local governments will be made active for the improvement in the management of *child development centers*.
- 3.1 Free and compulsory basic education will be clearly defined and implemented with a concrete plan of action, by allocating necessary resources.
- 3.2 Based on linguistic survey including English language, opportunities for multilingual education will be expanded by appointing local language teachers and developing learning materials in local languages.
- 4.1 To effectively implement the entire school sector reform program, Education Act for 1 to 12 grades will be enacted.
- 4.2 In accordance with school sector reform program, integrated secondary level education (9-12) will be piloted along with institutional management of secondary education.
- 4.3 Free education will be progressively extended up to grade 10.
- 4.4 While enhancing the effectiveness of school sector reform program implementation, to ensure the quality of community schools at basic and secondary education, the examination results of grade 10 will be accepted as the measure of achievement. Also learning achievement of grade 10 will be measured.
- 4.5 Proficiency Certificate Level will be completely eliminated from the university.
- 4.6 Within the plan period program will be expanded in a way that students from all districts will have access to science education in grade 11 and 12.

- 4.7 To ensure the access of women, indigenous nationalities, madhesi, dalit, people with disability etc., to education, programs will be formulated and implemented at national and local levels.
- 5.1 By pooling all secondary school teachers (9-12) together, number of deployable teachers will be determined and policy and programs will be initiated for the redeployment of teachers.
- 5.2 Taking school level as a unit, minimum positions available for teachers will be determined and the total number of teachers will be determined based on the number of students.
- 5.3 The process of teachers' performance evaluation will be determined based on the educational achievement of students and performance based on transparent measures will be tied up with reward and punishment.
- 5.4 Education system and service delivery will be strengthened through the activation of existing resource centers at the districts; professional development of teachers; and development of an effective monitoring and evaluation system.
- 5.5 School management committees will be made effective by making them inclusive and enhancing their capacity.
- 5.6 To reduce the increasing politicization of education sector, a system will be developed to deliver all services only on the basis of defined criteria and norms.
- 6.1 Necessary reforms will be initiated in the existing policy and legal provisions governing institutional schools. Scholarships provided by these schools for poor and diligent students will be utilized as a means of talent search by managing it through public-private partnership. Also, they will be encouraged to increase the number of scholarships while making distribution system transparent.
- 7.1 By assessing the needs and effectiveness of institutions involved in technical education and vocational training, institutional distribution will be strengthened and systematized. Investment in this sector will be expanded in public-private partnership based on performance contract.
- 7.2 To move ahead in a coordinated and systematic way in vocational training sector, recommendations of high level committee will be implemented in an effective and integrated manner. All resources available for skill development will be used in a coordinated way by consolidating it into an integrated fund.
- 8.1 Higher Education Act (Umbrella Act) will be enacted to formulate clear-cut higher education policy and implement it. By improving institutional capacity, economic base, social responsibility, quality and management of currently operating universities, Nepal will be developed as an attractive destination for higher education.
- 8.2 Open university will be established to ensure access to higher education.

- 8.3 Bright students from poor family across all regions and districts will be provided with loan on the basis of defined criteria to study medical sciences, engineering, agriculture, science and technology etc. by improving and expanding existing programs of student financial assistance and education loan.
- 9.1 National Quality Measure and Quality Assurance Mechanism will be formulated and implemented to ensure the quality of school education and higher education respectively. Also arrangements will be made to carry out regular monitoring and appraisals.
- 9.2 To promote quality of education at all levels, curriculum, teaching and learning materials as well as methods will be reviewed and updated while incorporating timely changes.
- 9.3 The relevance of education system to the social and economic systems of the country will be improved and it will be enabled to address the actual problems and needs of society.
- 9.4 Libraries will be established and expanded to promote the access to high quality textbooks and learning materials.
- 9.5 Native writing and publications will be encouraged by adopting a policy of producing school level textbooks by national writers and publishers. Also, necessary policy and programs will be introduced to regulate unauthorized writing, production and distribution of textbooks.
- 9.6 Effective program will be prepared and implemented to resolve the problems observed in examinations at all levels. To regulate the school examinations (1-12) a national school examination board will be constituted by merging secondary and higher secondary examination boards.
- 9.7 To improve the quality of community schools, different operational modalities including public-public partnership, public-private partnership will be adopted and networks of schools, teachers, head masters and school management committees will be formed at the level of local bodies. Also, policy provision will be made to reserve the post of the chairperson of school management committee, only for parents of its students.
- 9.8 The use of research and technology will be extended at all levels of education.
- 9.9 Every time students complete one level of education, arrangement will be made to provide them counseling services so as to help them decide on the subject of further study or the sector of employment they would like to join.
- 10.1 Schools, campuses, private entrepreneurs and local government bodies of the same locality will be made active and responsible to explore the potential for youth employment at the local level; to make arrangements for necessary investment; and to manage education from schools to higher level.
- 10.2 Model vocational education program will be carried out in a few locations to provide production-oriented education by harmonizing education and local vocation.

- 10.3 Open schools and targeted educational programs for illiterate, dropout women house makers, farmers and disadvantaged communities will be carried out so as to ensure access to education for all. For this purpose Education Development Fund will be established at the level of local government.
- 11.1 By updating disaggregated educational statistics at the local government level, Education Management Information System will be strengthened and made functional and effective.

Expected Outcome

1. Adult literacy rate would have been reached 67 percent at the end of the Plan.
2. Literacy rate of 15 to 24 age group would have been reached 90 percent.
3. Children enrolling in grade one with childhood development experience would have been reached 57 percent and net enrolment rate at primary level (1-5) would have been reached 97 percent.
4. Net enrolment rate at lower secondary level (6-8) would have been reached 72 percent.
5. Net enrolment rate at secondary level (9-10) would have been reached 46 percent.
6. Net enrolment rate at basic level (1-8) would have been reached 90 percent and net enrolment ratio at secondary level (9-12) would have been reached 27 percent.
7. Partnership with local bodies on education would have been initiated.
8. Open education program from school to higher levels would have been institutionalized.
9. Higher education policy would have been formulated and Higher Education Act would have been enacted.
10. Proficiency Certificate Level would have been completely phased out from university and integrated into school level.
11. Success rate of community schools in secondary examinations would have been increased.
12. Learning achievement test at grade 10 would have been carried out.
13. Significant number of youths receiving skill development training would have been employed.

8.10 Health and Nutrition

Background

Interim Constitution of Nepal, 2006 has incorporated health as a fundamental right of the people. In accordance to it and with regards to social inclusion and equity, the main objective of TYIP was to increase the access to quality health services to citizens of all the geographical regions, class, gender and ethnicity. By health sector's policies, programs and organizational effort, qualitative and quantitative development on health service delivery has improved the access of general people to quality health service. There has been considerable improvement on mortality rates of infants, children and mothers. Health organizations have provided free maternity service under mother protection program. All the services provided by the health posts and sub health posts and the basic health services provided by the district hospitals to the poor and backward communities have been made free. There is also a provision for special discount to the poor citizens on other services. Family planning and safe abortion service is available on all districts. There has been expected growth in micro nutrition and vaccinations. Different programs have been conducted to improve the level of nutrition

Even though the overall health system has improved, there has not been expected improvement in remote districts. Health condition of backward societies and people below the poverty line has not been improved as expected . Due to geographical differences it has been a challenge to provide equal health services throughout the country. Health services are not provided equally due to cultural, social, economical and gender barriers.

The challenges of health sector are as follows:

- Revise existing legal provisions
- Increase government investments
- Absorb financial resources provided by the donor communities
- Regulate the private sector
- Solve the problems related to the conflict victims, specially those suffering from mental disorder, disabilities and economic hardship

The problems of health sector are as follows:

- Lack of human resources and equipments for qualitative services in health organizations.
- Centralization
- Inadequacy of necessary equipments and medicines, and their unmanaged supply
- Weak supervision system
- Lack of repair and maintenance of physical infrastructures

- Lack of basic services and facilities for the health worker
- Unaffordable health services provided by the private hospitals to the general public
- Inability of the poor people to meet expenses of treatment in serious diseases

In this context, the Plan is formulated incorporating health as a fundamental right of all citizens, millennium development goals and the second National Health Strategic Plan.

Objective

To increase the utilization of quality health service by ensuring availability and accessibility of health services to the citizens of all class, region and society.

Strategy

1. Develop physical infrastructures, increase the capacity of health organizations and their human resources and manage medicine and equipment effectively for the strengthening health service system.
2. Provide health services effectively from central to local levels even in preventive, promotional, curative, reconstructive, disastrous and emergency areas.
3. Encourage public, private, nongovernment and community sectors partnership for the development of human resources, expansion of services and to provide effective health services by working together with health service providers and health education institutions.
4. Make health service fast, people-oriented, integrated and decentralized by improving management process and developing suitable referral system.
5. Improve the quality of free basic health services and deliver the services to every area of the country and to every level of society.
6. Make easy access of the services to the people by integrated development and expansion of ayurvedic and other alternative health services.
7. Solve the problem of malnutrition through effective implementation by including it as a multi-sectoral approach.

Working Policy

- 1.1 Upgrade local health institutions and manage the physical and human resources accordingly.
- 1.2 Make long-term plan for optimum utilization of human resources of the health sector and their appropriate management. Also make a balance between production and utilization and attract skilled human resources and retain them in health services by making appropriate arrangement.
- 1.3. Make service delivery effective by improving capacity, skill, and standard of health service provider organizations and employees and also prepare and implement special encouragement program for the health workers and

women health volunteers specially those working in remote and backward areas.

- 1.4 Upgrade district hospitals to 25-50 beds with necessary expert services.
- 1.5 Monitor the quality of medicine and make its management effective.
- 2.1 Make health services easily available to all the citizens by increasing the investment in health service organizations.
- 2.2 Improve the effectiveness and access to reproductive health, infant health and family planning services by operating new programs as well as by providing regular and mobile services to the women suffering from uterus collapse problems.
- 2.3 Increase the awareness among the people through education with the partnership of governmental, private and nongovernmental organization.
- 2.4 Solve the problem related to gender, violence and discrimination as well as social discrimination by conducting educational and curative programs through governmental and nongovernmental organizations.
- 2.5 Conduct different programs to eliminate the problems related to HIV/Aids, drug abuse, cigarette smoking and alcohol drinking.
- 2.6 Conduct appropriate programs to minimize the effect of climate change on people's health.
- 2.7 Expand health education program to targeted group by creating partnership with relevant stakeholders.
- 2.8 Make effective arrangements to prevent and control serious non communicable diseases.
- 2.9 Make special programs to minimize the humanitarian loss made by accidents.
- 3.1 Make effective arrangements for the promotion, regulation and monitoring of the private health service providers.
- 3.2 Prepare policies relating to the participation of private, governmental, nongovernmental, community and co-operative organizations in health services.
- 4.1 Implement integrated health services by conducting door to door model program in all five development regions where the availability of service is low.
- 4.2 Make the referral system to higher level health organization more organized.
- 4.3 Develop monitoring system with proper representation of relevant stake holders to make the service delivery of local and district level health organizations more effective.
- 4.4 Prepare code of conduct to improve the relationship between the health service providers and clients and implement it.
- 5.1 Expand free and safe maternal services, encourage to get health services before and after child birth and make 24 hour arrangement of minimum basic infrastructure to provide maternal services from primary health centers and local health posts.

- 5.2 Make appropriate environment for the necessary investment for health treatment of people of all areas and classes and prepare policies and establish special fund for the development and expansion programs of health insurance
- 5.3 Establish insuring mechanism of health service targeted to the poor, senior citizen, freed kamaiya, adivasi, janajati, dalit and disabled community.
- 5.4 Develop infrastructures for local health organizations in partnership with local bodies, community and development partners.
- 5.5 Promote and expand social health security and urban health.
- 5.6 Expand services and programs of mobile camp including special service package, outreach clinic and telemedicine.
- 6.1 Recognize the interrelationship between ayurvedic and alternative medical system which includes, natural treatment, yoga, homeopathy, yunani, amchi and acupuncture to ensure service in an integrated approach.
- 6.2 Encourage natural and herbal farming to focus the production of ayurvedic medicine. In this regard encouragement will be given to entrepreneur who can produce medicine in local level.
- 7.1 Deliver clear information and provide effective services to clients about health and nutrition services and its process which will be provided by the government.
- 7.2 Deliver service by establishing nutrition rehabilitation center in zonal hospitals with partnership among government organizations for the improvement of nutrition health of children and women suffering from malnutrition. And conduct effective multi-sectoral programs against micro and other forms of malnutrition.

Expected Outcome

1. Basic health services of the citizens of all class, area, caste specially to the poor and helpless classes would have been increased.
2. Utilization of medicine would have been proper and the quality of health services would have been improved.
3. Utilization of health related services would have been maximized and health related awareness of people would have been increased.
4. Ayurvedic and alternative health services would have been effectively available .
5. Control and treatment of diseases related to mental health, disability, slow hearing, oral health and eye problems would have been increased.
6. Maternal, infant and child death rates would have been decreased with the increased access of safe maternal health.
7. Support would have been increased to control HIV Aids and other epidemic diseases.
8. The targets of the millennium development goals would have been achieved.
9. The number of patients of tuberculosis and leprosy would have been decreased remarkably.

10. The total health, management of nutrition sector and monitoring and evaluation system would have been effective.
11. Relationship between service providers and clients of health sector would have been strengthened.
12. Health problems caused by serious non-communicable diseases would have reduced.
13. Humanitarian loss due to accidents would have been reduced.

8.11. Drinking Water and Sanitation

Background

Safe drinking water and sanitation is the prime foundation of human development. Because of high priority accorded to this sector and involvement of various agencies in it, about 80 percent people have got the facility of drinking water and about 43 percent have been provided with sanitation service, at present. But, the disparity between urban and rural areas in the availability of water and sanitation service, lack of coordination in the activities of various agencies, and maintenance of quality and sustainability of the service are appeared as major challenges of this sector. Lack of supply of expected quantity of drinking water and government's inability to provide adequate qualitative drinking water and sanitation service according to the demand of rural and urban people are the main problems of this sector.

Extending the coverage of drinking water and sanitation service, increasing its quality, getting expected delivery from the completed projects, providing service as per the demand of people, and managing the sewerage that are directly discharged to the rivers are some prominent challenges of this sector. Similarly, the participation of various agencies, increase in the skills, capacity and awareness of the consumers and availability of modes competent human resource can be considered as the opportunities of this sector.

