



Project for Sustainable Agriculture and Rural Development in Mountain Regions (SARD-M)

Assessment of SARD-M Policies in the Hindu Kush – Himalayas: the case of Agricultural Perspective Plan of Nepal

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List of Abbreviations

ADB/M	Asian Development Bank, Manila
ADB/N	Agriculture Development Bank, Nepal
AGDP	Agriculture Gross Domestic Product
AIC	Agriculture Inputs Corporation
APP	Agricultural Perspective Plan
APPSP	Agriculture Perspective Plan Support Programme
APRACA	Asia Pacific Rural and Agricultural Credit Association
APROSC	Agricultural Projects Services Centre
AREP	Agriculture Research and Extension Project
CBOs	Community Based Organizations
DDC	District Development Committee
DDCN	Diary Development Corporation Nepal
DDO	District Development Office
DFID	Department for International Development
DOA	Department of Agriculture
DOF	Department of Forests
DOI	Department of Irrigation
DOLIDAR	Department of Local Infrastructure Development and Agricultural Roads
DOR	Department of Road
GAF	Growth Accounting Framework
HARP	Hill Agricultural Research Project
HMG/N	His Majesty's Government of Nepal
HYV	High-Yielding Variety
IASCP	International Association for the Study of Common Property
IAU	Independent Agricultural Unit
ICIMOD	International Centre for Integrated Mountain Development
IDL	In Development Group Limited (UK)
IDS	Institute of Development Studies
IIDS	Institute for Integrated Development Studies
IIED	International Institute for Environment and Development
IRD	Integrated Rural Development
LSGA	Local Self-Governance Act
MOAC	Ministry of Agriculture and Cooperatives
MOLD	Ministry of Local Development
MPF	Mountain Perspective Framework
NARC	National Agriculture Research Council
NDDB	National Dairy Development Board
NDAC	National Development Action Committee
NDF	Nepal Development Forum
NFC	Nepal Food Corporation
NGO	Non-Governmental Organizations
NPC	National Planning Commission
NSC	National Support Committee
NTFP	Non-Timber Forest Products
PPP	Priority Productivity Package
PPS	Pocket Package Strategy
PRSP	Poverty Reduction Strategy Paper
SAPL	Second Agriculture Programme Loan
SARD-M	Sustainable Agriculture and Rural Development in Mountain Regions
SDR	Special Drawing Rights
STW	Shallow Tubewells
UNDP	United Nations Development Programme
WECD	World Commission on Environment and Development

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I. Introduction

1.1. Sustainable Agriculture and Rural Development (SARD)

Chapter 14, Agenda 21 is devoted to Sustainable Agriculture and Rural Development (SARD). Agriculture and rural development are sustainable when they are ecologically sound, economically viable, socially just, culturally appropriate, human and based on a holistic scientific approach. SARD inherently addresses not just agriculture, but also natural resources, the environment, health as well as the social, institutional and economic sectors. The general aims of SARD are: To increase agricultural production in ways that ensure access to all people to the food they need; To help people satisfy their social and natural aspirations; To protect and conserve the capacity of natural resource base to continue to provide productive, environmental and cultural services.

The majority of poor people in developing countries live in rural areas and depend primarily on agriculture for their livelihood. Sustainable methods of agricultural production must ensure food supply without destroying the environment and that they are socially and economically desirable. As the environment, society and economy differ widely throughout the world there cannot be one model, one method or one solution to ensure sustainability. It varies with time and place. Each society in a specific environment must learn and innovate with changing constraints and opportunities. There is no unanimity of what constitutes sustainable development. WCED defined it as a “development that meets the needs of the present without compromising the needs of the future generations” which has been widely quoted (WCED 1989, p 49). It has also meant ‘persistence and the capacity of something to continue for a long time,’ or “resilience to bounce back after unexpected difficulties” or “not damaging or degrading natural resources” or “development activities that take into account the environment” or “economic activities do not harm the environment.” Sustainable development is therefore a complex concept requiring flexibility, adaptability and learning to innovate with changing conditions. It is not defined by a set of readymade technologies, practices or policies. As Pretty (1995) notes, “what needs to be made sustainable is the process of innovation itself. As conditions and knowledge change, so must farmers and communities change and adapt.” SARD policies must also support this process.

In countries like Nepal, which are primarily agricultural with the bulk of the population living in rural areas, there is a significant overlap between agricultural and rural development policies. Agricultural policies focus on the production of different crops, provision of inputs and services, developing markets and use taxes and subsidies to achieve different socio-economic goals. Rural development policies on the other hand seek to expand rural infrastructure and services, build human capital for the rural sector, address equity and gender issues in all aspects of rural livelihood, including agricultural production and distribution, promote people's participation and empowerment in the context of making local self governance more effective, promote sustainable use of local natural resources and develop beneficial rural - urban linkages. While one policy cannot be expected to address all the issues, the extent to which it can draw and build upon other policies will clearly influence its effectiveness. Although the focus may be on agriculture and rural development aspects, all the important elements of the economy, society and the environment cannot be overlooked as the interface among all the three components of sustainable development - economic, social and environment - is extensive and highly interactive.

This interlinkage between different components is no where more apparent than in mountain areas where imbalances in any one component can result in significant impacts on other components. The lessons of one-sided agricultural sectoral policies of the past have resulted in loss of forests and biodiversity degradation of watersheds, loss of livelihood of the very poor and increase in adverse working conditions for women. (Seddon and Adhikari, 2003). Clearly, SARD-M policies must learn from the experience of the past if the challenges of agriculture and rural development are to be addressed on a sustainable basis.

1.2 Understanding SARD-M: A Policy Making Perspective

Given the broad nature of the subject of sustainable agriculture and rural development, the policies developed to address this theme are also likely to cover vast areas, many sectors, a wide range of activities and many different levels of actors. However, saying something and doing something about it are two quite different matters as we have learned from experience. The evolution of any particular policy, the policy-making processes that have been followed, the policy networks in place and the role of the different institutions and actors may very well determine the policy outputs, impacts and outcomes, irrespective of the original intention. In other words, how policies are made and how they are made to operate in practice may be more critical for its outputs and outcomes than the policy goals and objectives. Better understandings of policy-making – at its different stages of its formulation, decision-making and implementation – could help improve policy-making and contribute to its effectiveness. This subject of policy-making, policy process, policy environment and policy actors/institutions has of recent begun to attract a lot of attention (Sutton: 1999, Keely and Scoones 1999, Blaikie and Soussan 2002; Blaikie and Saddique 2000; Brock, Cornwall and Gavente 2001; Keeley 2001; Steven and Johnston 1999).

In the past, conventional policy-making has been described as being a top-down decision-making process, where policy-makers agree that some problems need to be addressed, experts are called in and, based on the inputs of the prevailing science, some plan is put together. Once the pros and cons are debated and some agreement is reached, it is put into a relatively smooth process of implementation. The extent of political focus on the agenda – or the formulation where the issues are discussed - is based on the nature of the political system. Once an agenda is agreed upon, science (i.e. technology) and bureaucracy take over to get on with the implementation.

The opposite of the top-down route is the bottom-up approach where policies evolve bit by bit from the ground with active participation of those involved in the issues. (Keely and Scones, 1999). In between these two extremes, one can find many options and rather than being a linear, step-by-step, clear-cut scientifically backed process of decisions, it may be a hotly debated, conflicting, compromise that needs to be constantly fine-tuned, adapted in a highly interactive exercise.

Devine (2002) points out that differences have been noted in the stage of participation in policy-making in some developed and developing countries. In the developed countries, often wide participation is at the policy formulation or the agenda setting stage, early in the policy-making cycle. It is at this stage that the needed information, science, interest groups, media and leading figures are mobilized. Once a decision has been finalized, there appears to be few hurdles in implementation.

In developing countries, the opposite appears to be the case where for different reasons participation is low at the formulation stage but substantially picks up at the implementation stage. Lack of information, lack of organizational capacity to ascertain demand and articulate positions in an effective manner to many contending uncoordinated demands, and even outright discouragement by leaders or elite organizations for a wider discussion of the policy issues are some of the reasons. It is only after the policy reaches the implementation stage after the decisions and activities begin to be translated into real benefits and costs that conflicts emerge, positions are taken, and demands are made. Depending on how strong these positions are, they are addressed either wholly, partially or not at all. It is in response to these problems that issues such as transparency in governance, decentralized decision-making, participation of community-based organizations, use of participatory planning tools and approaches, NGOs' development and a more active role for the civil society have been advocated. (Chambers 1997; Scoones and Thomson 1994; Uphoff 1992; Haug and Teurlings 2001). Definitely, the participation of different groups in policy-making has increased, but to make it even more systematic, policy-making itself needs to be studied more extensively.

“Understanding how particular clusters of actors are able to bring about changes in approach or foster the emergence and taking of alternative paths, can help to make sense of the process of inclusion and exclusion, of contestations and consensus through which particular policy positioning is shaped,” (Brock, Comwall and Gaventa 2001).

There are many pertinent questions and some of the important ones are as follows:

Who are engaged in policy-making? What is the cluster of actors? Is it society centred with greater role of classes, interest groups, parties and voters or is it State-centred with greater roles for technocrats, bureaucrats and other State interest groups or is it more pluralist and open for any organization to participate ? (Sutton 1999). Who are the owners of the policy process?

What are the main policy drivers – a political change, a new research finding, action by civil society or NGO groups, a group of technocrats, donors, natural disaster, a political incident – and there may be others?

What is the nature of the political, economic and social environment?

- The *political context* will determine the nature of participation; the playing field for different actors, the policy space, the constraints on what can be achieved, the geographical variations in the policy content and what type of compromises are ultimately made. The final decision rests with the political leaders.
- The *economic environment* will determine the nature of the economic content of the policies. When economies are growing, more liberal economic policies may be feasible and when conditions are not so good, difficult economic decisions may be necessary including accepting tough conditionalities of donors. What is the role of science in terms of the understanding of the different issues? This may have a role in the nature of policy choices that are made.
- The *social environment* will determine the nature of the social interactions and particularly which groups are involved in the process. This also has close interrelationships with the economic and political environment. What is the nature of the environmental conditions? What are the major problems, is there a crisis or a potential one, who is doing what, who is benefiting, and who is suffering?

Governance deals with the political and bureaucratic decision-making processes. Complex as these are, what is the extent of transparency, participation and corruption? How accountable is the system for non-performance of policy goals and objectives?

What is the nature of inter-sectoral, national, and local linkages? Is there a deliberate effort to bring together the different sectors and hierarchy of spaces or is it a top-down system that hampers coming together?

What is the story behind mobilization of resources? Was it planned adequately? Was there success? How did the state of resources affect policy outputs, impacts and outcomes?

What was the nature of the lead organization in terms of the policy implementation, monitoring and evaluation? What role did it play and how did it affect other organizations' responses? Did it leave enough flexibility for implementation?

What was the status of information and its dissemination in all stages of the policy-making and implementation?

There is no neat framework or model available to examine policy-making and implementation so far, but there is a growing interest in this area. It is only by looking at each policy-making experience systematically that we can hope to build up the information, understanding and capacity towards making policy decision-making more efficient.

1.3 Sustainable Agriculture and Rural Development in Mountain Regions (SARD-M)

The International Conference on Sustainable Agriculture and Rural Development in Mountain Regions held in Adelboden, Switzerland, in 2002 called on countries to enhance livelihoods of mountain people. As a follow-up, the FAO SARD-M Project¹ was born as a three-year project to review existing agricultural and rural development policies in mountain areas for their strengths and weakness concerning their sustainability. The extent to which these policies addressed issues of livelihood of people, changing conditions of natural resources and integrated social and economic challenges needed to be examined. It was important to examine the process that was in place for promoting sustainable policies. SARD was a continuing participatory process involving local institutions and not a product or a one shot intervention. More specifically in the context of mountain areas, better understanding was needed with regards to the nature of sustainable development policies and strategies being pushed in the context of overall development of mountain areas. More specifically, it required² looking into:

- The extent to which the policies converge or diverge with SARD framework at national, regional and local levels;
- The visible impact of selected policies on national and local economy, environment, society and on institutions;
- Understanding the driving forces behind the policy outputs impacts, and outcomes, particularly the role of political, participatory, technical and financial processes;
- The extent to which policies address mountain specificities and the key lessons for sharing with other mountain areas.

¹ For more information on the FAO SARD-M Project, see the project Website: <http://www.fao.org/sard/en/sardm/home/index.html>

² See Framework for Rapid SARD-M Policy Assessment in Annex 1.

II. Background: Nepal Economy, Administrative Setup and Environment

2.1. The economy

Landlocked and mountainous, Nepal has remained as one of the poorest countries in the world. A majority of the people still live in rural areas and the country is characterized by widespread regional disparities in human development and living conditions, rapid population growth, a fragile environment, chronic poverty and escalating insurgency. All of these have combined to make poverty reduction a very difficult task.

Agriculture contributes about 40 percent of the gross domestic product and employs 60 percent of the labour force. Agricultural labour productivity as measured by GDP per capita is low. During the second part of the nineties, agriculture was the only sub-sector which had a higher growth rate than in first half of the nineties (Table 1). This reversal in the growth of agriculture was attributed to favourable weather conditions and overall policy changes in market orientation, participation and decentralization. It should be noted that the share of public expenditure in agriculture declined during the period from 15.9 percent of the total budget in the first half to 11.3 percent of the total budget during the second half.

Table 1: Growth rate of GDP components in different periods

S.No	GDP Component	Growth Rate over Period:			Last 2 periods
		1990/91 to 1999/00	1990/91 to 1994/95	1995/96 to 1999/00	Percent Change
1	Agriculture fisheries and Forestry	2.70	1.75	2.94	0.68
2	Mining and Quarrying	5.59	4.76	3.79	-0.20
3	Manufacturing	8.07	11.89	6.57	-0.45
4	Electricity Gas Water	5.78	5.78	3.89	-0.33
5	Construction	5.55	6.01	4.87	-0.19
6	Trade Restaurant and Hotel	5.39	6.72	4.78	-0.29
7	Transport Communication and Storage	7.81	8.80	7.31	-0.17
8	Finance and Real estate	5.63	5.56	5.25	-0.05
9	Community and Social Services	5.98	7.39	5.05	-0.32
10	Total GDP	4.72	4.83	4.47	-0.07

Source: ANZDEC 2002, Table 2.1, p. 6.

The main components of the agricultural GDP are food grains, cash crops, other crops, livestock, fishery and forestry. In terms of growth performance, the great performers have been fishery, cash crops and livestock while forestry and food crops have been poor performers. Food grains accounted for 34% of the agricultural GDP, followed by livestock (29%), other crops (19%), fishery (9%) and cash crops (8%). The exact share of forestry remains low but this may be a serious underestimate. Agricultural trade has been limited in terms of both exports (4.33% of agricultural GDP) and imports (8.62% of agricultural GDP). (Table 2)

Table 2: Growth rate of GDP components in different periods

	Growth Rate over Period:			Share over Period			Percent Change Between 1990/91-1994/95 and 1995/96-1999/00
	1990/91 to 1999/00	1990/91 to 1994/95	1995/96 to 1999/00	1990/91 to 1999/00	1990/91 to 1994/95	1995/96 to 1999/00	
Agriculture, Fishery, and Forestry	2.61	1.75	2.97	100.00	100.00	100.00	
Foodgrains	2.65	-0.88	2.32	34.27	33.77	34.70	0.93
Cash Crops	4.95	3.44	5.55	7.16	6.72	7.56	0.84
Other Crops	1.36	5.41	3.02	19.77	20.95	18.73	-2.22
Livestock	3.05	1.62	3.57	28.63	28.25	28.97	0.71
Forestry	9.12	3.33	9.66	1.16	0.95	1.35	0.40
Fishery	1.27	2.51	0.26	9.01	9.36	8.70	-0.66

Source: ANZDEC 2002, Table 2.2, p. 8.

The introduction of market oriented reforms and restoration of democracy in the early 1990s raised expectations about the overall performance of the economy. Growth accelerated from 2.5% in the 1960s and 1970s to about 5% in the 1990s (ANZDEC 2002). However, the escalation of the conflict has considerably hampered overall economic performance more recently. GDP declined in 2002 but increased by 3.4 percent during 2003/04 (NRB 2003/04).

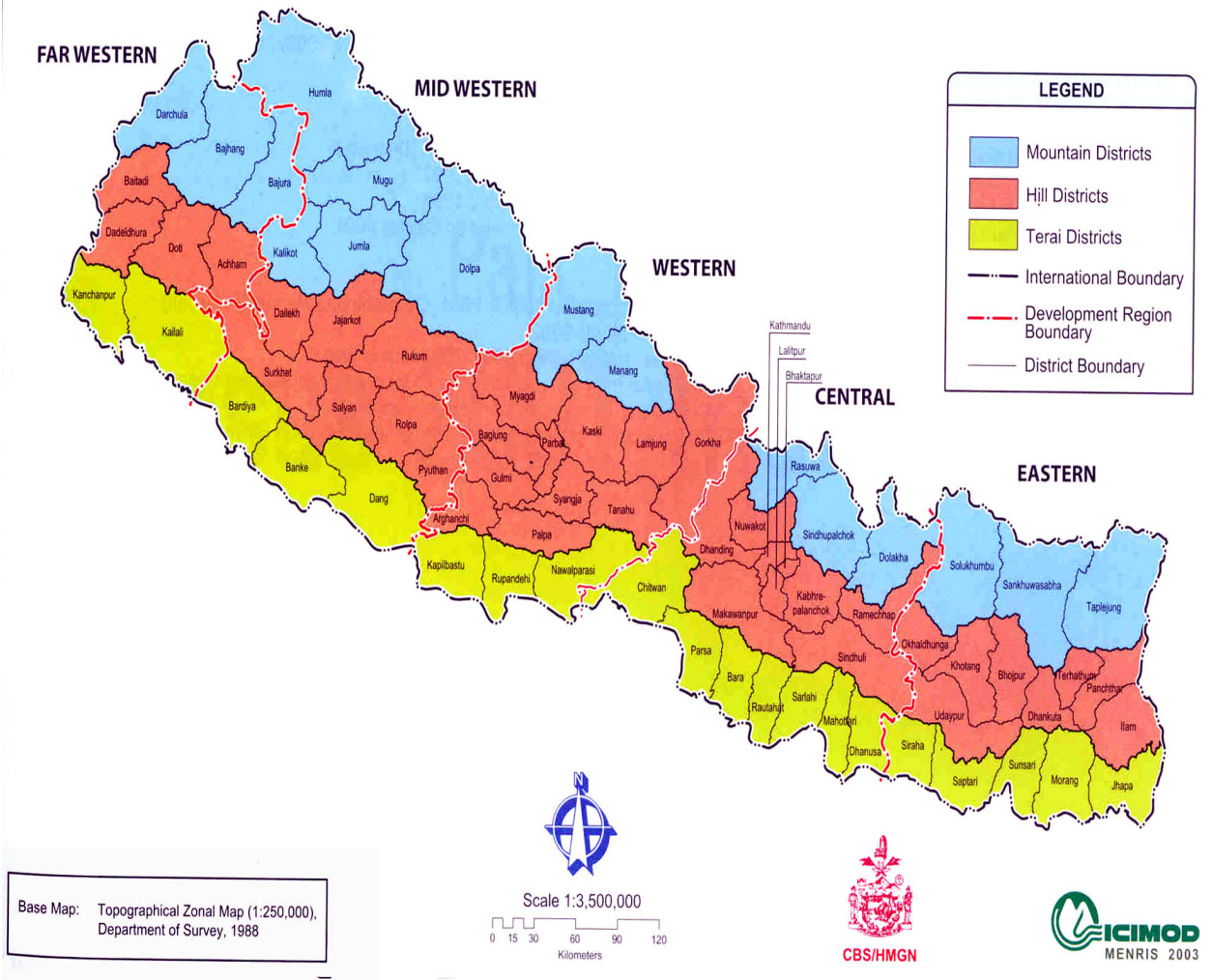
The economy of Nepal continues to be largely driven by the agricultural sector as about 40% of the total GDP. This sector provides livelihood to about 80% of the economically active population as well as to a small and rapidly growing informal urban sector. Under-employment rate is high and productivity is low in the agricultural sector, resulting in stagnation. Rural households are increasingly relying on non-farm income remitted by members who are employed in urban areas or abroad.

The manufacturing sector is also heavily dependent on the agricultural sector for the supply of raw materials as well, but this dependency is gradually declining. In 1994/95, of the total exports from the country, about 94% was accounted for by exports originating from the agricultural sector or industries that relied on this sector for raw materials. However, in 2003/04, this share had fallen to about 80% and the share of manufacturing sector not dependent on agriculture had risen from about 6% in 1994/95 to 20% in 2003/04. This high dependency of other sectors on agriculture is compounded by the country "rough terrain, inadequate infrastructure, limited resource endowment, high transport and investment cost, weak governance and high population growth" (Nepal Millennium Development Goals - Progress Report 2005).

The agricultural GDP increased by 3.9% in 2003/04 while non-agricultural GDP grew by 3.1% during the same period. In the non-agricultural GDP, sub-sectors like trade, restaurant and hotel, transport and communication, and storage experienced higher growth rates of 6.4% and 5.4% respectively, followed by finance and related sectors with 2.9%. Gross domestic savings increased significantly by 13.8% in 2003/04. Total investment also increased by 14.1% in 2003/04 after declining by 16.2% in 2002/03 (NRB 2003/04). In proportion to GDP, total trade was 38.4% in 2003/2004 compared 38.2% a year earlier. Trade with India was 57.6% of the total trade. Trade deficit increased by 10.7% in 2003/2004. The overall balance of payments remained favourable because of increasing remittances by overseas Nepalese workers and increase in grants (as compared to other years).

Despite low incomes, Nepal has been succeeding in improving some aspects of human development in areas such as the prevalence of underweight children, primary school net enrolment, adult literacy, infant mortality and access to safe drinking water. According to the latest National Living Standard Survey, poverty has also declined significantly from 42% in 1995/96 to about 31% in 2003/04. (National Planning Commission 2005)

Administrative Map of Nepal



Source: ICIMOD 2003. *Mapping Nepal Census Indicators 2001 and Trends*.

In the context of agriculture and rural development in Nepal, the issue of regional disparities becomes very important. Because of its historic and geographic conditions, Nepal is marked by extreme inequality in almost all aspects of development. (Banskota 2005)

- As a general group cutting across all the regions, those in need of special attention in terms of human development are children, women, *dalits* (untouchables), ethnic minorities (many of whom live in mountain areas), marginal farmers, agricultural labourers and the urban poor.
- Mountain areas of all development regions of the country need special attention. They accounted for 7.3 percent of the total population in 2001. Within the mountains, conditions are relatively poorer in Mid Western and Far Western Regions as compared to other parts of the country. (See Map 1).
- Hill areas of the Mid Western and Far Western Development Regions show low levels of development with about 9.81 percent of the total population. There are also specific pockets of low human development in the hilly areas of Central, Western and Eastern Development regions also.
- Selected *Terai* (i.e. plain) districts in the East, Central, Western, Mid Western and Far Western Development Regions also display low level of human development.