Objective

To improve public health and increase living standard of the people by providing safe and sustainable drinking water and sanitation facilities.

Strategy

1. Provide reliable drinking water and sanitation services to all by 2017 by gradually increasing in the quality and service standard of the drinking water.
2. Complete drinking water and sanitation projects which give return in a short period and are incomplete.
3. Promote local participation and ownership in the process of designing and implementation of projects.

4. Ensure the availability of service through maintenance and repair of constructed drinking water infrastructures and make the management more effective.
5. Adapt, gradually, the SWAP Approach in the programs of drinking water and sanitation.
6. Construct environment friendly (including adaptation to climate change) infrastructures of drinking water and sanitation that would utilize and promote the local resources.
7. Improve, gradually, the quality of drinking water to meet standards set by the National Drinking Water Guidelines.
8. Enhance institutional capacity for a sustainable service of drinking water and sanitation.

Working Policy

- 1.1 Basic drinking water service will be provided through the implementation of the projects that make an optimum use of simple technology and local resources which the consumers can afford and operate.
- 1.2 Programs for collecting rain water, as alternative source, in the rainy season will be implemented in the places where the sources of drinking water are not available.
- 1.3 Water treatment system will be established according to local needs for improving the quality of drinking water of the completed projects, and the quantity of water supply will be increased to meet the demand.
- 1.4 Leakages will be controlled by making the distribution system of drinking water more effective.
- 1.5 New drinking water projects with water treatment system will be constructed.
- 1.6 The cost recovery scheme will be adapted in the construction and improvement of urban and sub-urban drinking water system.
- 1.7 Supply of drinking water will be improved by mobilizing additional resources and improving its distribution system.
- 1.8 Sanitation program will be implemented in the form of a campaign.
- 1.9 "Open defecation Free Zone" will be developed, in the places which are not covered by the projects, by constructing household toilet under the comprehensive sanitation program in a leading role of environmental sanitation project in the collaboration with and participation of other concerned agencies and stakeholders.
- 1.10 Sanitation program will be implemented by integrating household toilet construction works with the drinking water projects.
- 1.11 Information will be disseminated by updating the database of population those already getting services and those not served, and the projects will be implemented accordingly.
- 2.1 The projects which are given priority by the current plan will be completed within the three years.

- 2.2 The projects which can give return in a short period will be implemented with priority.
- 3.1 Capacity building programs will be implemented in order to enhance the capability of local users committee in the management and operation of the projects.
- 3.2 Role of women will be made more powerful and effective by increasing their participation in the leadership level of users groups.
- 4.1 Proper maintenance and reconstruction of the old and damaged projects will be made by improving their institutional structures for the rehabilitation of their service.
- 4.2 Separate arrangement in the distribution system will be made for the main and the household distribution of drinking water.
- 5.1 Activities of the agencies related to drinking water and sanitation sector will be mobilized according to the Sector Wide Approach (SWAp).
- 5.2 Priority-based implementation system of the projects under the district master plan of all government and nongovernment agencies will be made compulsory.
- 6.1 Sewerages with treatment system will be constructed in the urban and semi urban areas having dense settlement.
- 6.2 An arrangement will be made for discharging the processed water into the rivers by establishing and operating small sewerage processing systems
- 6.3 Special attention, for the reduction of effects of climate change, will be paid while implementing the programs of drinking water and sanitation.
- 6.4 Institutional capacity for research and studies will be developed for making the drinking water projects efficient, sustainable, environment friendly and favorable to climate change.
- 7.1 Quality improvement programs in the drinking water projects of urban and small town areas will be implemented gradually in order to meet the quality of distributed drinking water as per the national drinking water standards.
- 7.2 An arrangement will be made for providing arsenic free drinking water by implementing the measures of reducing and eradicating arsenic.
- 8.1 Acts and regulations about the drinking water and sanitation will be made and implemented for making the drinking water and sanitation service more effective.
- 8.2 Data of the service of water and sanitation sector will be published in website in order to make access of all in it. A system for timely updating the data will be established.
- 8.3 A policy of management contract of comprehensive drinking water and sanitation projects will be adopted in a situation when they are not effectively managed by consumers' group.
- 8.4 Sectoral stakeholder groups will be made more active for an effective coordination among various agencies related to the drinking water and sanitation sector.

- 8.5 A master plan about the construction and development of sewerage will be prepared in the coordination of sector agencies by making policies, guidelines and standards of discharge and management of the sewerage.
- 8.6 The human resource unit of Department of Water Supply and Sewerage will be developed as an active agency for development of sectoral human resource.

Expected Outcome

- 1. Access of basic service of drinking water to the people would have been reached 85 percent.
- 2. Access of sanitation service to the people would have been reached 60 percent.
- 3. Access of drinking water service to the people with medium and high standards would have been reached 15 percent.

9. Infrastructure Development Policy

Development of infrastructure has been taken as the backbone of overall development of the country. From the very beginning of the planned development in Nepal, this sector has been receiving high priority. As a result, some physical infrastructures have been built. Road, electricity, irrigation, water supply and sanitation, housing and urban development, environment, alternative energy, and information technology are included in infrastructure sector. It is necessary to develop safe, sustainable, economical, users' friendly, and environment and climate friendly infrastructure for the prosperity of Nepal. Although, minimum foundation has been built for the development of other sectors with the already completed infrastructures, difficulties are felt in developing infrastructures in accordance with the population pressure, people's aspirations and the demand of modern time. It has been a great challenge to expand physical infrastructure at the village level, which is the base of the poverty alleviation. The existing problems of this sector are: lack of sustainable infrastructures, lack of increase in maintenance expenditures, difficulties in the amending the existing laws and regulations, lack of dissemination of infrastructure strategy and working policy to the stakeholders, and lack of understanding etc.

Availability of necessary human resources and increase in the capacity of the stakeholders involved in the infrastructure development in the country should be taken as opportunities for this sector. Initiate development of required infrastructure for prosperous Nepal is taken as the main objective of this sector of the TYP.

9.1 Rural Infrastructure

Background

Rural infrastructure can be taken as the foundation of rural development as about 84 percent people of Nepal live in rural areas. The rural infrastructure includes rural transportation, small irrigation and river training, micro hydroelectricity and alternative energy, rural drinking water and sanitation, rural housing, building and settlement development, solid waste management and social infrastructures.

At present about 25,000 km rural roads tracks have been opened and 14,000 km motorable roads are built in the country. Of this, only 6,000 km roads are in operation condition in all the weathers. Similarly, 12,000 km tracks and trails and 4,100 suspension bridges are constructed in the country. At present, about 900 drinking water projects are in implementation phase, which would serve about 800,000 rural people. According to the rural infrastructure policy, the devolution processes are underway on the small irrigation works in providing irrigation facilities to 25 ha in the hills and 200 ha in the Tarai. At present, there is a need of plan formulation, implementation and management of infrastructures like

transport, micro hydro electricity and alternative energy, rural drinking water and sanitation. Similarly, it is necessary to expedite the work like small irrigation projects and rural housing programs in a planned way, and repair and renovate, manage and develop the public and historical sites, monasteries, temples, inns, and water spouts etc. as important existing social infrastructures.

Lack of devolution of the functions to the local bodies according to the local infrastructure policy, lack of skill human resources, lack of technological base needed for sustainable infrastructure development, lack of capacity of local bodies in plan formulation, design, estimate, implement, maintenance, operation and monitoring, availability of only limited resources and lack of elected people's representatives in the local bodies etc. are the main problems of this sector.

In sum, formulation and implementation of plan is a great challenge faced in the rural infrastructure development sector. And increase in awareness of people and increase in demand capacity can be taken as opportunities of this sector.

Objective

To support the poverty reduction at the national level and change the living standards of the people by developing sustainable rural infrastructure.

Strategy

1. Develop, repair and maintain, conserve and promote the rural infrastructures.
2. Provide reliable electricity services to the rural people.
3. Provide adequate and safe drinking water and sanitation services in sustainable manner.
4. Reform environment conservation and economic opportunities by mitigation of water induced disaster, energy development, environment friendly infrastructure development and appropriate sanitation plan at the village levels.
5. Provide irrigation services by developing, expanding and reforming small and cooperative irrigation system managed by the farmers.
6. Provide housing facilities and urban services and facilities to the people by rural settlement development and planned urbanization at the village level.
7. Support environment conservation and public health reform by appropriate management of waste and waste-related products in urban-oriented VDCs.
8. Provide support to the access of people to the market and national road networks by expanding and upgrading the sustainable rural transportation system.
9. Develop and expand information and technology to the village level.
10. Formulate programs for rural and urban infrastructures by addressing the problems of the rural and urban areas.
11. Formulate and implement the programs on the basis of labor intensive and environment friendly technology based on SWAPs approach according to

Local Infrastructure Strategic Action Plan on the leadership of local government.

Working Policy

- 1.1 Sub-sectoral master plans will be prepared and implemented for the planned development of rural infrastructures.
- 1.2 To devolve the Rural Infrastructure Development Programs to the concerned agencies, a plan will be prepared and implemented.
- 1.3 The procedures, guidelines, and directives will be prepared, updated and implemented for quality rural infrastructure development.
- 1.4 The capacities of human resources and institutions involved in the rural infrastructure development will be strengthened.
- 1.5 To ensure quality, Quality Assurance Laboratories will be established and operated, required technical documents will be prepared and updated.
- 1.6 Effective construction and maintenance system will be established and expanded for the construction, sustainable management and use of rural infrastructures.
- 1.7 Research related to the rural infrastructure development will be institutionalized.
- 2.1 Electricity services will be expanded through micro hydro electricity to those VDCs, which have not yet been connected with the electricity services.
- 3.1 Quality drinking water services will be expanded.
- 4.1 While implementing water induced disaster control, development of energy and other infrastructures, sanitation plan, the environment friendly technology will be adopted and conservation programs will be implemented.
- 5.1 Cooperative and Irrigation Development Fund approaches will be promoted in the expansion of irrigation facilities.
- 6.1 Housing programs will be implemented for homeless and for those living in mud houses and who are living below the poverty line.
- 7.1 To manage solid waste related programs in the urbanizing VDCs, natural resources like rivers and lands will be managed to safeguard them from pollution.
- 7.2 To incorporate the projects that will be implemented within District Development Program will be selected from the projects mentioned in the District Master Plan. All the governmental and nongovernmental agencies require to implement those projects on priority basis.
- 8.1 Access to the markets will be ensured by expanding and reforming transportation services.
- 9.1 By constructing the web-sites of all the government offices, the concerned information will be put in the websites.
- 10.1 For the development of the rural infrastructures, a clear work plan will be formulated and implemented which could address the needs and problems of the rural and urban areas.

- 10.2 Special attention will be paid to poverty and environment while developing rural infrastructures.
- 11.1 Within the Plan period, local road, rural drinking water, small irrigation and suspension bridge programs will be implemented according to the SWAP approach. Furthermore, environment will be created to implement other programs at rural levels based on the same approach.

Expected Outcome

- 1. Access to all weather roads to the deprived settlements (of more than 500 people) would have been available through reliable transport.
- 2. Electricity services would have been available to 1000 VDC deprived of electricity services till now through micro hydro electricity.
- 3. Safe drinking water facilities would have been reached to 83 percent of the people.
- 4. Environment friendly sanitation services would have been reached to 55 percent of the people.
- 5. East West Himalayan/Mountain Tourism Road would have been completed.
- 6. Appropriate housing facility would have been available to 30 million families with lower level of income by targeting population living below the poverty line.
- 7. Information and technology would have been expanded and possibility of information sharing through computer technology would have been in place at the village level.
- 8. Regular repair and maintenance of 14500 Km roads in operating conditions would have been completed.
- 9. In total, 99 road bridges and 1200 suspension bridges in the major roads and local roads would have been completed.

9.2 Water Resources

It has become necessary to adopt the principle of Integrated Water Resource Management to fulfill the requirements of hydropower, irrigation, drinking water, water transportation and water entertainment for the Nepali people through multidimensional use of water resources in Nepal. In this connection, to develop water resources in the special watershed areas by adopting River Basin Approach. Projects will be carried out by attracting foreign investment by maximizing national benefits, making the process transparent, and giving the priority to this sector. There is a need to conduct special tasks to ensure the sustainable use of water resources by simultaneously forwarding the programs of water use and watershed conservation. Arrangement for justifiable distribution of benefits in local, sectoral, regional and national level from the use of water resources and national interest seems to be prioritized while utilizing it through bilateral or multilateral cooperation.

9.2.1 Irrigation and Water Induced Disaster Prevention

Background

Increase irrigation facilities by ensuring food security through the production of necessary food items to growing population and protect farm land, human settlements and structured infrastructure from water induced disaster with the maximum utilization of agricultural land is highly needed at present. Of total agricultural land of Nepal, only 1.8 million ha of land is considered to be potential area for irrigation. The irrigation facility has been reached 1.2 million ha land out of potential area to date. Even in the areas having irrigation facility, the facility is not available throughout the entire twelve months. Consequently, no targeted achievements have been met out in tune with the policy to increase production and productivity through irrigation.

Lack of collaborated efforts to carry out the program of agriculture in coordination with irrigation and water induced prevention control, lack of availability of irrigation throughout the year even in the land where agricultural facility has been reached and non-achievement of expected irrigation service form those expected projects due to lack of repair and maintenance are the major problems in this sector. Develop the system for providing irrigation throughout the year with the operation of multipurpose plan on watershed and inter basin transfer, enhancing coordination with agriculture while conducting the plan and to increase the service to the agricultural land where irrigation facilities has not been extended are the major challenges of this sector. The remaining 0.5 million ha of non-irrigated land, availability of river and lakes in different locations, possibility of ground water endowment usually in each place of Tarai, the availability of efficient manpower with ample experience and active initiation of community/cooperative institutions at local levels for water use can be taken up as the opportunities of this sector.

Objective

1. To increase agricultural production and productivity through efficient, sustainable, effective and reliable irrigation system for providing irrigation facility to the agricultural land throughout the year.
2. To assist in alleviating poverty with the creation of employment through preservation of human settlements and agricultural land as well as the constructed development infrastructure affected through water induced disaster.

Strategy

1. Expedite the programs related to small and medium surface irrigation and ground water irrigation projects which provide immediate returns and creates employment.
2. Increase agriculture production, alleviate poverty and generate employment with the help of irrigation programs which are being conducted under multipurpose water resource projects throughout the year.