2.2 The administrative setup

Nepal is divided into five development regions, namely Eastern, Central, Western, Mid Western and Far Western Development regions. It is also divided into three broad ecological belts of Mountains, Hills and the *Terai* running roughly parallel. East to West. It is further divided into 14 political zones and 75 administrative districts. Below the districts, there are Village Development Committees (VDCs) which are the lowest levels of local government. Each VDC is further divided into 9 wards and each ward has multiple numbers of settlements or villages.

According to the constitution of 1990, Nepal is a constitutional monarchy with the Prime Minister as the head of the Government. The Prime Minister and Ministers are individually and collectively responsible to the Parliament, which is directly elected by the people. The Council of Ministers take all major decisions on national issues. A Minister is head of each Ministry and he delegates powers to various heads at different layers of the administration. The National Planning Commission is responsible for the preparation of all the developments plans while the Ministries and their line agencies are responsible for implementation of all regulatory and development activities. Many of the Ministries have their own offices at the Development Region and District levels. Each District has a Chief District Officer (CDO), who is appointed by the Ministry of Home Affairs and is the Chief Administrator of the district. The Local Development Officer (LDO) who is appointed by the Ministry of Local Development, is responsible for planning, monitoring and evaluating the development activities under the District Development Committee, the highest decision making body for development at the district level. LDO also serves as the Secretary of the DDC. The major ministries relevant for SARD activities would be the Ministry of Agriculture and Cooperatives, Ministry of Local Development, Ministry of Home, Ministry of Forest and Soil Conservation, Ministry of Physical Planning and Works, Ministry of Health, Ministry of Education, Ministry of Water Resources and Ministry of Land Reform.

A number of efforts have been made to decentralize decision making from the centre. Following the restoration of multi-party democracy, a major effort to decentralize was made with the implementation of Local Self Governance Act (LSGA) of 1999. It focused on devolution of needed powers, responsibilities and resources to local bodies, building capacity at the local level, promoting accountability and encouraging the private sector to participate in local self-governance. The act itself was quite bold and its implementation has raised many conflicts with central line agencies. Unfortunately, many issues have remained unresolved as the political vacuum both at the local and central levels has continued for a long time and central bureaucracy appears to be highly resistant towards relinquishing any of its powers or resources. Some of these issues are discussed later in the paper.

2.3 The policy environment

The restoration of multi-party democracy in Nepal provided an open platform for many voices to seek immediate policy attention. Political parties, Parliament and civil society picked up many of these hitherto silent voices and provided their support for seeking greater Government attention. Addressing poverty in all its income, consumption, gender, regional and ethnic dimensions became the most urgent development goal. At the same time, governance issues were also not far behind as failures in governance was seen as the main reason behind the poor performance of the economy in the earlier years. The organized private sector unduly restricted by a whole host of government regulations along with the strong move towards liberalization in economic activities in India and in various part of the world, pressed the Government for greater liberalization. These were times for new policies either reforming old ones or introducing new ones. As poverty cannot be effectively tackled by a stagnant agriculture, there was an urgent need to make Nepalese agricultural sector more dynamic. (NPC 1992)

Formulating policies was the easy part. Its implementation and follow up are however, more complex and implementation of any programme is adversely affected by political instability, contributing to a highly unstable policy environment. As Nepal's experience clearly shows, political instability makes it difficult to address other important aspects for stability in the policy

environment such as good governance, adequacy of resources, and people's participation. The following are some of the important highlights of this period:

- Frequent changes in governments - as many as 13 in 13 years - and most of the governments were fragile coalitions, unsure of how many days it would continue in power;
- Parliament mainly concerned about forming coalitions and the role of opposition was focused on disrupting all parliamentary activities as long as possible by blocking any official transactions;
- Local bodies were without elected leaders for a very long time;
- Continued infighting among political parties leading to emergence of different groups and coalitions that had little interest in any major policy issues;
- Escalating insurgency in the country with large parts of rural Nepal, resulting in withdrawal of many development projects and programmes. Operating from the District HQs was the only way open for many organizations, which hampered programme delivery and management in rural areas. Lack of political leadership at the local level because of the absence of local elections failed to give local development any concrete direction.

III. The Agricultural Perspective Plan of Nepal (APP)*

3.1 APP: entry point for the policy assessment

The reasons for selecting APP for SARD-M policy review in Nepal are several fold. First, it is the most carefully prepared sectoral plan as compared to others. The continuing poverty of people in Nepal is due to a virtually stagnant agriculture. Without growth and diversification of agriculture the increasing majority of people living in rural areas, have few options but to endure continuing hardships, put further pressure on rural natural resources and increase out-migration. This has also resulted in 'feminization' of Nepalese hill and mountain agriculture. On the other hand, positive changes in agriculture, facilitated by expanded use of improved agricultural technology and better access to modern services and infrastructure have created extensive rural-urban and inter-sectoral linkages. Increased agricultural production has created a growing demand for non-agricultural commodities. Multi-cropping and better-fed animals, made possible by increased agricultural outputs, have supported the growth of agro-enterprises. With increasing farm incomes there have been improvements in household nutritional status, educational levels of children, better health care and reduced pressures on the environment. All the changes promote further growth and diversification of agriculture. The key factor in all these changes is a rapidly growing agriculture, embracing all the farmers and not just the rich.

The APP is also an important component of the Poverty Reduction Strategy Paper (PRSP). The APP provided fairly clear-cut objectives, targets, resources needed and identified institutional roles at least in paper. Evaluations of APP have also focused on reviewing these aspects - providing valuable indications of the overall performance. Many other policies lack this type of information on the process of planning and implementation.

Second, the APP sought to address agriculture and rural development linkages and explicitly recognized the role of different ecological regions including mountains and hills and gender in the sustainable development of the economy. The types of inter-regional linkages envisaged by the APP are regional specialization based on comparative advantages in agriculture in different areas. The hills and mountain areas are expected to concentrate on horticulture and livestock products while the *Terai* plains will focus on producing cereal grains. The sale of high-value horticulture and livestock products from the hills will increase incomes of hill farmers. Sale of cereal grains in the *Terai* will mean that it will be produced in the most efficient manner. Trade between the regions facilitated by better roads and better markets, and development of agro-enterprises will contribute to benefiting the farmers in both the hills and *Terai*.

Third, the APP is still alive in some form in the Government and lessons from its development and functioning will be directly useful for improving future directions.

Fourth, the APP came in response to the continuing concerns expressed by organizations like FAO for the development of programs in a more integrated and comprehensive manner emphasized as part of its global concern for sustainable agriculture and rural development (SARD). (FAO 1991).

3.2 Objective

The main objective of the APP was to accelerate the growth of the agricultural sector through selective commercialization and use of improved technology based on comparative advantage. This expansion would contribute to the overall economy, employment generation and reduction of poverty. The main strategy was to concentrate on the use of improved and appropriate agricultural technology in high potential areas of the different regions of the country, recognizing (1) the need for high potential areas to receive the package first and (2) to provide the inputs based on their complementarities. It was mentioned that decisions on the choice of areas,

* Based on information contained in APROSC, JMA, 1995.

priorities and manner of implementation was to be decided based on local considerations. The *Terai* was to focus on production of food grains while selected areas in the hills and mountain areas would be given priority for the development of high-value crops based on comparative advantage, infrastructure conditions and farmers' preferences. The growth expected from the implementation of the proposed programs would be about 2% and even higher, if population growth could be lowered. The results were based on Growth Accounting Framework (GAF) analysis, which indicated that the impact of APP would be three times greater than without APP.

3.3 Origin of the concept

The APP may be described as old wine in a new bottle. The conceptual content of the APP has been repeated by Nepal's successive development plans, beginning from the Fourth Plan (1970-1975) when the Regional Development Strategy was first outlined (NPC 1970) by Dr. Harka Gurung (Gurung 1969). The Asian Development Bank's 1982 Nepal Agriculture Sector Strategy (ADB/HMGN 1982) also had very comprehensive recommendations for Nepal's agricultural development. More recently, the Eighth Plan (NPC 1992) mentions the need for specialization in agriculture and categorically points the need for a long-term agricultural development strategy. Following the restoration of multiparty democracy in Nepal there appears to have been greater commitment of the Government and the political parties to poverty reduction and socio-economic upliftment of the marginalized, disadvantaged and deprived people of the country. There was even some hope for major agrarian reform actually taking place, which is also mentioned in the APP, but because of increasing political instability, this did not happen to the extent desired or necessary.

The APP in the districts is anchored in the Prioritized Productivity Package (PPPs), which seeks to bring together all the required services and inputs for promoting the development of particular agriculture and livestock activities appropriate to that area. It has been the main method of implementing the APP in the districts. PPP has been changed to PPS or Pocket Package Strategy more recently by MOAC, but the approach remains unchanged. It is commodity-focused. Farmers are generally unaware about its contents. End users had no role in determining its contents. PPS covers about 5% of the cultivated area of the country.

APP proposed agricultural development based on comparative regional specialization in high-value commodities as its central thrust. The mountain and hill areas of Nepal concentrate on its comparative advantage while the *Terai* focuses on what grows best in the *Terai*. Appropriate inputs technology packages and infrastructure is essential for converting the potential into a reality, which can come through better linkages with the markets. From this point of view, APP may be considered as a comprehensive articulation of Nepal Regional Development Strategy that had been identified since 1970, but had not developed the contents as well as in the APP.

The APP emphasized the promotion of demand-led growth of high-value commodities including livestock for the hills and mountains. It was argued that growth in income would stimulate the demand for high-value agricultural products. At the end of 20 years, all the irrigable potentials of the hills would have been developed. The growth rate of the livestock sector would be higher in the hills and mountains than in the plains. Similarly, the growth rate of the horticulture sector would also be higher in the hills and the mountains than in the plains. In order to realize these potentials, the need for agricultural road expansion was critical and it was proposed to build about 1,950 km of roads. Forestry sector was also identified as important for both the hill and mountain economy, and the environment.

Past development strategies had not produced the needed economic growth, nor expanded physical infrastructure to the extent required and failed to develop high-yielding agricultural technology for the hills and mountains. Although the hills and mountains accounted for 50 percent of the AGDP, per capita income in hills and mountain areas were only 55 percent of the incomes of the national average of 1993/1994. By investing through prioritized productivity packages of selected commodities in most favoured areas (accessible and services available) and gradually moving to other areas as conditions become favourable, it was expected that improved production of high-yielding commodities would lead to increased trade and income to

hills and mountain areas. It was expected that these positive changes in horticultural and livestock development would have a favourable impact on the environment through tree crops, use of bioengineering and concentration of farming in more appropriate areas. Hill and mountain women would benefit with improvements in these areas.

3.4 Formulation process

The APP underwent an elaborate formulation process with the NPC playing a leading role in its conceptualization, guidance and support. The Steering Committee consisted of Government Secretaries from key ministries and some donors. A Support Group was established to track progress of operations and consisted of Government and donor representatives. Eleven working groups of members from the Government, corporations, private sector, donor agencies and individual experts were established to develop background papers on various sectoral and subsectoral themes. These themes included *Terai* Development Strategy, Hill Mountain Development Strategy, Agro-industries, Macroeconomic Policy, Food Security and Poverty, Institutions and Private Sector Promotion, Environment and Sustainable Agricultural Development, Agricultural Statistics, Irrigation, Agricultural Roads and Implementation Strategy. A Facilitation Group was formed to facilitate interaction and exchange among the ultimate implementers and beneficiaries of APP, and consisted mostly of Government representatives, and experts. Apart from various discussions at the centre, meetings in two locations - one in the East and the other in the West - were organized to share APP and receive feedback from outside Kathmandu. Two field visits, one to Mustang (Nepal) and the other to Himanchal Pradesh of India, were also made by the Government, donors and some international consultants. Farmers have complained about inadequate consultation knowledge of the APP prior to its implementation. (NARMA 2004)

3.5 Planned inputs and outputs

The use of irrigation, fertilizer and improved seeds based on high quality research recommendations for specific high-value crops in the hills and mountains and for food grains in the *Terai* was identified as the improved technology package for bringing about the planned agricultural growth. Use of improved technology and expansion of agricultural roads based on comparative advantages of specific areas and market conditions would facilitate specialization, increased outputs, incomes and employment. Rapid expansion of agricultural roads was critical for the success of the programmes in both the *Terai* and the hills and mountains while availability of electricity was necessary for harnessing ground water resources in different parts of the *Terai*. A new Department was to be established for the expansion of agricultural roads under the Ministry of Local Development.

Well-controlled and year-round supply of irrigation was identified as a priority input. It was planned to increase by 34,000 ha annually. 24,000 ha was to come from shallow tubewell expansion and the rest from other irrigation sources such as deep tubewells and surface irrigation, new and rehabilitated old systems. Prevailing subsidy on shallow tube wells was to be continued. Fertilizer was another priority input, which was planned to increase at the rate of 26,000 m. tons per annum. Half of increased output in agriculture was expected from the increased use of fertilizer. It was proposed that the prevailing subsidy in fertilizer should be gradually reduced, although it was also stated fertilizer prices in Nepal *Terai* should be 15% to 20% higher than Indian border prices. The transport subsidy for moving fertilizer into the hills and mountain areas was to be maintained. The monopoly of the State on fertilizer procurement and distribution was to be ended along with the removal of all restrictions on imports and distribution operations of private dealers.

The priority outputs were (a) in the hills and mountains increased livestock products and high-value agricultural crops while (b) in the *Terai* – food grains. Women were expected to play an important role in the agribusiness resulting from the higher outputs in both areas. Forestry sector outputs were also expected to increase through expansion in community forestry.

3.6 Expected impacts

The combined effects of all the proposed measures would help to substantially reduce poverty during the APP period from 49% in 1994 to 14% at the end of the APP (2015). Environment was also expected to improve directly from improved community forestry activities and indirectly from land used intensification based on high-yielding variety (HYV) technology, income improvements, and increased availability of food grains, reduced prices and expanded employment from the development of agriculture and agro-enterprises, and infrastructure. Hill and mountain areas were expected to benefit from the development of high-value crops and infrastructure while the *Terai* would benefit from increased availability of priority inputs such as fertilizer and irrigation, and increased food production. Women and other groups would also benefit both economically and socially from the improvements in income and employment, and increased availability of food grains. However, issues related to ethnic minorities were not directly addressed. Investment for priority inputs was to increase from the 1993/94 average annual investment of Rs³.2660 million to average annual investment of Rs 4201 million, during the first five years of the APP. Average annual investments for priority output was to increase from Rs.575 million in 1993/94 to Rs.1278 million during the APP period.

The APP called for increased donor assistance as well as increased reallocation of domestic resources. Investment was expected to double, much of the increase going to priority inputs of fertilizer, shallow tubewells, livestock improvements and agricultural roads. (APPROSC/JMA 1995). It envisaged that the private sector would play an important part in the implementation of the Priority Productivity Package (PPP) – the critical concept for channelling APP's inputs. APP, as a long-term agricultural plan, was to be divided into the Country's Five-Year Plans, starting with the remaining years of the Eighth Plan (1990-1995). It proposed the establishment of two new Organizations – National Support Committee (NSC) and the subcommittee for the Implementation of the District Agricultural Programme (SIDAP). The NSC was to be supported by the Independent Analytical Unit, which would be eyes and ears for the APP. Other lead organizations identified were the Department of Agricultural Roads, ADB/N, AIC, NARC, DOA; DOI; DOF and Farmers and Business Associations.

³ One USD in 1995 was worth Nepalese Rs. 50.45.

IV. APP Overall Performance

4.1 Physical achievements

Irrigation expansion (mainly for the plains)

Rapid expansion of shallow tubewells (STW) in the *Terai* was one of the important driving forces behind the APP's objective. (Table 3) Between 1997/98 and 1998/99 progress was reasonable, more so in the second year. However, in January 1998, HMG/N signed the second Agricultural Programme Loan Agreement with ADB/M and one of the conditions under this agreement was the removal of subsidy on STWs. In 2000/01 when the subsidy was removed, the demand for STW, dropped from 3500 units/annum to less than 600 units/annum.

Table 3: APP irrigation targets and progress during the ninth plan

S.N	Irrigation system type	New Areas (ha)					
		APP Target	Ninth Plan target	Target as of APP target %	Progress	Progress of APP targets %	Progress of Ninth Plan targets %
1	Surface irrigation	72,000	158,900	186	110,465	153	69.5
	▪ New		52,400		29,856		56.9
	▪ Rehabilitation		1,06,500		80,879		75.9
2	Groundwater	116,000	90,500	78	36,238	31	40
	Total	188,000	249,400	119	146,703	78	58.8

Source: IDL/NARMA 2005.

If STWs was beneficial, why did it need any subsidy and if it was not, should it have been a part of the strategy? Furthermore, repayment on loans for STWs was poor, capital cost was artificially escalated, many procedures and guidelines restricted competition and encouraged corruption (ADB/SAPL, 2004). This change happened only after two years of APP implementation leading to an alteration of a significant component of the strategy. APP did not provide as much priority to deep tubewells and surface water irrigation, although a significant part of the Ninth Plan irrigation target of about 250,000 ha (Table 3) was fulfilled through the expansion of surface irrigation provided by larger projects under the Department of Irrigation. (IDL/NARMA pp 6-10)

Supply of chemical fertilizers (for both mountains hills and plains)

Increased use of chemical fertilizers was expected to contribute about 50 percent of the growth in the agricultural sector. Table 4 shows the import of fertilizers in the country. It was identified as a significant input in both the APP and the Ninth Plan. Although APP mentioned the need to gradually reduce fertilizer subsidy, it also pointed out that the prevailing price, at least in the *Terai*, should be 15-20 percent higher than Indian boarder prices. In 1998, HMG/N signed the SAPL with ADB/M and an important condition agreed upon was the complete removal of subsidy on fertilizer from 1999. The Government (i) removed the subsidy on the fertilizer, (ii) deregulated its supply and opened it to private sector and (iii) agreed to commence institutional reforms of the AIC (Agricultural Inputs Corporation). Release of funds from the ADB/M was clearly tied to successfully carrying out the conditions of the Agreement. While there was delay in some of the decisions, which also affected the release of the funds, the agreement was fully implemented by the Government.

Table 4: Import of fertilisers by sector and type of fertilisers

Year	Public (AICL)			Private (Other than AIC)					Grant Aid (2KR Japan)					Total				Total
	Urea	D.A.P	Total	Urea	D.A.P	MOP	Others	Total	Urea	D.A.P	MOP	Others	Total	Urea	D.A.P.	MOP	Others	
1997/98	49,660	10,000	59,660	17,550	0	0	0	17,550	11,440				11,440	78,650	10,000			88,650
1998/99	77,857	50,132	127,989	91,049	0	0	0	91,049					0	168,905	50,132			219,038
1999/00	30,000	10,000	40,000	61,347	31,173			92,520	7,000	14,817		1,500	23,317	98,347	55,990		1,500	155,837
2000/01	24,189	30,415	54,604	76,364	12,365			88,719	11,820	10,920	5,140		27,880	112,363	53,700	5,140		171,203
2001/02		12,500	12,500	79,350	21,004		3,000	103,354	16,220	13,820	4,300		34,340	95,570	47,324	4,300	3,000	150,194
2002/03	0	0	0	45,190	28,187		10,062	83,439	17,830	10,255			28,085	63,020	38,442		10,062	111,524
2003/04	4134	7,000	11,134	96,146	29,399	1,100	11,303	137,948	7,715	9,500			17,215	107,995	45,899	1,100	11,303	166,297
Total	185,840	120,047	305,887	466,986	122,128	1,100	24,365	614,579	72,025	59,312	9,440	1,500	142,277	724,851	301,407	10,540	25,865	1062,743

Source: IDL/NARMA 2005.

In just a matter of two years, another major component of APP was adjusted. However contrary to prevailing fears about reductions in fertilizer supply, it became readily available with deregulation. There was some concern about prices, although supply constraints had always been seen as the greater problem. The debate on fertilizer use, fertilizer-yield response and its cost and benefits has emphasized the need for more careful crop-based field-level monitoring and analysis. (ANZDEC 2002). It has also been pointed out that removal of subsidy saved almost USD 6 million dollars to the government. (ANZDEC 2002). Although deregulation of fertilizer resulted in breaking up the Agricultural Inputs Corporation into two separate public sector bodies, their liberalization has not taken place as planned and is continuing to impose significant burden on public resources.

Supply of improved seeds (for both mountains/hills and the plains)

Along with irrigation and fertilizers, improved seeds were an important part of the improved technology proposed under the APP. The emphasis on improved seeds and quality planting materials was not as evident as for groundwater irrigation and chemical fertilizers. Supplying the market with high quality seeds remains a very serious problem in Nepal (ADB/SAPL 2004). The present research system in Nepal has come quite far over the years but it still leaves significant room for improvement in terms of quality, timely delivery and monitoring of the usage of improved seeds by crops, ecological belts and farming systems (ITAD 2005). Agricultural research accounts for only 0.4 percent of AGDP. The annual research budget has been about 1.2 percent, and agriculture's share is about 10.6 percent of the total budget. Under the Medium Term Expenditure Framework, agricultural research has been downgraded to priority 2. (IDL/NARMA 2005).

Opportunities for disinvestments and disposal of poorly performing units within NARC system were identified but little has been done. The usage and impact of the National Agricultural Research Development Fund established since 2001 needs to be studied. There is a strong need for research to be proactive to farmers' needs. Nepali farmers have benefited from the results and outputs of stronger research system in India. (IDL/NARMA 2005 pp19-21)

Construction of agricultural roads (main focus on mountain/hills)

APP emphasized the need to overcome geographical exclusion and isolation in order to promote specialization and market linkages based on comparative advantages. Agricultural roads were identified as a priority input for bringing this about. While the Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR) was established under the Ministry of Local Development to expand agricultural roads, funding delays for setting up the organization as well as lack of adequate support for the construction of roads has hampered progress in expanding agricultural roads. At present, the responsibility has been devolved to the District Development Committee and while the District Road Transport Master Plans have been prepared by many districts, there is no funding for these plans. The target and the progress made for agricultural roads are given in Tables 5 and 6.