3. Maintain coordination with the agencies working for irrigation and water induced disaster control.
4. Ensure efficient and effective management and sustainable operation through regular and periodic maintenance of the completed irrigation system.
5. Make construction as well as operation and maintenance sustainable, effective and economic in the structure of river control and irrigation projects; and undertake study, research, design and implementation to develop environment friendly, climate change adaptable and employment generation activities in the implementation of such projects.
6. Conduct the projects in tune with cost recovery system by making the irrigation facilities sustainable and reliable.
7. Increase the access of people in water induced disaster prevention service.
8. Implement the special programs in lakes and watershed areas which have remained the source of water for irrigation.

Working Policy

- 1.1 Priority will be given to the implementation of the irrigation schemes which are being completed within short period of time.
- 1.2 The programs of ground water irrigation projects will be placed on priority.
- 1.3 The programs will be forwarded to identify the areas where irrigation facilities are lacking.
- 2.1 Emphasis will be given to conduct multipurpose irrigation projects to provide irrigation facilities throughout the year.
- 2.2 The programs such as Bheri-Babai Diversion, Trishuli-Chitwan, Madi-Dang, Kali Gandaki-Tinau and Kali Gandaki-Nawalparasi Diversion will be extended in accordance to the feasibility study, plan formulation and investment plan.
- 2.3 Investment plan will be prepared for the implementation of large and medium scale irrigation projects (including multipurpose projects).
- 3.1 Road expansion programs will be simultaneously carried out while conducting the tasks related to irrigation and terrain belt river control.
- 3.2 Coordination will be maintained with the agencies related to climate change, agriculture and water conservation along with the implementation of the river control activities.
- 3.3 Coordination will be maintained among the various programs related to irrigation, river control, environment, soil conservation, tree plantation, land-use, and the road expansion.
- 3.4 People's participation will be mobilized massively while conducting the programs related to irrigation, river control and land use.
- 4.1 Minimum programs will be conducted for necessary maintenance of the completed projects through mobilization of people's participation.
- 4.2 The process of collection of irrigation service charge will be made effective from the structures available with reliable irrigation facilities.

- 4.3 The irrigation system after its completion of implementation works will be made efficient, sustainable and more effective by keeping operation and maintenance prompt.
- 5.1 Special attention will be paid on employment, poverty reduction, environment protection and climate change in plan formulation, design and implementation of the projects.
- 5.2 While selecting the projects, priority will be given to the backward areas and excluded classes in accordance to the concept and inclusion.
- 5.3 Additional assistance will be provided to occupy lands by the marginal farmers.
- 5.4 Priority will be given to the landless and backward classes for employment in the irrigation and river control programs.
- 5.5 Projects will be conducted by obtaining the land largely from the beneficiaries while conducting the irrigation projects through people's participation.
- 6.1 In order to make management of irrigation service charge effective, legal provision will be undertaken for Irrigation Development Fund.
- 6.2 While conducting irrigation project, irrigation Development Fund will be created on the basis of feasibility.
- 7.1 The program "Janatako Tatbandha" based on people's participation will be continued more effectively.
- 7.2 To make productive use of available resources, the structural as well as bio-engineering will be productively utilized while preventing the disasters such as floods and landslides.
- 7.3 The use of local labor, skills and construction materials will be used in the design and implementation of the projects related to irrigation and water induced disaster prevention.
- 7.4 Decentralized institutional structure will be developed to widen the service of water induced disaster prevention.
- 7.5 To make management of water induced disaster prevention service cost effective, programs will be coordinated with other government agencies.
- 7.6 Necessary resource will be arranged for completing the projects of water induced disaster prevention program effectively.
- 8.1 Area specific special program will be formulated and implemented for the preservation and promotion of irrigation canals, lakes and water-based sectors as well.

Expected Outcome

- 1. Irrigation facility in 36,650 ha of agriculture land would have been developed under the surface irrigation program in the three-year period after completing the on-going projects.
- 2. Irrigation facility in 162,075 ha would have been developed through ground water irrigation projects in coming three years.

3. Land-use and preservation of agriculture land, physical structure and human settlements would have been preserved after the construction of 300 km dam.

9.2.2 Hydropower

Background

Electricity service is an important tool for overall development of the nation. Though there is enormous potentiality of hydropower in the nation, only 638 Mw of hydro electricity has been produced so far. At present, only 56 percent of people have access to electricity service through the means of hydropower, heat electricity and alternative energy. Present generation capacity of electricity faces a deficit of 400 mw in supply in dry season. As a result, load shading has been frequent up to 12 hours daily. Due to the shortage of transmission line, adequate import of electricity and its distribution could not be met. Though some of the projects have been completed under the arrangement of public private partnership, the production of these projects is very low.

Due to the lack of infrastructures like road and transmission line, lack of timely review of power purchasing rate and various problems in implementation at the local levels, even the approved projects have not even been able to begin the implementation. Lack of electricity projects to commence into operation before the dry season to meet the demand of dry season and lack of control of high leakage are the major problems of this sector. To reduce the load shedding hours by constructing reservoir-based mega projects and to provide the electricity service to nearly 2000 VDCs for alleviating poverty and raising the rural life style are also the challenges of this sector. High demand of electricity inside the country, potentiality to export surplus electricity outside the country and increased attraction of the private sectors to invest in hydropower are the major opportunities of this sector.

Objective

To assist in economic progress and social development by developing access to everyone in modern energy through the production and distribution of hydropower.

Strategy

1. Increase public, private, community/cooperative investment in electricity generation and transmission for domestic use.
2. Extend electricity transmission line with high priority.
3. Increase electricity generation capacity to minimize load shedding.
4. Make hydropower projects sustainable and cost effective by making them environment friendly and climate change adaptation.
5. Develop electricity access as an inseparable part of poverty alleviation.

6. Prepare investment friendly environment for construction and development of hydropower projects.

Working Policy

- 1.1 Generation of electricity and extension of transmission line projects intended for domestic use will be implemented even through Government sector investment.
- 1.2 Public sector as well as domestic private capital will be mobilized in small and medium projects.
- 1.3 Power purchase rate will be reviewed to increasing domestic private investment and special encouragement and tax exemption in construction materials will be provided in accordance to electricity purchase price in those the projects completing during this plan period.
- 1.4 GON will provide financial and technical assistance to construct and operate the projects of 5 to 25 mw by mobilizing local institutional capital in the initiation of local government within the framework of 'People's Hydropower.'
- 1.5 Detailed project report (DPR) will be prepared for the projects producing up to 2500 mw electricity.
- 2.1 Investment will be made in the construction and improvement of transmission line by giving high priority and making special institutional arrangement.
- 2.2 Private sectors will be attracted to undertake construction of transmission lines under the policy of Public Private Partnership such as BT/BOT/BOOT.
- 3.1 Action plan relating to 38 points electricity crisis resolution will be effectively implemented.
- 3.2 Electricity charge will be reviewed and made timely.
- 3.3 Programs will be carried out by preparing rural electrification master plan.
- 3.4 Nepal Electricity Authority will be assisted for minimizing electricity leakage by constituting a coordination mechanism of all concerned agencies including the security forces.
- 3.5 Action will be taken for the construction of under-ground distribution line to minimize the electricity leakage.
- 3.6 Rural electrification will be conducted through the construction of micro and small hydropower plants.
- 3.7 In selection and construction, at least 30 percent priority will be given to the development of reservoir-based projects to reducing the climate imbalance in demand for and supply of electricity.
- 4.1 Institutional arrangement will be made for providing technical documents such as codes and specifications, and trainings related to electricity development.
- 4.2 Research will be institutionalized for making electricity generation economic and sustainable.

- 4.3 In the design and construction of hydropower projects, river basin approach will be adopted and the provisions for environment friendly and climate change adaptation will be undertaken.
- 4.4 Comprehensive survey related to national energy use will be conducted.
- 5.1 Encouragement will be made to those projects which will be completed quickly, increase production through repair and maintenance and generate employment.
- 5.2 The provision of Board and Fund will be arranged adopting Rural Electrification Act.
- 5.3 Access to electricity in economic sectors such as agriculture and industry and social sectors such as school and hospital will be enlarged.
- 6.1 New Electricity Act and National Electricity Regulation Commission Act will be enacted.
- 6.2 National Water Plan, Water Resources Policy, and the recommendations of the task force of ten-year and twenty-year hydropower development will be gradually implemented.
- 6.3 Assurance of security will be undertaken for the projects being constructed by private sectors.
- 6.4 Investment plan will be prepared for the development of large and medium hydropower projects.

Expected Outcome

- 1. A total of 281 mw of hydropower would have been generated during the Plan period.
- 2. Construction for generation of 75 mw of hydropower would have been initiated under the special program related to Public Private Partnership.
- 3. A total of 700 km of new electricity transmission line would have been constructed during the Plan period.
- 4. Hydropower services to the people would have been reached 65 percent.
- 5. A total of additional 1,200 VDC would have been availed rural electrification.
- 6. Electricity leakage would have been limited to 21 percent.
- 7. Per capita electricity consumption would have been increased to 100 units per year.
- 8. A total of 735,000 households would have been added in the consumers' list of electricity.

9.3 Alternative Energy

Background

Most of the settlements of Nepal have scattered so it is almost impossible to provide electricity through national grid. Rather it is possible to promote socioeconomic development, poverty reduction and environmental conservation

through the use of alternative energy technologies like micro-hydro, solar energy, wind energy, smokeless stove, bio-bricket and bio-mass energy. So far, almost nine percent of total population is provided with energy through alternative energy. First two-year time of the TYIP (2007/08-09/10) 88,544 solar home systems are connected, 5.72 MW electricity is produced, 60 thousands solar lamps are distributed, 31,612 bio-gas plants are built and Energy and Environment Section/Unit is established in 72 districts. Simultaneously, Nepal has generated income through bio-gas under clean development mechanism (CDM) and it is initiated to develop micro-hydro as a CDM project. Improved cooking stove, improved water mills and solar system are under process of registering on clean development mechanism. Newly established Climate Change and Carbon Unit at AEPC are working for integrated and perspective development of CDM in Nepal.

The challenges of this sector are: to promote the alternative energy among low income people from remote area, to contribute in poverty reduction by using energy in productive micro and home-based industries, to provide the users with easy loan for income generation activities, to promote the bio-fuel (Zatropa oil) as bio-diesel.

The opportunities of this sector are: alternative energy is now on the priority of GON and donor agencies, the high importance of alternative energy on climate change and through alternative energy we can take advantage from Clean Development Mechanism and the private sectors are also interested and involved for the development and promotion of alternative energy technologies.

Objective

To improve the living standard of rural people, increase employment and productivity, reduce dependency on traditional energy and attain sustainable development through integrating the alternative energy with the socioeconomic activities of rural communities

Strategy

1. Emphasize the development and expansion of renewable energy under decentralized energy system.
2. Give priority on integrated programs for improving the socioeconomic standard of rural people and environmental sustainability through alternative energy.
3. Promote partnership and coordination with related stakeholders like local bodies, private sector etc. for the development and expansion of alternative energy.
4. Develop the rural energy in consideration with sustainability and appropriateness.
5. Give emphasis on research and technology transfer of alternative energy.

Working Policy

- 1.1 Micro and small hydro, solar energy, bio-energy and wind energy will be promoted and expanded in rural areas.
- 1.2 Emphasis will be given on micro hydro, small hydro and solar system development where there is no immediate possibility of providing national transmission line.
- 1.3 Implementation process and procedure will be prepared for expansion of micro and small hydro projects in the feasible areas and micro-hydro revolving fund will be established for ensuring the sustainable investment in such projects.
- 1.4 Bio-gas and other money saving bio-energy technology will be expanded for gradual reduction of dependency on firewood.
- 1.5 Legal framework will be prepared for the sustainable and permanent management of alternative energy.
- 1.6 The use of traditional fuel in rural areas and mineral fuel in urban areas will be reduced through the promotion and use of bio-bricket.
- 2.1 The capacity of local bodies will be enhanced for the formulation, implementation, monitoring and evaluation of alternative energy related plans in local level.
- 2.2 Electricity will be provided through solar and wind energy where there is no any possibility of installing micro and small hydro-electricity projects.
- 2.3 Energy will be generated through wind energy in the feasible areas and the wind pumps will be developed and expanded for pumping water for irrigation in the Tarai areas.
- 2.4 Partnership with private sector will be promoted for the development of wind energy.
- 3.1 Partnership will be developed with cooperative sector and local bodies to develop and expand the alternative energy.
- 3.2 The electricity generated from small and micro-hydro will be connected to national transmission line.
- 3.3 Solar systems will be expanded in urban areas as well to address the present energy crisis.
- 3.4 For the generation and energy through municipal waste for domestic use and for operating the pilot project in some places, partnership will be promoted with local bodies and private sector.
- 4.1 Investment friendly environment will be created in the financial institutions for sustainable and appropriate development of rural energy by expanding the current Rural Energy Fund as a Central Rural Energy Fund.
- 4.2 The community and institutional bio-gas systems will be promoted and expanded.
- 4.3 Special discounts will be offered to the users of alternative energy in promotion of domestic micro industries.

- 5.1 Emphasis will be given on technology transfer and partnership with Universities and researchers for the promotion of research and development of alternative energy technology.
- 5.2 Farming of Zatropha will be encouraged and developed for the production of bio-diesel addressing the abrupt shortage in petroleum product and to develop it as a partial alternative of petroleum product within the country.
- 5.3 The integrated programs will be initiated by coordinating with the agencies working in alternative energy sector.
- 5.4 The new talents involved in contributing the development of alternative energy technology will be awarded with prizes.

Expected Outcome

1. Additional 7 percent of the total rural population would have been receiving electricity through alternative energy.
2. A total of 150,000 households would have been electrified from the generation of additional energy of 15 MW from micro-hydro.
3. Through solar energy 3 MW energy would have been generated.
4. Through wind energy 1 MW energy would have been produced.
5. A total of 150 solar drinking water and micro-irrigation projects would have been operated in remote districts.
6. A total of 2000 solar dryer/cooker would have been installed in different districts.
7. A total of 90,000 domestic bio-gas plants, 50 community bio-gas plants and 75 institutional bio-gas plants would have been constructed in 75 districts.
8. In 40 districts, 4,500 water mills would have been improved and installed.
9. In mountain and Tarai areas, 300,000 improved stoves and other bio-energy systems would have been installed.
10. Through CDM, 225,000 carbon credits would have been sold in bio-gas.
11. Bio-bricket would have been promoted in 200,000 households of the urban areas.