Table 5: APP agricultural road target (physical and financial)

Ecological Zone	20 Years target		Phase I (first 10 years) target		Phase II (second 10 years) target	
	Physical Km	Financial Rs million	Physical Km	Financial Rs million	Physical Km	Financial Rs million
Terai	3,400	2,805	3,400	2,805	0	
Hill	1,950	4,875	1,428	3,570	522	1,305
Mountain	850	4,250	318	1,590	532	2,660
Total	6,200	11,930	5,146	7,965	1,054	3,965

Source: IDL/NARMA 2005. *Nepal agriculture perspective plan implementation action plan preparation, APP Implementation Status Report. Vol.1: Main Report, p. 29-1.*

Table 6: Physical and financial targets and progress

Fiscal Year	Physical			Financial		
	Target km	Progress of the year km	Cumulative progress up to the year against APP target	Target Rs Million	Progress of the year Rs Million	Cumulative progress up to the year against APP target
1997/98	181	0.00		224	0	
1998/99	446	48		811	53	
1999/00	537	94		1,189	70	
2000/01	537	172		1,190	130	
2001/02	537	150		1,195	108	
2002/03	537	250		1,195	61	
2003/04	537	140		1,195	93	
Total	3,312	840		25.36%	59,235	

Source: IDL/NARMA 2005. *Nepal agriculture perspective plan implementation action plan preparation, APP Implementation Status Report. Vol.1: Main Report, p. 29-2.*

Rural electrification

Although APP identified the need for greater access and reliability of supply in electricity in rural areas, it did not identify any programme. However, with the change experienced in the use of STWs, the role of electricity in the context of APP may have also changed.

Rural credit supply (main focus on plains - limited attention to mountain/hills)

Rural credit supply was important under the APP to enable farmers to access improved agricultural technology (Table 7). The Agricultural Development Bank of Nepal (ADB/N) was a major player and has provided almost 50 percent of the annual rural credit needs (Table 8). The extent to which removal of subsidy on fertilizers and STWs has influenced ADB/N's credit supply has not been assessed so far and needs to be looked into. The APP did not foresee the rapid growth of microfinance and other cooperative organizations that are beginning to play an increasing role in supplying credit to agriculture – particularly market-oriented agriculture near urban areas and road corridors. Overall, there continues to be a substantial shortfall in agricultural financing (IDL/NARMA 2005 P. 35). Although the removal of subsidy released some resources, this did not increase supply of rural credit to the agriculture. (ADB/SAPL 2004).

Table 7: APP estimates of credit requirement

Particulars	Current	Phase	Phase	Phase III	Phase I	Total	% Share	% Increase
Fertilizers	316	3,618	7,523	14,051	24,147	49,339	45.1	12.8
Mountain		83	142	246	416	887	0.8	
Hills		984	2,046	3,911	6,898	13,839	12.6	
<i>Terai</i>		2,551	5,335	9,894	16,833	34,613	31.6	
Shallow tubewells	105	2,000	2,000	1,750	1,710	7,460	6.8	28.2
Livestock	661	4,440	7,186	11,518	18,548	41,692	38.1	31.7
High-value crops	98	659	1,060	1,705	2,747	6,171	5.6	31.8
Agro-industry	77	517	832	1,343	2,163	4,855	4.4	31.7
Total	1,257	11,234	18,601	30,367	49,315	109,517	100.0	23.0
Mountain		83	142	246	416	887	0.8	
Hill		984	2,046	3,911	6,898	13,839	12.6	
<i>Terai</i>		4,551	7,335	11,644	18,543	42,073	38.4	
Unallocated		5,616	9,078	14,566	23,458	52,718	48.1	
% Share		10.3	17.0	27.7	45.0	100		

Source: IDL/NARMA 2005.

Table 8: Lending activities of ADBN on APP specified purposes, 2002/03 and 2003/04

Particulars	2002/03		2003/04		Achievement/Target	
	Target	Achievement	Target	Achievement	2059/60	2060/61
Total loan disbursement	10,288	10,115	10,498	10,151	98.3	96.7
Loan on APP focused purpose	2,421	4,955	2,521	4,678	204.7	185.6
STWs	29	10	26	7	34.8	27.7
Fisheries	18	33	22	56	183.1	259.2
HVC	421	1349	529	1,218	320.6	230.2
Livestock	875	1,634	867	1,597	186.8	184.3
Agro-industry	1,079	1,930	1,077	1,799	178.8	167.0
Share of APP Loan	23.5	49.0	24.0	46.1		

Source: DL/NARMA. 2005.

Livestock products (main focus on mountain/hills)

Growth in livestock products such as milk, meat and eggs has been very encouraging and close to the targets of the APP and the Ninth Plan (ANZDEC 2002). Demand for livestock products would have been greater if the economy had grown faster. Some of the APP suggestions to use seasonal pricing of milk and restructuring of the DDCN have not been implemented. The research priorities also appear to be different from those outlined in the APP. (IDL/NARMA 2002)

Cereal grains (focus on plain) and high-value commodities (focus on mountain/hills)

Progress made in major cereal grains and important horticultural crops during the Ninth Plan appears to be quite encouraging (ANZDEC 2002, IDL/NARMA 2005). Growth of paddy has been encouraging, while wheat and millet have also done quite well. Progress with all the major horticultural crops has been reported to be satisfactory, especially in the case of potatoes, tea and cardamom. (IDL/NARMA 2005). Horticultural crops are gradually becoming more valuable

than foodgrains (ADB/SAPL 2004). If problems relating to irrigation, access, post-harvest operations and storage could be resolved, the potential for future growth are significant.

Agribusiness

According to different evaluation reports, agribusiness has become a very dynamic sector with sales revenue growing at about 7.4 percent per annum. Small firms have shown better performance than larger firms have and 70 percent of the agro-processing units are making a profit. (ANZDEC 2002). Rapid growth of agribusiness has also contributed to an expansion in employment and exports, although three areas emphasized by APP – apple, citrus and sericulture, have performed poorly as compared to other horticultural crops such as tea, cardamom and non-timber forest products (NTFPs). (IDL/NARMA 2005). One of the major concerns here is the competitiveness of Nepali products vis-à-vis similar products from India. (IDL/NARMA 2005). Measures to reduce costs, improve quality, provide credit services and improve market information remain as the major problems.

Forestry (focus on mountain/hills)

APP endorsed many of the ongoing programmes like community forestry and leasehold forestry. It did not propose any separate programme under forestry. The actual contribution of the forest sector to the national economy needs to be carefully assessed. There has also been a slowdown in handing over community forests. (ANZDEC 2002)

Institutional and policy changes

During the period of APP implementation, a significant number of policy changes and institutional restructuring has taken place. Policy changes included removal of subsidy on fertilizers and STWs, and institutional restructuring in the AIC, NFC and the establishment of DOLIDAR in MOLD. While subsidy removal and restructuring of the AIC and NFC were not a part of the APP, and was a conditionality for receiving the Second Agricultural Programme Loan from the Asian Development Bank, the establishment of a Department of Agricultural Roads was proposed by APP. The APP proposals for agrarian reform were non-specific and no significant measures were enacted or implemented by the Government during this period.

4.2 Economic impacts

It is now close to a decade since APP as a concept and a plan was introduced in the Ninth Plan. It is still alive as a strategy in the Tenth Plan. The fact that APP has survived for so long as an agricultural development strategy of the Government is a credit to its formulators as their understanding regarding long-term opportunities for agricultural development of Nepal are still very valid. A number of evaluations and reviews of the APP performance have taken place covering the first four years. APP was a part of the Ninth Plan and is now a part of the Tenth Plan. In between, many significant new policies and programmes have also been introduced. It is therefore extremely difficult to isolate the impact of APP alone. Keeping this in mind, some of the findings of the reviews relevant to APP will be briefly discussed.

The growth of agriculture in the second half of the nineties (during APP) was very encouraging as compared to the first half (Pre-APP). In fact, agriculture recorded better growth than other sectors of the economy after a very long time. Good weather is only part of the explanation. This is in spite of lower public investments in agriculture, which averaged about 15.9 percent of the budget in the first half of the nineties but decreased to 11.3 percent average in the second half. The common criticism that reduced funding for the APP had affected its performance may therefore be questionable. (ANDEC 2002). Better policies, improved institutional environment (deregulation and liberalization) and development in other sectors (health, education, transport, etc.) could have contributed to the improved performance of agriculture. Agricultural trade also showed some significant changes. Nepal's agricultural trade with India increased with higher-value exports leading and helping to reduce the overall trade gap with India. (ANZDEC 2002).

During the APP period, new policy reforms resulted in reductions in subsidies, deregulation and institutional improvements. Although evidence of direct links with the APP needs to be established, it has been argued that during this period food security improved, general inflation remained low and the number of people below the poverty line decreased (IDL/NARMA 2005).

4.3 Environmental impacts

Within a short period, it is difficult to expect any significant environment impact of APP especially in the mountains and hills. However, improvements in economic and social conditions of agricultural households could have influenced household use of energy, environmental health, access to drinking water and sanitation and improved livestock practices. On the other hand, increased specialization could have encouraged monoculture, resulting in loss of biodiversity and increased use of fertilizers and chemicals pesticides that are environmentally damaging. However, as the quantity of fertilizers used is still relatively small, there are probably no serious problems at the present. (ADB/SAPL 2002 p-17).

4.4 Addressing gender

APP has mentioned the need to improve the conditions of women and integrate them in development activities. There was no specific programme identified for women. As there are overall improvements in incomes and food supply, women may stand to benefit. Shifts in agriculture towards high-value crops have been known to increase the work burden of women quite significantly. Only further research can establish the relative merits of the changes.

4.5 Field-level feedback

This field-level feedback is primarily from eight mountain and hill districts of Nepal, and one district in the *Terai* plains. In essence, the bulk of the response can be considered to be from the mountain and hill areas.

Households

Knowledge of APP in the districts is quite limited. Those organizations responsible for implementing it in the districts had also not heard about it. (Table 9). During the four years, only 25% of the farmers had ever heard of APP. 17% of the lower quintile groups and 38% of upper quintile groups had heard of it. 52% of those hearing it, heard it from the media, while 23% had heard it from extension agents. 45% of those surveyed found it useful, 36% found it very useful and 19% did not find it useful. Of those who did not find it useful 32% came from lower quintiles and 45% came from highest quintiles.

Table 9: Awareness and influence of APP in programmes of GOs in the study districts

Districts	DDC	DADO	DFO	DLSO	IDD	DSCO	WDO
Sindhuli	Very High	Very High	High	Very High	High	Very Low	Very High
Okhaldhunga	Moderate	Very High	High	High	High	NA	Moderate
Rautahat	Very High	Very High	High	Very High	NA	Moderate	Moderate
Bajhang	Moderate	Very High	High	High	NA	NA	Moderate
Baitadi	Moderate	Very High	Moderate	High	NA	Moderate	Moderate
Jajarkot	Very High	Very High	High	Very High	NA	NA	High
Mugu	High	High	Moderate	High	NA	NA	High
Salyan	High	High	Low	Moderate	Low	Low	Low
Rukum	High	High	High	High	High	Moderate	High

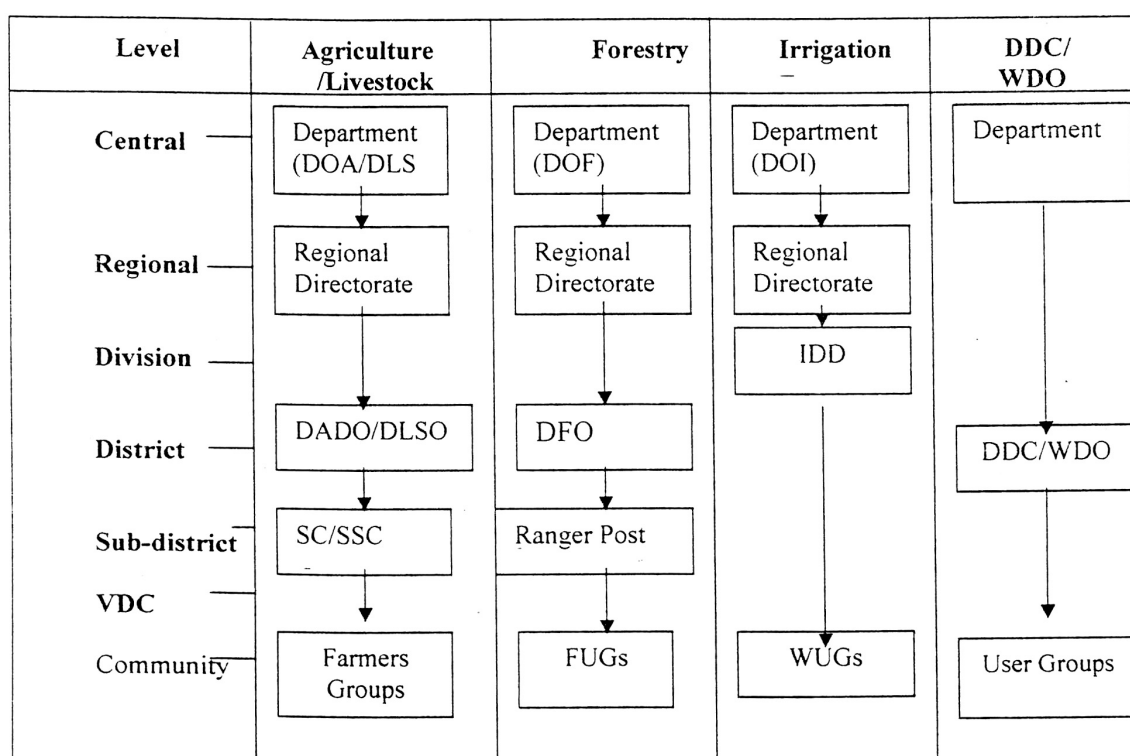
Source: NARMA. 2004. *District profiling and institutional assessment of selected APPSP districts.* Main Report. p. 28.

Perception about changes in income suggested that 66% of the households think they were better off. 53% of lowest quintiles feel they are better off, while 80% of highest quintiles think they are better off. 42% stated that income had increased because of higher productivity of agriculture.

Institutions

The DDC capacity to implement new programmes like the APP has been very weak and resources have been relatively limited for undertaking increased responsibilities. LSGA 1999 has given DDC a huge role. There has been devolution of programmes but not of human and financial resources by the different line agencies. (Fig. 1). The APP did not accord high priority to seeds, but for farmers, good seeds are a very high priority because without good seeds, there is no good crop. Fertilizer price has also been reported to be high and of poor quality. Improved breeds supplied have also been of poor quality.

Figure 1: Devolution structure envisaged by LSGA 1999



Source: NARMA. 2004.

Conflict

Conflict has not been a problem for local development workers who know the area and the people. However, conflict has also displaced people, disrupted infrastructure, forced government services to be concentrated only around district headquarters, and has severely restricted the general mobility of people.

4.6 The performance in hills and mountain areas (IDL/NARMA 2005)

The irrigation strategy was disrupted with the removal of subsidy on STWs. However, the bulk of the STWs were planned for the *Terai* and not for the hills and mountains. The progress in irrigation during the Ninth Plan came mainly from large irrigation projects, mostly in the *Terai*.

Fertilizer use in the hills is only one-fourth of the *Terai* and even lower in the mountains. With the removal of subsidies, the change in fertilizer use in the hills and mountains has not been assessed.

NARC's research has not been in line with the APP focus areas or in the physio-geographic areas, nor has it responded satisfactorily to farmers' needs and priorities.

Progress in agricultural roads has been very slow, although the programme has started in 61 districts.

The livestock sector growth has been reported to be impressive and was close to the APP targets - at least for some of the products. However, the nature of the contributions from the different ecological regions are difficult to identify. The APP nevertheless did expect the hills and mountains to lead in this sector.

Horticultural growth was another significant expectation of the APP for the hills and mountains. Overall, there have also been impressive increases in many horticultural products, particularly potatoes, tea and cardamom - all hill products - but not those identified by APP. There have been impressive changes in off-season vegetables and apiculture.

Reviews have indicated large growth in agribusiness, but the regional shares of these changes are not known.

The APP had identified a number of selected interventions for the hills and mountains. Monitoring of changes by regions is not available and reviews have not been able to demonstrate the regional aspects of the APP impact.

According to one evaluation (IDL/NARMA 2004), the overall performance of livestock and horticultural sectors in hill areas have done quite well, especially those close to urban areas and roads. Identifying the impact of all the PPPs (or PPSs) in the hills and the mountains would provide a better picture of what APP did for hills and mountain areas

4.7 Did APP address SARD-M concerns?

The overall objective of SARD-M activities in Asia is to foster action for overcoming mountain people's economic, social and physical vulnerability. In the HKH Region, ICIMOD's long-term goals are also to pursue sustainable livelihoods of mountain communities, sustainable management of the mountain environment and natural resources, and institutional capacity building.

To what extent did APP address these issues?

- APP had articulated a strategy for hill and mountain areas, which was to promote regional specialization and trade in agriculture based on the comparative advantages of different ecological belts. It was agreed that changes emanating from such a specialization would reduce poverty, generate employment and improve the environment. Regional specialization was first initiated in Nepal Fourth Plan (1970-75) and has been mentioned ever since by all plans with emphasis slowly switching from growth, income changes and trade to increasing inequality, disparities and greater role of public expenditure in overcoming regional disadvantages. More recently, the focus has been more sharply on the conditions of deprived groups of people who have been excluded, marginalized and disadvantaged by socio-economic forces in the country (Banskota 2005).

The APP, in advocating regional specialization, identified the required inputs and investments required, which had been lacking so far. The APP strategy, if it worked, would make agriculture in the hills and mountains the engine of trade and growth, leading to improvements in income, employment and other aspects of the economy and the

environment. It was a growth-centred, external input-based, technology-driven, top-down, public sector focused trickle-down approach (Cameroon 1998).

- Clearly, APP was a medium-term strategy. No instant results were expected – given the time it takes to put in the roads, technology, irrigation and even marketing contacts and channels. From this point of view, APP did not address the immediate food needs of the hill and mountain people. As the focus was on better areas, where high economic rates of return on investments were feasible, the APP role for the landless and those in remote areas was essentially to wait for the APP to commence delivering benefits across the agricultural sector through greater specialization and growth in trade, marketing and agro-enterprise. Without discounting the value of growth, the need to address some of the immediate livelihoods problems of the poorer groups in relatively less well-endowed environments (which would be the majority) was not a part of APP agenda. (Seddon and Adhikari 2003) Food security is a major problem in the short run and the APP had little to offer the poor people and the poor regions in the hills and mountains.
- The environmental issue in the hills and mountains has been addressed in two ways. First, it has been assumed that improvements in agriculture would generally result in a favourable environmental impact. This is questionable if improvements have come about through monocropping and use of chemical inputs. Furthermore, the large majority in remote areas who do not benefit from the APP in the near future will need to depend on available resources – including exploitation of existing ones, a reason for the loss and degradation natural resources in the hills. The second influence was expected through Community Forestry. The APP basically endorsed community forestry and leasehold and forage programmes in the hills, and expected their expansion to result in favourable environmental conditions. While not wrong in its assumption about the overall environmental soundness, the APP did little to expand these programmes apart from its endorsement. Community forestry has not expanded as expected and the leasehold forestry still covers only a limited area in the country.
- As far as the strengthening of institutions is concerned, the overall impact is mixed. First the NPC may have been strengthened its monitoring capacity for the first few years, but with the transfer of this function to MOAC, IAU has lost much of its original credibility, utility and institutional effectiveness.

Second, the assumption of the lead role for implementation of the APP by MOAC has brought about some institutional changes. The fertilizer unit has become operational and has taken on the monitoring role of the APP. The Inputs Corporation has undergone substantial changes, but problems of subsidy and poor quality of services remain. A separate Department of Local Infrastructure Development and Agricultural Road has been established. The merging of agricultural roads with rural roads (in 2003/04 budget), the lack of clear separation of functions between DOLIDAR (agricultural roads), DDC (rural roads) and DOR (for all roads in the country) will continue to be a source of conflict and slow the progress of expanding road access in the hills and mountain areas.

V. Reasons Related to Policy and Institutional Progresses

What is apparent from the above is that the process for preparing the APP was a top-down, centre-dominated and public sector driven. It was about a technology-driven programme. The Prime Minister's foreword to the document is the only obvious political stamp for the APP. It is not clear if the politicians were ever involved in the entire formulation process. The fact that there were only two regional consultations also shows the extent to which APP formulation benefited from the field reality.

Although eleven working groups looked at past performances of many programmes, the lessons from some of the major programmes of the past had not been adequately distilled. For instance, why had the Regional Development Strategy (which had many components of the APP – although not stated in a similar language) not made much headway? Why was decentralization (necessary for the operationalisation of the APP) been lost in the corridors of the central line agencies? What were the lessons from IRD experience in terms of programme design, central-local development implementation, donor support and impact on the ground? With participatory planning and management including liberalization already firmly on the development agenda, why did the APP adopt such a strong public sector and technology-focused strategy when there were many fine examples of community-based development activities? Although a minor point, the Government, early in the 1990s, had closed down the horticultural centres around Kathmandu Valley. Was there any lesson behind this? Similarly with the announcement to privatize many public sector organizations, why were AIC and NFC made so sacrosanct? Lastly, if STWs was so beneficial to the farmers to have been made such as important component of APP, why were subsidies needed at all? There could be many more questions in hindsight. While it is unrealistic to assume that the APP should have foreseen all these problems and issues, clearly there are some critical gaps, which led to significant restructuring of APP components later on.

5.1 Implementation

Poor implementation of plans has been a persistent highlight of all Nepal development plans in the past and the APP is not an exception in this regard. Apart from structural problems of coordination, poor motivation, lack of initiative, etc., faced by most developing country administrations, and which undoubtedly affected APP implementation, it faced a number of special conditions. Implementation after formulation and approval (did a cabinet actually approve it?) was delayed by two years. Only in 1997 did it move forward for implementation. However when resources were found for implementation, it came with strong conditionalities that hit at the very centrepiece of APP – removal of subsidies on fertilizer and STW, and deregulation of fertilizers.

It also effectively switched institutional roles. In the formulation and approval, NPC had played a central role. While NPC was never expected to play any role in implementation, a special IAU was established in the NPC to facilitate inter-ministerial coordination and monitoring of the APP. When MOAC received the resources under Second Agricultural Programme Loan (ADB/SAPL 2004) to implement the APP and other activities, it also transferred the IAU to MOAC and gave it a different name. MOAC was unable to provide the necessary coordination of other line agencies. It is said that members did not participate in the meetings (IDL/NARMA 2004). MOAC was responsible for developing the PPP, which was the cornerstone of the APP in the field. Although guidelines were provided, it took the form of a commodity-focused package and was later changed to PPS, after DFID agreed to support the APP for a numbers of years.

Implementation of agricultural roads also faced significant difficulties. First, there had always been serious funding problems. Second, capacity development, not only at the centre but also in the district has taken time. There is some confusion about agriculture and rural roads, and recently central government budget allocations for agricultural roads have been lumped under rural roads.