9.4 Road and Other Transports

Background

Road and transport infrastructure is a means for economic development, service delivery and social integration. Transport is taken as a prerequisite for development as it facilitates reducing regional disparity, fostering economic development and development of other sectors as well as delivery of services. By the end of FY 2065/66 total length of motorable road has been reached to 19447 KM, of which 6245 KM is black topped, 4336 km is graveled, and 8866 km is earthen. During this period, a total number of 1313 bridges have been constructed and 71 out of 75 district headquarters have been connected by roads.

The main challenges facing by the sector are: non-expansion of highways and urban roads as per the vehicular pressure, non-implementation of road safety measures, low resource flow to the prioritized roads, non-availability of necessary technical documents for sustainable construction and operation of roads, and low attention on maintenance of roads. The other challenge is to making road construction sustainable and safe by attracting the private sector in the construction and expansion of highways, fast tracks and urban roads.

Some opportunities available in the sector can be enumerated as : high potential of road construction and expansion as road density in Nepal is very low compared to other countries, availability of skilled technicians in the local markets, enhanced capability of government and private sector institutions involved in road construction and maintenance, creation of conducive environment for the participation of local agencies, private and nongovernmental sectors in the construction and operation of roads as there used to be participated by the government sector only in the past.

Objective

To expand sustainable and safe transport network that would contribute towards national socioeconomic integration, regional balance and development.

Strategy

1. Enhance transport access and facilities in a way to connect regional centers and district headquarters
2. Expand transport facilities that would enhance employment opportunities by increasing access to agriculture, industry, hydro power, tourism, education and health services
3. Develop and expand the roads as per the vehicular pressure
4. Expand railways and other modes of transport on the basis of feasibility studies.
5. Promote public-private partnership in the development and operation of transport infrastructures
6. Strengthen the system of regular maintenance and management of the constructed roads and bridges
7. Develop sustainable, safe and reliable transport network

Working Policy

- 1.1 Remaining district headquarters including Humla will be connected by the road networks
- 1.2 Roads connecting district headquarters and other networks of national importance will be gradually upgraded so that they can serve throughout the year
- 1.3 In addition to upgrade the postal roads, north-south roads will be constructed and upgraded in such a way that the various bordering market centers and main nodes (points) will be connected to the highways.

- 1.4 In addition to expedite the construction of Mid-hill highway and Kathmandu-Tarai Fast track, due attention will be given on the construction, expansion and up gradation of feeder roads and district roads
- 2.1 Priority will be given to the roads that are near completion and that generate employment and use endogenous technology.
- 2.2 Roads that would facilitate implementation of important projects, such as hydro electricity, irrigation, tourism and industry and enhance access to agriculture, education and health services will be constructed and upgraded.
- 3.1 Various activities such as widening the roads, improvement of junctions, construction of flyovers and alternative roads will be undertaken in order to ease the vehicular pressure on highways and urban roads
- 3.2 Road network in Kathmandu valley will be expanded in such a way that it would contribute to develop safe, environment-friendly and obstruction-free transport management.
- 3.3 Road construction in urban area will be properly managed through the enactment of necessary laws and policies; and technical weaknesses in the implementation of road norms and standards will be gradually improved.
- 3.4 Various infrastructures and utilities such as sewerage, drinking water, electricity and telephone will be separately positioned in both sides of write-off way, while constructing the roads and separate cycle lanes will be constructed in the feasible roads.
- 4.1 Construction of the East-West and Kathmandu - Pokhara electrical railway will be carried out through establishing necessary organizational structure on the basis of feasibility studies
- 5.1 Efforts will be made to attract the investment in the development of waterways, ropeways and other modes of alternative transport which are considered important from tourism viewpoint as well through the concept of PPP, BOOT and BOT
- 5.2 An investment plan shall prepared for the development of large road projects and other transport network development
- 6.1 Capacity of agencies related to road construction and maintenance, road entrepreneurs at local levels and consultants will be enhanced for timely completion of roads at lower cost meeting standardized quality
- 6.2 Special emphasis will be given for periodic maintenance of roads
- 6.3 Road Maintenance Board will be further strengthened and possibilities to using its' fund even for road construction will be assessed
- 6.4 Road asset management system will be made more effective
- 7.1 Disable-friendly road infrastructures will be gradually developed
- 7.2 While constructing roads, uses of locally available construction materials and skills will be promoted in order to conserve the environment
- 7.3 Special emphasis will be given to environmental, poverty reduction, inclusion and employment aspects while constructing roads.

- 7.4 Necessary engineering codes and specification will be developed and applied to make road construction sustainable, safe and less costly
- 7.5 Roads having national importance will be implemented on multi-year contract basis.
- 7.6 NEPECON and Nepal Bureau of Standards will be strengthened and other necessary institutions will be established in order to prepare necessary documents for the development of sustainable and low cost infrastructures
- 7.7 An electronic procurement system will be applied with necessary modification in bidding process
- 7.8 The responsibility of operation and maintenance of local roads shall devolved at the local level. While doing so existing man power, machinery equipment, offices and residential buildings also will be transferred to the concerned agencies on the basis of road density
- 7.9 Highway Management Information System (HMIS) will be established and operated by integrating all information from different stakeholders in national system.
- 7.10 Entry and exit in the highways and other important roads will be gradually made systematic
- 7.11 Necessary modification will be made in the Acts and Regulations relating to road infrastructure and other transport including Public Road Act, 2031
- 7.12 While constructing urban roads, surface rain water will be used for ground water recharging

Expected Outcome

1. All district headquarters would have been connected at national road network and roads connecting twenty-one district headquarters would have been black-topped which would facilitate the mobility.
2. Mid-hill highway and Kathmandu-Tarai fast track would have been completed.
3. Construction of Additional 147 bridges would have been completed.
4. Regular maintenance of 8300 km and periodic maintenance of 1500 km roads would have been completed.
5. A total of 675 km of new roads would have been constructed.

9.5 Information and Communication

Background

It is necessary to develop and expand information and communication as a foundation for the enhancement of public awareness, for increased accessibility to new technology and inventions, to save time for the development of knowledge and skill, for the proper dissemination of information to general public on the development of Science Technology for insuring the right of information and for getting merged into the mainstream of globalization as well.

This sector mainly comprises of telecommunication, electronic media, print media, postal services, security printing and development and expansion of motion pictures. In the country, at present about 70 percent of the population has the access to television services, 80 percent to the radio broadcasting services and millions of people have access to the mobile phone services. The tele-density per hundred persons is 27 along with the participation of private sector also.

Difficulties have been realized the in the expansion and development of information and communication services due to the Geographical complexities and the lack of other infrastructure development. Maintenance of desirable quality standard and the lack of financial resources are the major problems faced in the sector where services have been expanded. There is a major challenge to provide radio and television services all over the country and is also necessary to take social responsibility in its expansion. There is also the problem of diversity gap between those who have access to information and technology and who have not. The developed infrastructures in Information and Communication sector are not being used as shared properly between the service providers. The main opportunities in this sector are the increase in private sector investment, increasing trend of public demand, use of ultra modern technology and increment in affordability due to market competitiveness.

Objective

To expand social and economic opportunities, to contribute to overall national development and national unification by providing access to all in Information and Communication sector

Strategy

1. Diversify, modernize and commercialize postal services.
2. Revisit information and communication related acts and regulations and to enhance the credibility, quality standard and social liability of communication medias.
3. Expand, diversify and improve the quality of tele-communication services.
4. Enhance the public-private partnership and cooperation in the development of communication sector.
5. Commence the multi sectoral use of existing infrastructures in communication sector.
6. Commence security printing works within the country.

Working Policy

- 1.1 Postal services will be developed as e-centers through the establishment of multidimensional tele-centers.
- 1.2 The necessary manpower development program will be carried out for postal services.
- 1.3 The counters of all district postal offices will be automated.

- 1.4 The postal services will be made efficient and reliable through the diversification and commercialization of postal services with cooperation of private sector.
- 1.5 Infrastructure will be developed to make postal services independent and competent.
- 1.6 Postal saving bank will be expanded.
- 2.1 Established relay stations will be expanded and consolidated to make Nepal TV broadcasting country wide.
- 2.2 The analogue technology of Nepal Television broadcasting will be replaced by digital technology.
- 2.3 The shortwave broadcasting will be consolidated and FM relay centers will be established for the expansion of services of radio Nepal.
- 2.4 Online software to be used in Rastriya Samachar Samiti and V-SAT technology will be used in information dissemination.
- 2.5 Gorkhapatra will be published at regional level.
- 2.6 Through making Department level portal effective, online information services will be developed and expanded for the development of Department of Information as SAARC Information Bank.
- 2.7 The five communication centers will be developed as Information Hubs through making it effective and with interlinking to portal use between all centers and department.
- 2.8 The Department of Information will be developed as Photo Archive Center.
- 2.9 The related acts and regulations to journalism will be implemented after revisiting them.
- 2.10 Necessary work will be done to use Nepali actors in the electronic and print media advertisements.
- 2.11 Promotional programs will be carried out to develop Nepal as film shooting spot by utilizing its geographical location and natural beauty.
- 3.1 Private Service providers will be encouraged to take telephone and internet services to remote rural areas which are out of reach of telecommunication services.
- 3.2 Programs for quality enhancement in telephone services will be carried out.
- 3.3 Telecommunication services will be diversified by linking it with the development of modern technology.
- 4.1 Telecommunication services will be provided in simplest way through public-private partnership by using WIMAX technology where there is not any access of optical fiber.
- 5.1 The expansion and development of Information Super Highway will be continued by utilizing optical fiber.
- 5.2 The wireless Broadband services will be opened.
- 5.3 Policy and legal provisions will be introduced for the collective use of the existing infrastructures in communication sector.

- 6.1 Necessary laws will be formulated and manpower will be developed through the consolidation and structural changes in existing printing Department to develop it as security printing press.

Expected Outcome

1. Tele-density would have been 55 lines per hundred persons.
2. Access of radio and television broadcasting services to the people would have been hundred percent.
3. Postal service management would have been improved and all district Postal Offices counters would have been automated.
4. Access of internet to the people would have been 25 percent.
5. All the district headquarters would have been connected with optical fiber network in the country.
6. Alternative Information Super Highway would have been developed and expanded in the country.
7. The Department of Printings would have initiated the work of Security Printing.
8. The Department of Information would have been transformed as National Information Collection and Dissemination Centre.

9.6. Housing and Urban Development

Background

There is a rapid urbanization process in Nepal. The density of population in 58 municipalities and 132 small towns is increasing day by day. This is because of the decade-long conflict and migration from rural to urban areas in search of better services, facilities and security. Presently, about 19 percent of the total population is living in urban areas. Though the process of urbanization has helped in the expansion of economic activity and utilization of opportunities, it has been very difficult to provide basic urban services and maintain an environmental balance because of the lack of extension of cities and settlements according to an appropriate urban development plan. Lack of prioritizing on the return of investment is one of the major reasons for it. Similarly, more effective coordination among the agencies involved in urban management is necessary.

Difficulties in implementing the effort of making private buildings safe, as expected, in order to reduce the negative environmental and social effects created by the development of uncontrolled expansion of housing and settlements, and lack of expected coordination among various agencies working in this sector are some major problems.

To make an arrangement for a proper settlement of the people who are homeless and who do not have access to good housing service by developing appropriate towns from a social and environmental point of view is the main challenge of this sector. Similarly, existences of necessary policies, growing demand of systematic urbanization and safe housing and various development partners' priority to this sector, are some areas of opportunities.

Objective

1. To develop safe, clean and economically dynamic cities and to establish link urbanization with basic urban services.
2. To encourage and facilitate for the construction of safe, efficient and environment friendly buildings and private housing.

Strategy

1. Develop safe, low cost and environment friendly housings.
2. Develop appropriate settlements and cities from the environmental and social perspective.
3. Provide housing service to the poor group of society.
4. Promote public private partnership in this sector.

Working Policy

- 1.1 Implementation of national building code will be made obligatory and skilled architects and technicians will be produced in order to construct qualitative, less costly and safe buildings.
- 1.2 Updated and effective regulatory provisions for the construction of multi-storey building in the urban areas will be made.
- 2.1 Systematic cities will be developed along the main highways.
- 2.2 Satellite cities will be developed around the capital city.
- 2.3 Sustainable and systematic urban development plan and settlement development program will be implemented.
- 2.4 A functional coordination among the actors related to housing and urban development will be promoted.
- 2.5 Institutional capacities of local bodies and central government organs will be enhanced for conducting necessary research in this sector, and the regulatory system will be strengthened.
- 2.6 An integrated infrastructure development activity will be carried out at least in five regional cities, one from each development region.
- 2.7 An integrated infrastructure development activity at least for five medium and five small towns will be carried out near to the north-south and mid-hill highways.
- 2.8 The work of preparing city profile, resource map and periodic plan of all municipalities will be completed in the coordination and cooperation with Ministry of local development, local bodies, civil societies and donor agencies.

- 2.9 Standards will be set for conducting development activities in a manner that make the national and state level towns, community settlements and private housing healthy and safe.
- 2.10 The rural settlement development program will be managed through land pooling arrangements.
- 3.1 An environment friendly and efficient housing service will be extended in order to provide housing service to the poor people of society.
- 4.1 Housing and settlements will be developed through public private partnership model.
- 4.2 Economic infrastructures like mega bus parks, recreation parks, IT parks, and exclusive financial zones will be developed at least in three municipalities by modifying the existing system of public private partnership and establishing institutional structures as per the necessity.
- 4.3 An investment plan will be prepared for the development of large infrastructures, housing and settlement in the urban areas.
- 4.4 A separate appropriate institutional mechanism will be established for carrying out the works related to urban infrastructure development and urban governance in an integrated and coordinated manner.

Expected Outcome

- 1. Five regional cities would have been developed in five development regions.
- 2. An integrated infrastructure development of ten cities: five medium and five small, would have been developed at the meeting points of north-south and mid-hill highways.
- 3. A total of 7,000 low cost housing would have been constructed under the housing for people program.
- 4. Preparing city profile, resource map and periodic plan of all municipalities would have been completed.
- 5. Guidelines for the development of national and state level towns, community housing and multi-storied buildings of joint ownership would have been prepared and implemented.

9.7 Science and Technology

Background

The use and development of Science and Technology is indispensable for the overall development of a country. Science and Technology should be used and developed in suitable and economized way mainly for the fulfillment of people's basic needs, poverty reduction, income generating activities and mobilization of natural resources. It is important to encourage practical research, develop modern technology like, bio-technology, qualitative and efficient manpower development and promote local technology. It is essential to promote research under science

and technology for the increment of production and productivity as well as for the sustainable development of physical infrastructure.

The important achievements in science and technology sector are mainly the provision for DNA test within the country, preparation of science and technology related database, construction of IT park and Government Integrated Data Centre (GIDC) building. Nepal has become a member of International Atomic Energy Association (IAEA). The main problems under this sector are: lack of appropriate technology development, research and use, lack of commercialization of research findings, less government investment, failure to stop brain-drain and lack of motivation for the experienced scientist to work sincerely in their fields. Likewise, the main challenges of this sector are to carry out study and research for preserving local and original technologies and to utilize information technology for country's prosperity.

Nepal still has to do a lot in Science and Technology sector. Some opportunities in the development of this field are: increasing people's awareness, policy provisions of the government, developments of basic infrastructure in the sector, existing institutional structure, and availability of cheap labor.

Objective

To uplift the living standard of Nepalese people by making provisions for poverty reduction, environmental preservation, reduction of risk of natural disaster and expansion of employment opportunities by giving emphasis on the use of development works and available resources through the proper development, research and application of science and technology (including IT)

Strategy

1. Give additional emphasis for the proper research and development of science and technology sector (including IT)
2. Identify and encourage the utilization of modern and appropriate technology and local technologies by its exploration and development.
3. Use the proven technology by their application after identifying the income and employment generating sectors.
4. Emphasize on public private partnership for the development of science and technology.
5. Facilitate for the implementation of proven technology and make basic structures sustainable, environment friendly, safe and economically viable.
6. Expand people's access to information technology.
7. Develop early warning system for minimizing the effects posed by natural disaster and climate change.
8. Emphasize the institutional development of manpower and formulation of suitable law in science and technology sector.
9. Bring the institutions, related to science and technology, under the umbrella of the Ministry of Science and Technology.

Working Policy

- 1.1 The suitable technology will be applied in nation's welfare through research and development of internationally prevalent technologies (bio-technology, information technology, Nano technology etc.)
- 1.2 Necessary steps will be taken for the establishment of National Space Science and Technology Research Centre.
- 1.3 High standard observatory, BP Koirala Planetarium and Science Museum will be utilized as per national and international needs.
- 1.4 Tangible programs will be carried out for the institutional development of Nepal Academy of Science and Technology (NAST).
- 1.5 Ground work will be initiated in relation to the use and development of atomic energy.
- 2.1 The necessary steps will be taken to enhance the technology information and transfer.
- 2.2 The people and institutions contributing to the development of appropriate technology will be encouraged.
- 2.3 The conventional technologies will be modernized and preserved and incentive on the use and preservation of local technologies will be given.
- 3.1 Employment will be generated by attracting investment towards information and other technology-based industries.
- 4.1 The cooperation between government and private sector will be emphasized to systematize e-transaction and other sectors of Science and Technology.
- 5.1 For the preparation of appropriate code and specifications for technicians, institution-wise empowerment programs will be initiated.
- 6.1 The learning and teaching of IT in school level education will be emphasized to increase people's access to IT.
- 6.2 The programs of enhancing people's access in IT will be carried out.
- 7.1 Life and property will be secured through developing early warning system which minimizes the effects posed by natural disaster and climate change.
- 8.1 Sectoral specialized institutions will be established and developed for the manpower development of science and technology sector.
- 8.2 National laws will be formulated in line with the international commitments and a promotional and regulatory institution will be established accordingly.
- 9.1 Through restructuring the institutions related to science and technology, scope of their works will be determined.

Expected Outcome

1. With the formation and consolidation of additional policy and institutional structure in science and technology the research and development would have been facilitated.
2. The justice would have more been facilitated with the modernization and expansion of forensic services.
3. Science laboratory would have been in operation after the installation of the scientific machines and tools in its building.

4. The scientific knowledge would have been disseminated in general public and scientific research would have been enhanced with the construction of science museum.
5. The research and development in science and technology sector would have been initiated through public-private partnership.
6. The human resources would have been increased both quantitatively and qualitatively in science and technology sector.
7. The national laws would have been formulated as per the spirit of international commitments.

9.8 Environment and Climate Change

Background

From the Sixth Plan period various efforts are being made in policy level for the preservation of environment in Nepal. With the endorsement of internationally ratified treaties and conventions related to environment several programs have been developed and implemented to achieve the concept of sustainable development in Nepalese context. As per the expectations of the environmental laws Environmental Impact Assessment (EIA) task has been institutionalized by linking up environment management with development activities. For the control of vehicle pollution and industrial waste, different 14 pollution standards have been set and implemented. In order to implement the conventions on ozone preservation, the regulations relating to the import of the materials responsible for destroying ozone layer has been enacted. The bio-diversity convention has been initiated to materialize.

The people's awareness enhancement programs relating to the environment and climate change are being implemented. To minimize the negative impacts from climate change the NAPA (National Adaptation Program of Action) preparation work has been initiated. The benefit from Carbon Trade has already been initiated under Kyoto Protocol as a return from clean energy development.

The major problems under this sector are: non-compliance of established norms and standards and ineffective implementation of monitoring system of EIA reports. Likewise, ineffective institutional capacity of Ministry of Environment, non-consolidation of inter-ministry coordination, non-linking up of environmental policy and programs with different sectoral policies and programs and the environmental management not taken in the priority are other problems in the sector.

The main challenges in this sector are: to apply the concept of environmental management through decentralized programs on grass root level, to coordinate between government and NGOs in solving the problems posed by climate change in Nepal and to monitor environmental management effectively.

Since there are many works to be done in environmental management sector, there are also some opportunities. The significant opportunities are: increasing the number of human resources within the country, enhancing bi-lateral and multilateral cooperation, commitments on materializing international agreements and treaties, and gradual development of appropriate mechanism in the Ministry of Environment.

Objective

1. To adapt and minimize the negative impacts posed by climate change by making human activity and development activities environment friendly through encouraging the concept of green development.
2. To control urban pollution and protect the natural beauty of rural areas.

Strategy

1. Empower and develop the institutional capacity of the mechanism of environment related policies and laws.
2. Develop environmental management as integral part of development programs by internalizing it in development programs.
3. Formulate and implement the environmental programs effectively prioritizing the national and international commitments.
4. Conduct environmental awareness programs on general public level.
5. Minimize river pollution in big cities including Kathmandu and control water, land, sound, and air pollution.
6. Acclimatize climate change, and manage and preserve natural resources along with the continuation of disaster risk reduction, poverty reduction, and poverty environment initiative.
7. Make weather forecasting system reliable.
8. Carry out research and development regarding climate change and promotion of environment.

Working Policy

- 1.1 The role of different organizations working in environment management will be made transparent to consolidate the sector.
- 1.2 The essential laws relating to environmental preservation will be formulated and existing laws will be updated.
- 1.3 The activities between environment preservation and climate change will be coordinated by the Ministry of Environment.
- 1.4 By identifying the role of the implementing agencies of NAPA, the responsibility of each agency will be fixed.
- 1.5 Partnership will be strengthened among donor agencies, NGOs, local agencies, community organizations and other agencies.
- 2.1 The application of bio-engineering will be encouraged and enhanced to control landslide in infrastructure development plan.
- 2.2 Emphasis will be given on Environment friendly and climate change adapted infrastructure development.

- 2.3 The interagency coordination will be consolidated in formulation and implementation of climate resilience friendly plan.
- 3.1 Carbon trade will be promoted to get benefit through clean Development Mechanism(CDM) under Kyoto Protocol by implementing environment related treaties and conventions to which Nepal is a party.
- 3.2 National and international assistance will be utilized to implement the programs identified by NAPA.
- 3.3 For the management of different hazardous waste, actions will be moved ahead coordinating with concerned agencies.
- 4.1 Awareness programs will be conducted through different national and local communication media, local NGOs and community organizations to make cautious about environment at local levels.
- 5.1 More environmental norms related to air, water, land and sound pollution will be formulated and implemented.
- 5.2 Various special programs on pollution minimization will be prepared and implemented.
- 5.3 Action plan will be prepared by studying pollution control measures of urban rivers.
- 5.4 Partnership programs will be conducted with different government and nongovernment agencies for pollution control.
- 5.5 Specific steps will be undertaken for generating energy through solid waste management.
- 5.6 Prohibition will be imposed to drain the water to the rivers without purifying, and concerned agencies will be inspired to establish drain purification mechanism.
- 5.7 Environmental degradation will be minimized and the use of environment friendly fuels and means of transportation will be operationalized by implementing the polluter's pay principle and pollution prevention pays principle through effective mechanism
- 5.8 Pollution caused from the use of high technology will be minimized and managed properly.
- 5.9 The use of plastic will be discouraged and plastic bags less than 20 micron will be strictly banned.
- 6.1 Socioeconomic status of people will be uplifted through sustainable natural resource management.
- 6.2 Monitoring and examination of the conservation, promotion and management of the sources of environment will be institutionalized.
- 6.3 Issues of the institutions working for environmental conservation will be identified actions will be undertaken establishing proper coordination.
- 6.4 Coordination will be made with the private sector for maintaining greenery on both sides of Bagmati river.
- 6.5 Poverty-environment initiative programs will be implemented effectively to readjust the environment and poverty reduction issues.

- 6.6 Disaster Risk Reduction Strategy 2009 will be implemented effectively.
- 6.7 Plans will be formulated and implemented by establishing the early warning system in the glacier, glacier lakes and flood prone rivers locations.
- 7.1 Data collection, processing, analysis and publication will be carried out by upgrading the water and weather stations and the weather forecasting system will be made reliable.
- 8.1 Certain percentage of earnings of the natural resources will be spent on the conservation of the resources, and research and development.
- 8.2 Initiation will be taken to establish an international research centre for climate change in Nepal.

Expected Outcome

- 1. The programs directed by NAPA in different 6 major sectors would have been implemented.
- 2. Eighty metric ton hazardous waste would have been deposited safely.
- 3. Standards of sound, air and water pollution in city area would have been prepared and executed.
- 4. National framework for climate change adaptation and climate resilience, disaster risk reduction and poverty environment initiative would have been prepared and executed.
- 5. One hundred weather stations would have been upgraded.
- 6. Environment related agreements of 23 international conventions would have been operationalized.
- 7. One hundred national heritages would have been conserved.

10. Peace, Rehabilitation and Inclusive Development

10.1 Peace, Reconstruction and Rehabilitation

Background

With the promulgation of the Interim Constitution after the Comprehensive Peace Accord, republic has been implemented in the country. The elected Constituent Assembly, institutionalizing the Federal Democratic Republic, has been performing the historical responsibility of drafting a new constitution with the frame-work of the restructuring of New Nepal. The efforts are being made to reach the meaningful end of the peace process, began after the armed conflicts, historical people's movement, Madhesh movement and other movements in the past. The functions such as paying respect to the martyrs, investigation of the disappeared persons, relief and rehabilitation of the people affected by the conflict and providing transitional justice have been enlisted in the important agenda. The issues related to the adjustment and rehabilitation of the Maoist militants in cantonments, and the rehabilitation of those ousted from the cantonments through the verification made by the United Nations are also equally important. The nation has been committed to address the reasons of conflict such as absolute poverty, unemployment, social and regional disparities, discriminations, deprivation, etc. In order to accomplish the functions of relief, reconstruction, rehabilitation and reintegration, building social harmony and reconciliation speed up development process are continued.

Inability of forming the Truth and Reconciliation Commission and the Commission on Investigation of Disappeared Persons on time according to the Comprehensive Peace Accord, the non-functioning of relief, reconstruction, rehabilitation and reintegration as targeted by the TYIP, lack of reliable mechanism for launching programs up to the local levels, frequent increase in the evaluation of loss, inadequate relief in proportion to the losses, non-returning of the seized assets, lack of coordination between reconstruction and new construction etc. are the multifaceted problems. Likewise, the state of not providing the transitional justice by bringing the status of disappeared citizens in public has been remained as a problem. Effective implementation of the reconstruction, rehabilitation and reintegration, practical implementation of the agreements and consensus made among parties, normalization of the psycho-socio effects occurred during the conflict, appropriate management of the militants in the cantonments, effective proceeding of the process of conflict management and transformation, institutionalization of peace process up to local level have been appeared as the major challenges.

The increased interest toward peace process, the continuing state of constitution making process after the election of Constituent Assembly, the formation and mobilization of local-level peace mechanisms, the reconstruction of damage

infrastructures, the relief to the conflict affected and disappeared people, and the support of the activities related to rehabilitation have been appeared as opportunities. The goals, objectives, strategies and policies of this sector have been formulated in order to achieve significant contribution in building prosperous, modern and just Nepal by completing the peace process. The sectoral objectives, strategies and working policies have been defined with long-term vision of increasing peace, mutual trust and harmony for building prosperous and modern Nepal through the process of relief, reconstruction, rehabilitation, reintegration and inclusion.

Objective

1. To provide relief to the conflict affected people and reconstruct the physical infrastructures damaged during the conflict.
2. To make efforts for the reparation and rehabilitation of the conflict affected people and return the seized assets during the conflict.
3. To establish sustainable peace in the country by continuing social reintegration.

Strategy

1. Complete the relief, reparation, rehabilitation and reintegration works for the conflict affected people.
2. Complete the reconstruction work of the physical infrastructure damaged during the conflict.
3. Emphasize the establishment and operation of peace mechanism in national and local levels and manage transitional justice following the matters stated on the Comprehensive Peace Accord and other agreements, consensus and understandings.
4. Address appropriately the voices of the people of all the classes, regions, genders, and marginalized castes, ethnic groups and communities and also to make inter organizational co-ordination in order to achieve sustainable peace.
5. Effectively mobilize the Peace Fund.
6. Adjust and rehabilitate the Maoist militants who are in the cantonments according to the provision in the Comprehensive Peace Accord.

Working Policies

- 1.1 Arrangement will be made for assuring psycho-social consultation, skill, training and opportunities along with security for employment or self-employment in the process of providing relief, and social rehabilitation and re-socialization of the individuals and groups conflict affected.
- 1.2 A reliable communication system will be arranged in order to make the relief, reconstruction, rehabilitation and reintegration programs transparent and to make the people regularly informed on such efforts and achievements.