Frequent changes in Government followed by changes in Secretaries, in the Ministries departmental heads, as well as line agency staff at the district level has made it difficult to implement, evaluate and monitor development activities at all levels. This is one of the major problems for assessing the impact of the APP. Many different policies and programmes have also come almost immediately after the APP. Most significant ones are LSGA 1999, which has tried to promote radical devolution of different line agency functions and development activities. Line agencies in trying to follow LSGA 1999 have devolved programmes but not the finance and the human resources. Similarly, in many areas where resources need to be shared, central line agencies have shown little initiative to part with the resources. (IDL/NARMA 2005).

Judging from the above description, it rings a very familiar story of many past programmes. However, the Tenth Plan (NPC 2002) reviewing the performance of the implementation of the agricultural sector programme, points out that while land fragmentation and farming of marginal lands continue to be major problems, it was also influenced by (i) unavailability of investment as per the APP target and inability to spend what was available in some areas, (ii) limited private sector investments, (iii) inadequate supply of fertilizer in remote areas, (iv) lack of expansion in STWs, (v) limited progress in agricultural roads and (vi) PPS design did not lead to diversification. In other words, many APP components faced serious implementation difficulties.

5.2 Mobilisation of resources

There appears to have been considerable problem in mobilizing resources after the APP was prepared. This resulted in a two-year delay before it could be implemented. Between 1993 and 1996, ADB/M provided two Technical Assistances (TAs) for the APP. In 1998, it provided another TA for institutional reform in the agriculture sector and in the same year, it provided a loan of SDR 36.504 million as the Second Agricultural Programme Loan (for three years). The funds were meant for the implementation of APP although it had strong conditionalities and included other activities besides those envisaged in the APP. In 2000/01, DFID signed an Agreement to strengthen APP fertilizer unit of MOAC for 2 years and, in March 2003, DFID agreed to provide five-year support for APP implementation in 20 districts.

In overall terms, government expenditure has been rising rapidly but this is only for regular expenditure. Development expenditure has registered a slight decline of 1.2 percent in the second half of the nineties. In this context, the share of agriculture in the total budget has also reduced from about 15.9 percent in the first half of the nineties to about 11.3 percent in the second half. There has however been significant increase in agricultural credit, which increased from 6.5 percent of agricultural GDP in the first half of 1990s to about 10.3 percent in 2000. In spite of this increase, it has been pointed out that the ADB/N could provide only half of the credit targets estimated by the APP. The total subsidy burden on public expenditure was reduced from USD 11.2 million in the first half of the nineties to about USD 6 million in the second half (ANZDEC 2002).

While the resources mobilized and made available by the Government was quite substantial, the Tenth Plan specifically mentions the failure to make available adequate resources as a major problem in the APP's successful implementation (NPC 2002). It also points out that there were problems of using available resources. One important point made by ANZDEC (2002) is that the performance of the agriculture sector had actually improved when its share of the government budget was decreasing. Clearly many factors are at play here and a better understanding of the impact of developed public expenditure in different sectors is necessary. Arguments for increasing or reducing public funding can be made only after a more thorough study.

5.3 Monitoring, evaluation and interactive exercises

It has already been pointed out earlier that some serious questions have been raised about some of the factual bases for the APP exercise. In addition, the agricultural sector and the economy have recently been experiencing so many changes that careful monitoring has become critical. Questions have been raised about some of the basic assumptions in the APP, the performance of agricultural investment and the effectiveness of agricultural research in Nepal. For instance, it

is still not clear what the actual costs and benefits are of fertilizer use and STWs. Questions have been raised about the competitiveness of many high-value agricultural products vis-à-vis similar products in India. Agribusiness has emerged as a most encouraging performer during the period under review. The assumption that prevailing the administrative setup at different levels is competent enough to implement any new policy or programme without systematic human resource development and organizational strengthening is seriously questionable. Careful monitoring and evaluation of results should be used to continuously review plans such as the APP. The original APP has not been revised thus far, although many new activities undertaken are still referred to as APP activities.

The APP had recognized the critical importance of a strong monitoring programme to follow up on different aspects of APP implementation. It was with this objective that IAU was established in the NPC. After only two years of operation, IAU was shifted to MOAC and overtime its role has changed considerably, leaving a big gap in monitoring APP activities and their impacts.

5.4 Communication

The APP has remained focused mainly at the central level. It is not surprising to hear that most district level organizations responsible for implementing the APP said that they had not heard about it or were even prepared in advance to undertake APP activities. Because of the failure to disseminate its programme goals and activities, there has been a lot of confusion about it. Roles of different organizations had not been clarified adequately. Major communication gaps appears to increase as one moves down the implementation ladder.

5.5 APP in retrospect

Neglect of agrobiodiversity

Subedi, Gauchan and Sthapit (2005), without referring directly to the APP, point out that present agricultural policies do not promote the conservation of agrobiodiversity on the farm. Emphasis on the use of high-yielding seeds, chemical fertilizers and pesticides, and commercialization has encouraged monocropping, which has reduced agrobiodiversity.

APP planning

It has been pointed out that the APP targets were unrealistic and not credible (ANZDEC 2002, ADB/SAPL 2004, IDL/NARMA 2005). Fertilizer data used in the analysis was not reliable. APP neglected important considerations such as the changing nature of agricultural trade with India, growth of agro-entreprises and farmers' investment patterns in commercial agriculture. Use of GAF as an analytical tool has contributed to the extremely rigid view of a highly dynamic situation, resulting in rigidity of perceptions. Cost-benefit analyses were not used. APP was ambivalent about subsidies. The emphasis on public sector leadership when development thinking and practice was moving towards market orientation, deregulation and participatory planning and management was a major limitation of the APP.

The APP provided too much emphasis on physical changes (inputs and outputs) and neglected the role of policy changes and its influences. (ADB/SAPL 2004). The translation of the strategy into implementable operational programmes was very weak. There was no consultation at the regional and local levels. The APP became a top-down, ambitious, public sector led approach, lacking the needed funding as well as the institutional capacity at different levels to carry it through. Funds released from subsidy savings did not go to APP. It was put in the Ninth Plan, which meant that the Government accepted the Agricultural Development Strategy, but failed to support it financially. (ADB/SAPL 2004).

During implementation, there was a vacuum in leadership with so many ministries involved. It was reported that Minister of Agriculture was searching for the APP in the Ministry of Agriculture and Cooperatives but could not find it and was told that it was located in the IAU of the NPC (Yadav 2004).

Cameroon (1998) has pointed out that given the vulnerability to deepening widespread under nutrition and accelerated environment decline in the event of sudden reduction in exchange entitlement to basic foodstuffs in Nepalese hills, the assumptions that rural economy of Nepal is poised for market-led commercialized agricultural development is questionable. Instead, he emphasizes the need to focus on livelihood circumstances of the weak, use of common property resources for poverty alleviation. "It is disappointing that the APP activities were not appraised in terms of wage labour exchange entitlement for food insecurity and poverty alleviation. The APP trickle down of employment opportunities, if it happens, will provide too little too late for such households." Seddon and Adhikari (2003) are also not convinced about the APP contribution to food security. "Its impact has certainly not been felt to any significant extent in the remote hill and mountain regions where this 'model' for development is not particularly appropriate."

VI. Reasons Related to the Chaotic Policy Environment

Policy recommendations and implementation are influenced by both the domestic and external environment. The changing political, economic, social and institutional environment has a strong influence on what policies are developed and how they progress. A country like Nepal that has been heavily dependent on external aid is also influenced by the positions of bilateral and multilateral donors. In the context of the APP, both internal and external factors appear to have influenced its evolution.

6.1 The political scene

The entire decade of the nineties and the following years of the new Millennium have been periods of great political instability in Nepal. By 2000, Nepal had seen the government change nine times in only ten years. In 1997, the beginning of the Ninth Plan and the year APP was implemented, there were three Prime Ministers. The political instability at the national level always translates into instability at the Government level. With changes in Ministers, there are repercussions down the line. In this period, if Ministers changed 18 times, Secretaries were changed 12 times. The changes in the administration can be even more drastic when governments have radically different political ideologies. Furthermore, appointment to key positions is a common practice of rewarding political favours. Once governments change they also want to introduce their own development agenda - the same agenda may be given a different name.

With this type of instability, one cannot expect any serious type of political commitment for the implementation of major development programmes. One government can make a decision, while the implementation is left to the successive government. The removal of subsidy on fertilizer and STW were politically difficult decisions. The delay in the implementation of the APP may be an account of the unwillingness of the earlier government to make these decisions. Had there been a more stable environment, the Party in power may have shown greater commitment to implement the APP in all its thoroughness. However, this can only be a conjecture. While instability definitely hampers implementation of plans and programmes, stability does not necessarily guarantee that performance will be any better. The long period of political stability in Nepal from 1960 to 1990 was not very a successful development period either.

Instability has also come from another source - the increasing political conflict in the country. Large parts of rural Nepal where the APP is to be implemented have been influenced in some manner by the conflict, forcing development organizations to be restricted to the district headquarters. The insurgents have targeted government offices, banks and infrastructure - all of which will have far-reaching impact on the delivery of APP input and output related services. While some NGOs have continued to function albeit in a limited way, general restriction on mobility has hampered even farmers from moving to the District headquarters for obtaining certain types of agricultural services. The exact nature of the impact needs to be assessed - although many organizations have already downscaled their activities or relocated to urban areas.

6.2 The development environment

It has been repeatedly said that Nepal is over-advised and undernourished, and the development of Nepal has been a rich playing field of concepts and approaches. The Five-Year Development Plans of Nepal, which the Government has brought out very regularly for the past five decades, is a mixture of an obituary of older concepts and approaches and ecology on new introductions. Following the introduction of the APP, there have been many new policies and programmes that were introduced, the most important ones that have had significant implication on APP are: (i) the Second Agriculture Programme Loan of ADB in 1998; ii) the Local Self Governance Act of 1999; iii) the PRSP/Tenth Plan; and, iv) the Medium-Term Expenditure Framework with its prioritization of activities in 2002. In addition, there have been other sector policies such as the National Agriculture Policy 2005, Irrigation Policy 2003, Revised Forest Policy 2000, National Biodiversity Strategy 2002, Water Sector Strategy 2002, and Tea and Coffee Development Policy 2003. The

excessive policy activism of different sectoral line agencies might have helped the sectoral line agencies to mobilize external funding but it has also created serious problems of co-ordination. Those of direct relevance to APP are programmes like Hill Agricultural Research Project (HARP), Agriculture Research and Extension Project (AREP), Crop Diversification Project, and the Hill Leasehold Forestry and Forage Development Project. Little is known about the influence these and other policies had on the APP content, structure and implementation.

As a multi-sectoral national agriculture development strategy, the APP's effectiveness depended on the different organizations working together to facilitate the provision and supply of inputs and services in selected priority pockets. At the national level, after MOAC replaced the NPC's role in co-ordination, the National Support Committee was disbanded and replaced by the National Development Action Committee and the Agricultural Development Action Committee - the former chaired by the Minister and the latter chaired by the Secretary of MOAC. This resulted in similar changes at the Regional and district levels as well. In addition, the Independent Analytical Unit in the NPC, established for monitoring the APP, was replaced by the APP monitoring unit in MOAC, weakening the overall co-ordination substantially. (IDL/NARMA 2005)

6.3 Governance

Good governance includes many issues such as transparency, accountability, participation, decentralization, equity, respect for law and human rights, and, although difficult to measure, a reasonable level of development effectiveness as a combined outcome of the above factors. Good governance has been a serious problem for the development administration system that has been in place in Nepal - responsible for undertaking planned development activities. Historically, other actors such as the organized private sector, NGOs, and CBOs have continued to play a relatively minor role although recently for reasons of poor governance, some of the development implementation responsibility has shifted to the other new players.