- 1.3 Arrangement will be made to strengthen monitoring of the relief, rehabilitation and integration programs. The system of monitoring and evaluation by the third party will be institutionalized for this purpose.
- 1.4 Necessary arrangement will be made for compatible access of the individuals conflict affected and the members of their families in the opportunities for foreign employment.
- 1.5 National Action Plan will be formulated and implemented for relief and rehabilitation of conflict affected children.
- 1.6 Relief including the treatment service will be provided to the people who have been physically incapable during conflict.
- 1.7 Based on the data of the conflict affected, the work for relief, reparation and rehabilitation will be performed by formulating action plan.
- 1.8 The institutional capacity will be developed for the effective implementation of the programs on peace, reconstruction, rehabilitation and reintegration.
- 2.1 The reconstruction work will be completed within the scheduled period of the Plan.
- 3.1 The peace mechanisms at the central and local levels will be equipped with resources and will be strengthened and expanded up to village and municipality level.
- 3.2 In order to prevent further conflict in the country, arrangements will be made for the provision of build in measures for conflict prevention and the conflict sensitive system in all the development programs.
- 3.3 In order to accelerate peace sensitive development, the knowledge, skill and capacity related to conflict sensitivity will be developed in all stakeholders including policy-makers, planners, administrators /managers.
- 3.4 Arrangement for necessary legislation will be made for providing justice to the victims with the formation of Truth and Reconciliation Commission and Commission on Investigation of Disappeared Persons.
- 3.5 The efforts will be made to return assets seized during the conflict according to the provisions made by Comprehensive Peace Accords, and other agreements, consensuses, and understandings.
- 4.1 Necessary services and facilities will be provided by studying the impacts of Maoists' Cantonments in the surrounding areas.
- 4.2 In order not to curb the conflicts in the future, some sample areas will be selected for research. Study will be carried out to identify the sources of people's interests for changes in the various aspects of society. The recommendations of the study will be addressed through various programs. In this context, emphasis will be given on training and development to ensure employment and other opportunities.
- 5.1 The peace fund will be effectively mobilized for implementing the programs on peace, reconstruction, rehabilitation and reintegration.

- 6.1 Considering the level of education, the disqualified militants ousted from the cantonments will be provided with education facilities up to grade 12 in maximum.
- 6.2 Effective arrangement will be made for the adjustment and rehabilitation of the militants of the Maoist Army according to the Comprehensive Peace Accord and the Interim Constitution.
- 6.3 The militants disqualified with the verification from UNMIN, will be provided with necessary education, skill, expertise, and support to absorb them in the employment market.

Expected Outcome

1. The peace process in the country would have been reached logical end.
2. The physical infrastructures damaged during the conflict would have been completed.
3. The works of providing relief to the victims of the conflicts would have been accomplished.
4. The conflict affected people would have been rehabilitated as an integral part of the society.
5. The suggestions of the study, launched in some areas selected as model in order to curb big conflicts in the future would have been addressed through various programs.

10.2 Gender Equality and Empowerment of Women

Background

Following the 'right-based concept', the state has been making policy, legal and institutional reforms and implementing the development programs in order to protect and promote the women's rights by eliminating all forms of discriminations and violence against women. In addition, efforts are also being made to the discriminatory laws and to enhance the access and control of women to and over income generation and resources by increasing their participation. There have been significant achievements in improving the living standards of women through the implementation of various programs including reservation, awareness against domestic customs and traditional violence, consultation and treatment as well as legal support to the women affected by violence, women's participation in conflict resolution and peace making process, skill and capacity enhancing programs, gender responsive budget, the women development program, conducted for creating the alternative opportunities for poor rural women, will have been expanded in 3043 Village Development Committees by the end of the fiscal year 2009/10. Despite these achievements, considering the coverage and quality, the efforts for the women's political, economic and social empowerment have been

remained inadequate. Women's problems have been increased due to the reasons, such as armed conflict, gender violence, HIV/AIDS, etc.

A lot more still has to be done to establish women's access to the resources and means and control over them, to eliminate various sorts of discriminations and exploitations, to increase the employment opportunities in non-agriculture sector, to make women's participation meaningful in decision-making process, to eliminate inequality among women, and to incorporate the women's contribution in the national account. Physical, financial and human resources have not been adequately allocated for strengthening institutional system. However, the increasing awareness, the efforts made in the constitutional, legal and institutional levels, the execution of gender responsive budget, the qualitative and quantitative increase in the capacity of the institutions working in the field of women's rights have shown great possibilities for the development of this sector in coming days.

Objective

1. To strengthen the role of women in sustainable peace and development process by socially, economically and politically empowering the women of all classes and regions.
2. To eliminate various forms of gender-based violence and discriminations against women.

Strategy

1. Strengthen the gender mainstreaming in development process, service delivery and in all aspects of governance system.
2. Strengthen the gender budget system and expand it up to local level.
3. Launch programs in the form of campaign in order to prevent and control various forms of violence and discriminations against women.
4. Launch targeted, protective, service-oriented and empowerment programs for enhancing capacity and improving the living standards of the marginalized women of the rural areas.
5. Ensure women's meaningful participation in the task of conflict resolution and peace building.

Working Policy

- 1.1 The representation of women will be increased over 33 percent by strengthening the achievements made so far on the protection, promotion and usage of women's political, economic and social rights.
- 1.2 Women's empowerment, and capacity enhancement, sectoral gender mainstreaming and inclusion will be accelerated in the form of campaign.
- 1.3 The capacity of the institutions and human resources working in the field of gender mainstreaming and women's empowerment will be enhanced and they will also be empowered.
- 1.4 The collaboration among government, nongovernment, private and community sectors and donor community active in the field of gender mainstreaming and empowerment will be made more effective and strong.

- 1.5 Macro-economic structure, overall account and statistical system will be made gender friendly. In addition, programs, which are time and labor saving will be carried out.
- 2.1 In order to make projects employment-oriented, the system of Gender Impact Assessment will be followed in the phase of project formulation.
- 2.2 The gender budget system will be expanded up to local level making it more effective, meaningful and institutional in the process of formulation of all sectoral programs.
- 3.1 The Gender Violence Addressing System will be developed encouraging the legal treatment, social protection. and community initiatives for the prevention and control of different types of gender violence and discriminations against women.
- 3.2 Coordination will be made among preventive, protective, and curative efforts to be carried out by various agencies against human trafficking, and the fund will be arranged for the relief and rehabilitation of the victims.
- 3.3 Social and legal consciousness programs will be carried out in order to control the dowry system especially prevailing in the Tarai-Madhesh areas and the social malpractices and violence in the different parts of Nepal.
- 4.1 In order to enhance the employment capability of women, their participation in entrepreneurship and skill-oriented training will be increased. In addition, appropriate targeted program will be carried out for micro-credit and production, and market promotion.
- 4.2 Special emphasis will be given in raising women's access and influence in resources and means.
- 4.3 Targeted programs will be run for the women of backward, marginalized and deprived castes, regions and communities, especially for the women belonging to Vadi, Dewaki, Kamlari and Kamaiya communities.
- 4.4 Programs for employment and social protection will be carried out for the empowerment of single women.
- 4.5 By collaborating with the private and nongovernment sectors, the women's presence and role in the leading fronts of these sectors will be strengthened.
- 4.6 Expanding the women development program in all VDCs, special programs will be carried out targeting the poor and ultra-poor women of the rural areas and the female adolescents being deprived of school enrollment.
- 5.1 The role of women in sustainable peace and development will be made capable and strong by empowering them socially, economically and politically.

Expected Outcome

1. Gender Development Index (GDI) and Gender Empowerment Measurement (GEM) would have been reached 0.592 and 0.549 respectively.
2. The women's representation in the state mechanism would have been reached over 33 percent.
3. The violence against women would have been minimized.

4. The proportion of the Gender Sensitive Budget would have been 33 percent of the allocated budget,
5. Women Development Program would have been expanded in all VDCs.

10.3 Inclusion

Background

The past efforts have not been so effective to build an equitable society in Nepal by eliminating the regional, class-based, caste-based and other social discriminations. The gap of discrimination prevailing in various regions, classes, castes and communities can still be seen. Today, the voices against such discriminations have been obviously pronounced in political arena. The issue of ensuring the right of the citizens of all castes, gender, religion, area and age by restructuring the state according to the spirit of people's movement, 2006 should be taken as the interest of the present Nepali society. Therefore, the matter of supporting in building the well developed society by ensuring the just and rational partnership in means and resources through the participation of all and by recognizing the identification and specialties of all narrowing down the gap in available opportunities and access and eliminating the inequality between deprived and excluded areas, classes, gender, communities and the groups and the areas enjoying the facilities, should be addressed as the need of the time.

Considering the access of different ethnic groups, areas, and gender in the political and administrative sectors, enormous inequality is prevailing despite the developmental efforts made so far. The condition of Dalit, Madheshi, Muslim and endangered tribes/inhabitants of the remote hilly and Himalayan areas including the Karnali region and the poors is comparatively weaker, whereas the state of the women is much weaker. Updated information on the deprived communities and areas is also still lacking. Poverty, prevailing narrow social values and norms, low access in education, resources, means, services and facilities, lack of inclusive and equitable approach in plan formulation and implementation process, are prevailing problems. The voices being strongly raised, for the end of such discriminations and inequalities by different political parties, groups and civil societies, can be taken as the opportunity in this context.

Objective

To ensure justifiable access of the deprived communities such as women, Dalit, indigenous ethnic groups, Madheshi, Muslim, persons with disabilities, minorities and disappearing groups and castes and the inhabitants of the remote hilly and Himalayan areas including the Karnali region and the class and community of deprived class in economic, social, human and cultural rights and opportunities by bringing them in the mainstream of development.

Strategy

1. Increase the access of minorities, disappearing tribe, women, Dalit, indigenous ethnic groups, Muslim, persons with disability, Madhesi, deprived and/or forcedly made deprived communities and areas including the inhabitants of the remote hilly and Himalayan areas in resources and public services by mainstreaming them in the whole process of development and outcomes through necessary policies and structural arrangement.
2. Ensure the justifiable representation of deprived and/or forcedly made deprived communities in all decision making processes and structures of the state.
3. Reform the policies, legal and structural provisions for the upliftment of Dalit, indigenous ethnic groups, Madhesi, Muslim, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali region and the deprived groups and communities.
4. Empower Dalit, indigenous ethnic groups, Madhesi, Muslim, minorities disappearing tribes and the inhabitants of the rural hilly and Himalayan areas including the deprived groups.

Working Policy

- 1.1 Making the justifiable access to the opportunity of public employment, deprived/forced to be deprived communities will be mainstreamed in all the agencies of the state for the economic empowerment of women, Dalit, indigenous, ethnic groups, Madhesi, Muslim, minorities and disappearing tribes, and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived groups and communities.
- 2.1 The representation of all the classes and communities including deprived/forced to be deprived communities will be ensured in the process of decision-making and implementation of all the spheres of governance operation and development construction.
- 3.1 Necessary reforms in policies and structures will be made in order to increase the access of all the communities including minorities and deprived/forced to be deprived communities in public services and resources such as food security, health, education, etc.
- 3.2 Disappearing tribes and communities will be identified and the programs for their upliftment and development will be formulated and implemented.
- 3.3 The targeted program will be carried out for the social and economic upliftment of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived groups and communities.
- 3.4 The arrangement for free education up to secondary level will be made for the empowerment of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing

- tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived groups and communities.
- 3.5 National cultural and linguistic policy will be formulated and implemented.
 - 3.6 The academic curriculums will be refined tuning with the multi-linguistic policy
 - 3.7 The program will be conducted for the institutional strengthening and capacity development of the public agencies carried out for the protection and promotion of the rights and interest of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and have-not classes and communities.
 - 3.8 The deprived/forced to be deprived communities will be empowered by refining the policies and legal and structural provisions related to the social, economic and political spheres according to the principles of positive discrimination and reservation.
 - 4.1 Identifying the gap between the people having access and not having access to education and employment market, the policy of positive discrimination will be formulated and implemented to narrow down such gap by prioritizing those who have the least access
 - 4.2 The participation of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and have-not classes and communities in development works conducted by the state.
 - 4.3 For the economic and social security and empowerment of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and have-not classes and communities and especially the marginalized communities within these communities, programs-oriented to the concerned community and area will be carried out as per need.
 - 4.4 Targeted programs will be prepared separately for social protection and empowerment of deprived/forced to be deprived communities and areas including Dalit, indigenous, ethnic, groups, Karnali area and backward class.
 - 4.5 The public agencies operated for the protection and promotion of the rights and interests of the deprived/forced to be deprived communities will be restructured and strengthened.

Expected Outcome

1. The justifiable participation of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan

- areas including the Karnali area and deprived groups and communities in the different spheres of the state, would have been ensured.
2. Special programs would have been formulated for the upliftment of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived classes and communities.
 3. There would have been improvement in the social and economic status of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and disappearing tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived classes and communities.
 4. The language and culture of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and endangered tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived groups and communities would have been preserved.
 5. The structure, policy and laws of the state would have been constructed according to the interest of marginalized communities within the women, Dalit, indigenous ethnic groups, Madhesi, Muslims, minorities and endangered tribes and the inhabitants of the remote hilly and Himalayan areas including the Karnali area and deprived groups and communities.
 6. The discriminations based on race, religion, culture and language would have been eliminated.

10.4 Balanced Development

Background

Even-though the concept of the regional development for the balanced development of the nation in Nepal was emerged during the Fourth and Fifth Plan period, the materialization of the objective of maintaining regional balance has not been experienced yet. Consequently, the results of the development could not be equally delivered among the people due to the growing imbalance among the political regions. Therefore, it has become the need to speed up the effort to develop the backward regions in balanced manner. There should be balance in regional development irrespective the number of the provinces/states that would be formulated by the Constitution Assembly according to the provision of the Interim Constitution. Nepal is transforming to the federal structure. It is necessary to set the goal to make balanced development even in different districts, towns and villages of the same province or state. Therefore, keeping in view the integration of national economy, a strong strategy for regional development is necessary in order to appropriately utilize the available human and national resources for the balanced development of the country.

Based on the available data, an enormous gap is seen between the Human Development Index of the urban and rural areas. The index of Mid-West Development Region and Far-Western Development Region are found weaker in comparison to other development regions. Gender Development Index, Gender Empowerment Index and Human Poverty Index have also shown that the condition of the rural areas and the Mid-West Development Region is weaker than in other areas/regions of the country. The above mentioned situation shows that the past efforts made for achieving the goal of balanced development could not be successful. Therefore, the present need is to make effort for developing all the regions in a balanced way by reducing the regional inequality, integrating the national economy, and utilizing the available natural resources.

In this context, with the vision of raising the living standards of the people of all the regions of the country in just and equitable manner through the balanced development of all the regions of the country, the Plan has set the following objective and strategies.

Objective

The objective of the development effort of the country is to identify the areas which are comparatively backward in view of development and to make economic growth and to increase the support of the state in such areas by analyzing the competitive and comparative advantages.

Strategy

1. Formulate annual development program, by analyzing the investment made so far, to reduce the prevailing unbalanced development in the country.
2. Identify the economic possibilities of different places and formulate and implement the economic development plan for these areas.
3. Expedite the regional development process with the participation of private sector, local bodies, communities and other stakeholders.

Working Policies

- 1.1 The backward areas in respect of economic and infrastructure development will be given special priority while allocating resources.
- 2.1 Emphasis will be given in the development of the production system where local resources and skills are utilized on the basis of sectoral comparative advantage and local competitive capacity.
- 2.2 Comparing the status of infrastructure development of different areas, priority will be given in the development of physical and social infrastructures such as road, electricity, drinking water, basic health services, etc. in the areas lacking infrastructure development.
- 2.3 The record of natural resources and heritages will be prepared.
- 3.1 For the systematic development of settlements in rural and urban areas, infrastructures will be developed and economic activities will be started through substantial investment.

3.2 The private, co-operative and public sector partnership in the sector of infrastructures development will be encouraged.

Expected Outcome

The gap between the economic and social status of different areas would have been narrowed down through developmental efforts.

10.5 Persons with Disability

Background

Efforts have been made to carry out various preventive and supportive programs according to the National Action Plan formulated for the protection and promotion of the rights of persons with disability. The programs such as discount on transport fares, entertainment and health services, enhancing positive thinking in the society towards the persons with disability, have been carried out. The activities like running the classes for special education in districts, providing scholarship to disabled students and the provision of free education in the constituent campuses of Tribhuvan University have been started. The arrangement has been made to discount the customs duties on the supportive materials to be used by the persons with disability. Likewise, the arrangement has been made for free health services and the ceiling of income tax has been raised for them.

To provide services and facilities and rehabilitate the persons with disabilities, various activities have been initiated by mobilizing the concerned ministries and agencies. The government has rectified the convention related to disability. Although there are various achievements in policies related to persons with disabilities, there has not yet been any substantial achievement in the program level.

Viewing at the programs in respect of the proportion of investment, content, coverage and quality, they are found indicative rather than substantive. Considering the institutional aspect, there is the lack of effective and reliable structure that can reach the implementation level. The programs run so far are found more consciousness enhancing rather than to provide the substantial services. The policies and programs initiated by the Three-Year Interim Plan have not been effectively implemented. On the other hand, more activeness and effectiveness in this field can be expected because of the circumstances such as the rise in the consciousness on handicappedness, establishment of various strong organizations of the persons with disability and different programs run by them, the ratification of the convention related to disability by the state and internalization of the right-based approach in development plans and programs.

Objective

To provide necessary social, economic and physical infrastructure and facilities including appropriate employment for the prestigious, free, hindrance-free and self-dependent livelihood for the persons with disability.

Strategy

1. Emphasize creating favorable environment and mainstreaming the persons with disability for the hindrance-free, just and prestigious livelihood.
2. Expand legal, institutional, physical and economic infrastructures for persons with disability.
3. Provide social protection to the persons with disability on the basis of the categorization of disability.
4. Carry out targeted programs for providing special protection to the incapable and persons with disability.
5. Emphasize on collaboration and coordination of development partners for producing the essential materials and expanding basic services and facilities for the persons with disability.
6. Rehabilitate persons with disability in their families and communities.

Working Policy

- 1.1 Social-economic infrastructures developed will be continued for people with disability so that they can live hindrance-free, just, prestigious and free livelihood.
- 1.2 Programs will be run for mainstreaming the persons with disability by deciding the issues related to their privilege, rights and concern.
- 2.1 Based on the concept of universal access, services, facilities and infrastructure in the public places including the public office buildings to be constructed, under construction and already constructed, will be continued to be made friendly to persons with disability.
- 2.2 Appropriate institutional arrangement will be made to prepare the report by implementing, monitoring and evaluating the convention of United Nations, related to the rights of persons with disability.
- 3.1 The provision for the adequate social security for all disabled women and men on the basis of the category of disability will subsequently be developed.
- 3.2 Incentives and priority will be given for providing employment opportunities to the persons with disability in the public offices and NGOs.
- 4.1 Special targeted programs will be formulated and carried out for the effective inclusion through capacity enhancement of the persons with disability and their social, economic and political empowerment.
- 4.2 Special sports activities will be organized regularly for the persons with disability.
- 4.3 The opportunity for self-dependent and independent livelihood will be provided to the persons with various sorts of disabilities by providing them appropriate education, skill and employment.

- 5.1 Coordination and collaboration among government, nongovernment, community sector and development partners will be promoted for the development and extension of basic services and facilities including production and distribution of essential supportive materials, and physical rehabilitation in the country for the persons with disability.
- 5.2 For the empowerment of the persons with disability, co-ordination, collaboration and co-operation will be strengthened among the national, international- government and NGOs working in this field.
- 5.3 Collecting information related to the persons with disability, systematic information system will be developed and resource centers will be established in different places.
- 5.4 Community-based rehabilitation programs will be carried out for the persons with various kinds of disabilities.

Expected Outcome

1. Persons with disability-friendly, favorable and appropriate environment would have been created with the expansion of legal, institutional, physical, economic infrastructures.
2. The subject of disability would have been included in all the concerning sectoral programs.
3. The provision of social security for the persons with disability would have been strengthened.
4. Considering the nature of disabilities, targeted services and facilities would have been expanded.
5. Collaboration and coordination among all the stakeholders would have been increased.
6. The persons with disability would have been rehabilitated in their families and communities.

11. Good Governance and Human Right

11.1 Good Governance

Background

It has been proved from the national and international experiences that the multidimensional development can be moved forward in the state when people can be guaranteed for good governance by making public service delivery effective, increasing transparency, participation, accountability, predictability and legitimacy in the operation of state management and development affairs. Therefore, it is necessary to make service delivery effective by making necessary reforms in the administrative areas and guaranteeing the people for good governance. In this context, the efforts have been continued to translate the basic principles and assumptions of good governance in practice through the formulation and implementation of laws (legislations) including Good Governance (Management and Operation) Act, 2007, Civil Service Act, 1993, Local Self-Governance Act, 1998, Corruption Alleviation Act, 1992, Public Procurement Act, 2007 and Right to Information Act 2007. Lack of effective implementation of the legal provisions related to the operation of public services, lack of measurable standards for the objective evaluation of the employee's performance, lack of transparency in decision making process, centralized decision making system, ambiguity in the allocation of responsibilities, lack of effective mechanism to discourage the irregularities and the interference of non-administrative sector in administrative sector etc. are the problems prevailing in the field of good governance. In this context, it is the matter of major challenge to make decision process lean, prompt, fair, economic, transparent, participative and accountable. The possibility of formal ratification of international convention against corruption by the government very soon and the situation such as various organizations working in the field of good governance and the experience achieved by other countries which can provide adequate guideline for the promotion of good governance can be utilized as opportunities.

The Plan has envisioned in making administrative mechanism reliable, result-oriented, accountable and competent to support the process of nation-building and sustainable development.

Objective

To make the public administration disciplined and legitimately effective with clearly defined roles and responsibilities for making the functions of formulation, implementation and evaluation of public policy effectual including public service delivery and for making public administration fair competitive, transparent, result-oriented, competent, inclusive and sensitive to address people's needs and aspirations.

Strategy

1. Prepare the foundation for necessary legal and institutional reform by clearly defining the relation between political sector and administrative sector and by making the administrative processes and functions fair, easy, lean, transparent, participative and clearly predictable and create the environment for people to perceive good governance.
2. Apply the processes of electronic governance system in the administrative works of the agencies by setting the long-term objective of making paperless government.
3. Strengthen and reform corruption control related legal system and administrative structure congruous to the commitment made by international community through the international convention against corruption.
4. Make public service delivery fair, transparent and effective ensuring the environment to receive qualitative public services fairly, compatibly, legally and timely by the targeted groups.
5. Make the public service inclusive making the provision of providing equal opportunities for service entry to the eligible and interested individuals of all classes and communities.
6. Devolve/delegate the administrative authority to the agencies closest to the common people for such sorts of functions for which they are capable.
7. Develop administrative capacity to make the public policy formulation, implementation and evaluation process effective.
8. Make the monitoring and evaluation process of administrative and development functions effective.
9. Make the implementation of the performance-based employee reward and punishment policy effective making the employee's performance evaluation objective.
10. Make necessary reform on the various aspects of human resource management including the employees' appointment placement, transfer, promotion and determination of compensation predictable so that they could be made predictable legal and congruent to the fundamental norms of motivation.
11. Regulate, monitor and enhance the capacity of private, co-operatives nongovernment and civil society organizations, involved in the functions of quality determination, production and distribution of public services and commodities.

Working Policy

- 1.1 Reform will be made on the exiting legal system for clearly defined responsibilities and duties of the officials related to public agencies.
- 1.2 Necessary program will be run for creating harmonious relationship between political and administrative spheres.
- 1.3 Reform will be made in the procedural policies in order to simplify and precise the administrative procedures.

- 1.4 The organizational structures and positions will be reviewed and reformed in order to make the affairs of administrative agencies effective.
- 1.5 The criteria of administrative process and decisions will be made clear and measurable.
- 1.6 The information system will be made effective for making the administrative affairs and decision transparent.
- 2.1 Necessary working directives will be formulated and implemented to increase the use of electronic governance process in the affairs of the government.
- 3.1 Reform will be made on corruption related legal and institutional system according to the spirit of the convention related to corruption.
- 3.2 The records of public assets and resources will be systematized by reforming the record system.
- 4.1 Coordinating among the service-provider agencies at local levels related to education, health, agriculture, livestock, etc., the involvement of the local bodies will be increased.
- 4.2 The capacity and working behavior of the employees of the agencies involved in public service delivery will be improved.
- 4.3 The monitoring system of service delivery will be made effective for ensuring the availability of public services.
- 4.4 The service delivery directives will be formulated, refined and implemented in order to make the process of service delivery transparent, clear and legitimate.
- 4.5 Programs including the establishment of service centers will be run to ensure the environment for compatibly receiving the public services by all the people residing in all places.
- 5.1 Necessary reform will be made in the legal system for providing opportunities to the interested and eligible people of all classes, regions and communities for getting entry into public services.
- 6.1 The local bodies will be strengthened for providing the common people these services and facilities which can be provided by the local bodies.
- 6.2 The budget system will be reformed by determining the criteria and policies including the ceiling & capital and current expenditures, reducing the budget headings to the possible extent, decentralizing the authority of allocating the amount of one heading in various programs under the same heading to the concerning ministry and agency and implementing the integrated payment system.
- 7.1 Increasing the training and study opportunities for the employees of the public agencies, the distribution system will be made transparent.
- 7.2 The capacity of the institutions, which provide training to the officials of the public agencies, will be enhanced.
- 8.1 The evaluation criteria will be refined so that the results of the programs can be given priority in the evaluation of the development programs.

- 9.1 Appropriate measures of evaluation will be identified in order to evaluate the performance of the civil servants on the basis of measurable criteria.
- 10.1 In order to motivate employees on their jobs maintaining high morale, arrangement will be made for the regular adjustments in their salary in the proportion of rise in price .
- 10.2 Reforming the existing system, the placement, promotion and transfer of the employees will be made predictable.
- 11.1 Policy will be formulated and necessary mechanism will be built for the regulation, monitoring and capacity enhancement of the private, nongovernment and civil society organizations involved in the production and distribution of public services and commodities.

Expected Outcome

1. Existing acts and regulations related to governance performance would have been reformed.
2. The international conventions against corruptions would have been ratified and implemented.
3. The electronic governance system would have been subsequently expanded with the formulation and implementation of the directives of electronic governance.
4. The curriculums of the training programs for the civil servants would have been improved.
5. The public services delivery would have become easier and transparent.
6. There would have been improvement in administrative organizations and positions.
7. The decision making processes, of human resource management including position creation, appointment, placement, transfer, promotion, and training would have been predictable.
8. The measurable index for performance evaluation would have been identified
9. Performance-based incentive system would have been implemented.

11.2 Human Rights

Background

Nepal has been regularly making international commitments on the recognition, protection and promotion of human rights. In this context, rectifying twenty-two Bills of Human Rights including the Principal Bill of Human Rights, and six core conventions, Nepal has been the member country. Nepal has always been effective and sensitive for the responsibility of providing human rights to its citizens according to the provisions made by these Bills. In this process, it has been functioning with strong institutional, legal and policy structures.

Since the nation is in transitional phase, even in the national level, the policy stability could have not been maintained in all the important spheres of the nation including political, economic and social spheres. The events of disobeying Human Rights have been widely increasing whereas the state of impunity is not reduced. The culture of Human Rights could have yet not been developed by performing work following the universal values, norms and ideals of human rights by the various agencies and officials of the state. The situation of peace and security could have not improved to the desired extent. Poverty alleviation and social justice could also have not institutionalized through the economic and social development. Likewise, the minorities and marginalized groups, who were suffered from discriminations and injustice in the past could not be assured for their participation in state management by protecting, developing and empowering them. In addition, the expected success could have not been achieved in government's functions of providing treatment, compensation, inquiring, relief and rehabilitation to the individuals who have been wounded, killed, disappeared and displaced during the conflict and to their families.

Addressing all these problems together, performing the responsibilities created by the fundamental rights defined in the constitution and international Bills on Human Rights for which Nepal has become the party, institutionalizing the culture of paying respect, projecting and promoting the human rights and establishing society based on justice and equality, has been a prevailing challenge in front of us.

The Plan will focus on establishing the society based on equality and justice by performing the responsibilities created by the commitments Nepal has made for Human Rights in front of the international community and by equally respecting, protecting and promoting the human rights of the citizens belonging to all castes, ethnic groups, languages, religion, culture, race, gender, community and region.

The perspective vision of this plan is to build an inclusive, just and prosperous nation based on the culture of human rights practically ensuring the international commitments made by Nepal through the Bill on Human Rights and the fundamental rights defined by the constitution.

Objective

1. To guarantee the human rights minimizing all sorts of economic and social discriminations and practically ensuring the national and international commitments expressed by the state.
2. To formulate and implement the programs for the protection, development and empowerment of the classes and communities lagging economically, socially and educationally behind.
3. To develop prosperous culture of human rights controlling disobey of human rights.

Strategy

1. Incorporate issues related to human rights in all sectoral development policies, plans and programs.
2. Run special programs for promoting human rights for the targeted groups.
3. Enhance capacity and increase effectiveness of all the government and NGOs working in the field of human rights by strengthening them institutionally.
4. Develop the culture of respecting human rights through Human Right Education by all the responsible parties including the officials of the local bodies.

Working Policy

- 1.1 The commitments expressed through the fundamental rights defined by the constitution and the international Bills for which Nepal has become the party will be implemented by refining the legal provisions or formulating new laws as per necessity.
- 1.2 The issues on human rights will be incorporated in the process of formulation, implementation, monitoring and evaluation of the setoral development policies, plans and programs and will also be carried out.
- 1.3 Necessary programs will be set and be effectively executed in order to make the national action plan of human rights time relevant.
- 1.4 Ending the state of impunity, the policy for materializing the concept of rule of law will be followed;
- 2.1 Ending all sorts of discriminations, untouchability, exploitation, violence and misbehaviors the programs for the protection and promotion of the political, economic, social and cultural rights of the entire citizen will be carried out.
- 2.2 Paying special emphasis on the protection, development and empowerment of minorities and marginalized communities, the participation of these communities in state management will be ensured.
- 2.3 Developing the jails into reform houses, arrangement will be made for guaranteeing human right to the individuals who are in jails and custodies.
- 2.4 Program will be formulated and implemented effectively solving the problems of the individuals who have been wounded, killed, and disappeared during the conflict and for these families.
- 3.1 The programs will be carried out for encouraging the individuals and organizations, on behalf of the state, who contribute in the protection and promotion of human rights.
- 3.2 The capacity, efficiency and effectiveness of the government and NGOs, involved in the field of human rights, will be enhanced.
- 4.1 Education on Human Rights will be provided through formal and non-formal education.

- 4.2 Program will be formulated and implemented in order to encourage public media for designing and transmission of human right education.
- 4.3 Arrangement will be made to incorporate the contents related to human rights in the institutional training and training programs for the security personnel.
- 4.4 The citizen is right for receiving prompt, lean and qualitative services will be ensured by expanding the services to be provided by the state.

Expected Outcome

1. In order to insure guarantee of fundamental human rights, necessary legal provisions and mechanism for formulation and implementation would have been built and strengthened.
2. The contents related to human rights would have been incorporated in the curriculums of formal and non-formal education.
3. The system to penalize the party who hinders the human rights and to compensate and treat the party who is deprived of enjoying human rights would have been implemented.
4. The legal and structural provisions related to jail would have been improved in order to transform jails into reform houses.

11.3 Planning and Statistics

Background

It is initial to continuously strengthen the statistical system during the Plan period to make the planning system reliable, systematic, scientific, objective and practicable, for the collection, processing, analysis and use of information and data.

The periodical national census, Labor Force Survey, Living Standard Survey and Nepal Demographic Health Survey, etc. are the sources of national level statistics. Nepal Labor Force Survey-II has been successfully completed. The work of data collection for the Nepal Standard Living Survey-III is continued. The preparatory work for National Census; 2011 and National Agriculture Census, 2011 and Industrial Census, 2007, Distributive Trade Survey-I and Vegetable Crops Survey, etc. have been completed. The preparatory work for Nepal Demographic Health Survey is currently proceeding. The preparatory work for Quarterly National Account has been started for strengthening the national accounts on these new foundations of statistics. In addition, district profiles of 75 districts and Nepal Info have been prepared. Based on this, the socioeconomic index and Index of Millennium Development Goals are made available. Duplication in the statistics, lack of coordination, low usage of information technology and inadequate human resource are the major challenges in the Nepalese Statistical System. Therefore, it

is necessary to enhance capacity coordinating between the human resources and organizations involved in the function of planning and development of statistical system.

Utilizing information technology to the maximum extent and making the proper utilization of the opportunities after the peace and rehabilitation, the function of preparing statistical system to be appropriate in the federal system congruous to the concept of New Nepal is so much important. Aiming at building of the prosperous, just and modern Nepal, utilizing the long-term experience of planned development and mobilizing the social, economic and human resources to the optimum level, it is necessary to develop the planning and statistical system which supports in formulation of plans in order to accelerate gross development

Envisioning the planning and statistical system which supports in time-friendly manner in the process of building advanced, economically prosperous and just Nepal following the economic system appropriate for Nepal and making the appropriate improvement in the living standard of the Nepalese people, policies and programs for the planning and statistical sector have been formulated.

Objective

To institutionalize the planning system based on developing user-friendly and reliable statistical system for effective, result-oriented, sustainable, and equitable development process.

Strategy

1. Construct and reform the policy, regulations and procedures related to plan formulation for making planning system effective.
2. Arrange institutional strengthening and enhancing capacity of the agencies and units involved in functions related to planning and statistics.
3. Make the statistics and planning system reliable and trustworthy maintaining the proper co-ordination among the planning mechanisms of the state in various levels and inject reforms, making favorable for the function of state restructuring.
4. Continue the application of new information and technology in order to make effective collection, processing and analysis of data essential for the nation.
5. Establish Central Data Repository related to the central level Geographical Information System at National Planning Commission.

Working Policy

- 1.1 Policies, regulation and procedures related to plan formulation; implementation, monitoring and evaluation will be reformed.
- 1.2 Arrangement will be made not to displace the plan proposals, at central level, which are forwarded with due process from the people's level in order to make honestly follow the participative plan formulation process.

- 2.1 Policy and institutional reforms will be made for strengthening and enhancing capacity of the agencies involved in the functions related to planning and statistics.
- 2.2 Maintaining appropriate co-ordination among the activities related to the planning and statistics of different levels and agencies, appropriate networking will be developed for making compatible mutual utilization of the statistics that are of the use for more than one agency.
- 2.4 The opportunities of career development and capacity enhancement will be equitably provided to the human resources involved in planning and statistical functions in different agencies.
- 2.5 Making a transparent action plan for the career development of the employees working in planning and statistical field, the opportunities of career development and capacity enhancement will be provided.
- 2.6 The administrative structure will be reformed implementing the legal provisions of developing employees of concerning group in planning and statistics organizations and units.
- 3.1 Necessary co-ordination will be made in the function of collecting and processing data related to the sectors such as education, health, forest, public land, arguable land, natural resources and public assets, labor employment, living standard, etc.
- 3.2 Statistics and planning system will be made reliable and credible by making appropriate co-ordination among the concerning agencies and appropriate planning and statistics system will be developed with necessary reforms in the mechanism of planning and statistics by making it congruent to state restructuring.
- 4.1 Modern information technology will be applied in plan formulation and collection and analysis of data.
- 4.2 Data archive will be developed.
- 4.3 Census and surveys, which provide the updated social-economic index, will be carried out.
- 5.1 The data with the details on services, resources, accessibility, poverty, settlement, family and ward-wise will be collected in the Central Data Repository.
- 5.2 Emphasis will be given for using Geographical Information system while formulating periodical and sector plans at central and local levels.

Expected Outcome

- 1. Policy, regulations and directives would have been formulated and implemented in order to make the process of plan formulation, implementation, monitoring and evaluation objective and transparent.
- 2. The participation of stakeholders would have been ensured in the planning process.

3. The fundamental census/surveys such as national census, national agriculture census, living standard survey, labor survey etc. would have been completed within the defined time-period
4. The data of national income, saving, investment, etc. would have been updated.
5. Co-ordination would have been maintained among the planning mechanisms at central, regional and local-levels.
6. The provision of planning group would have been implemented.
7. Restructuring of the public agencies related to planning and statistics making it congruous to the state restructuring, the appropriate planning and statistics system would have been developed.
8. Based on the available data, drawing of maps according to the national need would have been possible and such maps would have been used in the process of plan formulation and implementation.
9. The statistical system in the agencies at central and local levels would have been tied-up with the central data bank located at Central Data Repository and it would have been used in the functions of plan formulation, implementation, monitoring and evaluation.

11.4 Plan Implementation

Background

Plan implementation is as important as its formulation aspect. Therefore, it is necessary to build an effective mechanism for the successful implementation while formulating the plan.

The prevailing problems are – lack of resources, lack of timely availability of the existing resources, lack of co-ordination between inter-step and organizations, resources not identified prior to formulate plan, lack of clearly defined responsibility (job description), political interference, burdensome contracting system, frequent transfer of project chief and other personnel, employees' work not tied-up with the implementation of plan, center's decisive role in the selection of project, lack of action plan, lack of clear objective, implementation without comprehensive study, lack of project bank of those projects who have been studied, sustainability of the project not taken into consideration etc. Considering the problems mentioned above and other problem of the similar type encountered in the process of project implementation, it is necessary to develop the trend of formulating and implementing plan only by paying attention on inputs, outputs and impact for the effective implementation after properly solving the problems.

To complete the development project within the time, maintaining required quality is the prevailing challenge. The main intent of the plan implementation is to distribute proportionately the result of development among the common people making the public service lean and transparent. Through the effective

implementation, employment opportunities will be created, participation of the people will be increased and poverty reduction will be supported through employment and economic growth.

Objective

To ensure the implementation of development plan, programs and projects in the set time frame, cost, quantity, and quality.

Strategy

1. Implement the Plan accountably making necessary arrangement while formulating plan for organizational capability system and resource.
2. Make the implementation aspect effective making monitoring and evaluation system result-oriented, regular and reformative.
3. Set the culture of designing the result-based action plan of implementation for the effective plan implementation.

Working Policy

- 1.1 Policy, regulations and directives will be formulated and implemented in the process of plan formulation objective.
- 1.2 The participation of the stakeholders would be ensured in the formulation implementation, monitoring and evaluation of plan.
- 2.1 Defining the implementing agency in the beginning of the Plan period, implementation plan and action will be prepared for timely completion.
- 2.2 Monitoring system will be strengthened ensuring the resources for the implementation of periodical plans.
- 2.3 Acts and regulations related to public procurement and contracts will be revised.
- 2.4 The conclusion achieved through plan and its monitoring and evaluation will be used as the feedback for implementation.

Expected Outcome

1. The defined objectives of the plan would have been achieved through the successful implementation of development plan.
2. The environment of social/public audit would have been created for the acceptance of the price of the resources consumed in the project from the people's level.

11.5 Monitoring and Evaluation

Background

The implementation of development plan could not be effective to the desired extent since the existing monitoring and evaluation system could not become result-oriented and effective as expected despite the efforts being continued to implement the policy provisions made for the regular monitoring of development programs. Therefore, it has been a major challenge to achieve effectiveness in the implementation of projects by refining the structure of the monitoring and evaluation process and making it result-oriented, regular, reliable and institutional. In this context, in order to make monitoring and evaluation result-oriented, regular and reliable, the act of formulating and implementing directives is going on. It is notable that development partners are also interested on building result-oriented monitoring and evaluation system. The need to make effective monitoring and evaluation system can be taken as an opportunity for the effective implementation of development efforts because the public responsiveness increases towards the investment when the act of monitoring and evaluation becomes effective.

In order to contribute to achieving the objectives of the plan, the TYP envisages to establish the monitoring and evaluation system as an effective and reliable managerial tool through its institutional strengthening and developing the capacity for implementing development plans, programs and projects based on fixed time, cost, quantity and quality.

Objective

To make the function of monitoring and evaluation of development policy and program result-oriented, regular and reliable and to use its results as feedback for immediately solving the problems occur in implementing the programs and projects and facilitate in decision making process related to policy making and formulation and implementation of development plan.

Strategy

1. Strengthen the institutional/process system bringing monitoring and evaluation related different agencies at different levels within one networking.
2. Build an automatic mechanism introducing change in work style, process, and structure and develop capacity on monitoring and evaluation and make clarity on provisions related to the agencies and officials involved in monitoring and evaluation.
3. Strengthen the result-oriented and reformative monitoring and evaluation system tying-up the performance of evaluation of the agencies and human resources with the progress of the projects/program.
4. Make the monitoring and evaluation process effectiveness by refining and developing the existing directives and standards related to it.

5. Implement the system, when necessitated, for the independent monitoring and evaluation of the affairs of the public agencies by the individuals and organizations directly not involving in these affairs.
6. Emphasize monitoring and evaluation system result-oriented and participative by involving the beneficiary stakeholder in monitoring and evaluation of the projects of public concern.
7. Support in the plan implementation through necessary reform and feedback from the regular monitoring and the updated descriptions related to implementation of plans/projects.

Working Policy

- 1.1 Making necessary improvement in Poverty Monitoring and Analysis System-PMAS and District Poverty Monitoring and Evaluation Analysis System- DPMAS, will be used by establishing networking with the Project Performance Information System at National Planning Commission.
- 1.2 The role of the Ministerial Level Development Action Committee and National Development Action Committee will be made effective by making them regular.
- 2.1 Emphasizing the human recourse development related to the function of monitoring and evaluation, the monitoring and evaluation section will be equipped with means, resources, knowledge and skills.
- 2.2 Special monitoring, in regular basis, will be arranged for the projects and programs of large size, high priority and having influence in the people level.
- 2.3 Field-level monitoring and supervisions will be conducted for development programs and projects by making annual schedule.
- 3.1 The performance of the agencies and human resources concerned to projects/programs will be tied-up with the process in order to strengthen result-oriented and reformative monitoring and evaluation system.
- 3.2 In order to systematize monitoring and evaluation, managing for Development Result-MFDR will be institutionalized and carried out by making monitoring and evaluation plan.
- 4.1 Directives will be formulated and implemented for result-oriented and independent monitoring and evaluation.
- 5.1 The system will be developed to involve the individuals and organizations, who are not directly involved in the performance of public affairs, in the monitoring and evaluation of these affairs.
- 6.1 The system of measuring the performance level of development projects through public hearing and public audit will be developed.
- 7.1 In the context of utilizing the feedback received from the results of the evaluation of development policies and programs in planning process, the updating the details of the implementation of policies and performances at National Planning Commission and monitoring and evaluating them, necessary reforms and feedback will take place.

Expected Outcome

1. The directives related to result as well as reform-oriented monitoring and evaluation would have been formulated and implemented.
2. The participation of stakeholders would have been ensured for the monitoring and evaluation of development programs and projects on the basis of result-oriented measurable index.
3. Measurable and result-oriented index would have been identified and implemented for the monitoring and evaluation of development programs/projects.
4. Performance-based incentive systems would have been carried out.