The history of development administration in Nepal has been characterized as burdensome, expensive, lacking in transparency and people orientation, and having a significant deal of corruption. (Shrestha 2002). While recent developments have emphasized the urgent need to improve the structure, delivery and effectiveness of the government, this has been slow for many reasons such as elite domination, politicization, poor working conditions, conflicting rules and regulations in many areas of development, corrupted politicians and bureaucrats, and some of the prevailing socio-cultural norms and values. (Dhungel 2003; Pradhan 1999).

While this is not the place to make a critical review of Nepal governance system, questions regarding prevailing governance structure influencing the APP is an important one. If the governance system is not oriented towards ensuring effective development, any good plan can go awry. In the context of the APP, some of the observations relating to governance are worth pointing out. The LSGA 1999 and LSG Rules devolved sectoral functions like agriculture to the districts. However, the government did not remove the existing line of control following devolution and this has created a dual system of control in the district, creating unnecessary tension and delay in the implementation of different APP components at the district level. According to LSGA 1999, resources mobilized from local resources by the centre should be shared with local units. Although some sharing has taken place on an ad hoc basis, this has not made much headway as legislation has been lacking.

Following the implementation of LSGA 1999, irrigation offices in many districts were closed and a new divisional concept involving a number of districts was introduced to avoid devolution (IDL/NARMA 2005).

The absence of local leaders has meant that there are no other "eyes and ears" to keep track of the bureaucracy. This has reinforced "looking up to the centre", against the spirit of participation and decentralization. There are also problems between the DDC, which now has a central role in the district as the main coordinating body, and the different line agencies. Sometime the officers in the DDO under the DDC take unilateral decisions on sectoral programmes and budgets, creating problems for the district line agencies. The capacity issue at the district level has

emerged as a fundamental problem. While there has been a rush to expand functions, human and financial resources have not been adequately provided. It is also not just a question of human resources and funds, there are also issues of capacity building and learning. Putting in place new management, information and monitoring systems have been neglected thus far. To assume that the district can implement any new programmes such as the APP, has been tantamount to overloading a horse cart going on an uphill track.

VII. Plan/Policy Drivers and Breakers: the Roles and Responsibilities of the Institutions

7.1 Institutions acting as policy drivers

Those who are in the driving seat often determine the fate of policies. As a policy moves through different policy cycles, it can have different drivers. These drivers can be people, organizations (i.e. political, bureaucratic and others including donors), events (i.e. special circumstance that forced a particular policy response), and even other policies. It will be interesting to trace the history of APP in the context of who was driving the policy at a certain stage.

Key players at formulation stage	
National Steering Committee	→ Chaired by NPC member, with two other past NPC members, nine Secretaries, one NPC member secretary, research organization, another NPC under Secretary as Project Director of the APP, donor agencies, professionals and consultants.
Project Support Group	→ Chaired by Secretary of Agriculture, six Director Generals, Chiefs of Planning Division of different Ministries, NARC, ADB, NDDDB, Cooperative Development Board, donors.
Facilitation Group	→ Representation from different Ministries, Central Bank, ADB, Private Organizations, NGO, others and consultants.
Working Groups	→ 11 on different subjects with concerned representatives from NPC lines agencies, donor and other organizations.

The National Planning Commission had taken the overall leadership of the National Steering Committee. The Project Support Group consisted of representatives mostly from the Planning Division of different Ministries. Reputed professionals, technocrats, consultants and donor representations in the working groups prepared 26 background papers. A total of 128 professionals from the government and outside were involved. Two regional seminars were also organized to discuss the plan. The plan was prepared over a two-year period based on all these inputs. The Asian Development Bank provided the Technical Assistance for the preparation of the plan. There have also been additional resources in cash and kind from other sources, as indicated in the foreword of the APP Main Document (APROSC/JMA 1995),

This is probably the most resource-intensive plan that was ever prepared under the auspices of the National Planning Commission. It is professionally sound and practically ambitious. As far as the formulation process was concerned, the NPC was firmly in the driving seat, in spite of changes in the NPC members between its initial conception and actual formulation. This is also evident from the implementation coordination role that NPC succeeded in outlining for itself.

Did the success in formulation lead to the problems in implementation? Why was there little or no participation by the political leaders during the formulation? The Ministry of Agriculture and Cooperative's role had been quite limited during plan formulation. This is surprising because it is the responsibility of their line agencies to implement programmes in agriculture. Why there was no separate working group on resources mobilization or was this not considered a major issue? Given the advisory role played by the NPC over the years, why did it take such an overtly active role sidelining MOAC?

Key players during implementation

The original design/formulation envisaged a pretty complicated web of committees at the national and district levels to oversee the implementation with a major monitoring role for the NPC. The following had been identified as the major players:

- National Development Action Committee (NDAC) - with the Prime Minister as its Chairperson, related sectoral ministers, Ministers of Finance and Administration, the Vice Chairman and related Member of the NPC, Chief Secretary, NPC member for monitoring and evaluation as Member Secretary, and other invitees
- Under NDAC, there was a Ministerial Development Action Committee
- The National Planning Commission
- The APP National Support Committee (NSC)
- The IAU and the NPC Secretariat.

APP had its root in the Eighth Plan when the first elected multi-party Government came to power in 1990 and identified the need for a long-term Agricultural Development Plan. In 1994, there was change in government as well as in the NPC. However, the changed members of the NPC also supported this earlier thinking and started preparations for the APP. Other organizations that played a role were:

- The Subcommittee for Implementation of the District Agricultural Programme (SIDAP)
- The District Development Committee and
- Line agencies at the district levels, farmer groups, NGO, Private Sector.

It is not clear from the evaluation and review reports about how each of these Committees and Organizations functioned at different levels. The main problem appears to have been the inability to find the needed resources to proceed with the implementation of the plan. It was not until 1997- almost two years later that the implementation of APP began. However, when it did, there were changes in the substantive content as well as the implementation structure of the APP.

The role of the Asian Development Bank (ADB)

The ADB had already provided one TA (1854 NEP) for USD 600,000 in March 1993 which was for the preparation of the APP. In July 1996 it provided another TA (2618 NEP) for implementation and monitoring of the APP which was to support the development of the IAU established in the NPC as the Secretariat of the NSC. It is clear from the above TAs that the ADB continued to be a key player in the formulation of the APP and through its support for the IAU was also expected to provide support for the main programme. However, it took two years of serious negotiations before ADB agreed, under certain strong conditions, to provide a loan of SDR 36.504 million for the implementation of Nepal modified APP.

The modified APP transferred the lead role from the NPC to the MOAC. Having agreed on the strong conditionalities that were a part of the loan, the government had agreed to (a) end all subsidies for fertilizers and STWs (b) deregulate fertilizer supply, import and pricing (c) undertake substantial institutional reform in the Agriculture Input, Corporation and the National Food Corporation and (d) establish the Department of Local Infrastructure Development and Rural Roads (DOLIDAR) along with a long term rural infrastructure plan. Much of the funding under the loan went towards meeting the strong conditionalities imposed by the Loan Agreement, rather than support the investment programme outlined by the APP. Funds were released only after the Government satisfactorily implemented each condition. (ADB/SAPL 2004).

The role of Ministry of Agriculture and Cooperative (MOAC)

Following the Loan Agreement, MOAC took charge of the APP IAU and renamed it as the APP Monitoring and Analytic Unit in 2001, and merged it with the Fertilizer Unit in the Ministry. MOAC also altered the NSC to the National Agriculture Development Committee and put it under the Agriculture Development Implementation Committee under the Secretary of Agriculture.

While the Ninth Plan (1997-2002) and the Tenth Plan (2003-2008) continue to refer to the APP, MOAC now flags it mainly as its sectoral programme. The implementation of the politically difficult decisions under the Second Agricultural Programme Loan had a number of effects:

- Fertilizer consumption contrary to all expectations increased and supply has become more reliable even with some increase in their prices. There is some concern about quality but the specific nature of the problem appears to be quite unclear.
- The demand for STWs decreased drastically. It has most likely been transferred to deep tubewells where there is still some subsidy. The impact of the reduction of subsidy on STWs on agricultural output is not known.
- The removal of subsidy has resulted in a saving of about USD 6 million annually in government expenditure.
- The AIC has been institutionally changed into two organizations and both continue to remain in the public sector.
- The NFC has been reduced in size and its programmes are more focused, although it still receives subsidies for its operations.
- The ADB STWs operations were drastically reduced following subsidy removal. It is still the single largest supplier of agricultural credit in Nepal and has met about 50 percent of the APP targets.
- NARC's role has not been as effective as envisaged.

If the NPC, technocrats and some donors played a key role during formulation, the MOAC and the Asian Development Bank have played a major role during implementation. More recently, MOAC has agreed with DFID for supporting a two-year programme that began in 2000 to strengthen the fertilizer unit of MOAC. In March 2003, DFID agreed to provide a five-year programme support to the APP-related services delivery mechanisms and processes in 20 districts of Nepal. It is not clear how the APP is being implemented in the other districts, if at all.

7.2 The policy breakers

The role of other policies

The APP was started at a time when there was literally a policy explosion in the government. Starting with LSGA 1999, there were new policies in water, irrigation, forestry, rural infrastructure and many others including for fertilizer. Fertilizer policy changes were different from the APP approach but the fears that the removal of subsidies would dampen demand did not materialize. LSGA 1999 affected all the sectoral line agencies. Agriculture, education and health, were selected as first test cases for devolution. The experience so far suggests that there is continuing struggle between line agencies and local governments, although the concept has now been more or less accepted. Irrigation changed its approach of continuing its district irrigation offices. These district offices were closed and divisional offices covering several districts was introduced to avoid handing over planning resources and implementation to the District Development Committee as required under the LSGA 1999. It is surprising how this approach has not been questioned. No reassessment of the APP in the context of all these policy changes has been undertaken so far.

Influence of conflict

Conflict has adversely affected implementation because organizations do not work in certain areas for security reasons, fear of disruption, extortion and kidnapping. There have been long periods of restrictions on mobility of rural residents and people permitted to move out of their villages. The full extent of impacts is not very clear at present.

Inadequate budgetary support

This has been the most common point raised that the Government did not provide adequate budgetary support. Even the Tenth Plan in its review of the Ninth Plan has noted this point.

Donors also appear to have shifted their priority towards the poor, food security and deprived groups.

Lack of awareness, understanding and capacity

Awareness raising was concentrated at the national level. Lower down - in the regions and in the districts, the effort was practically negligible. This hampered understanding as well as adequate preparation. The assumption that prevailing capacity of the administrations at different levels was adequate, appropriate and available for the APP was far-fetched. No attention was given to developing capacity at the lower levels.

Based on the discussion thus far, it is obvious that complex policies have complex adjustment and from this point of view, all the changes that took place are probably not surprising. As the lead agency of the agriculture sector, MOAC not being in the driver's seat from the beginning was unusual and this probably encouraged the Ministry to find ways to regain the control over the programme. Bureaucracies are well known to safeguard their territories quite fiercely. When the opportunity came to be in the driver's seat, even under some unpleasant conditions, MOAC did not miss the opportunity.

Why did the NPC not recognize the warning sign with respect to subsidies? The Eighth Plan had mentioned the adoption of liberalization and privatization policies for the economy. Even the APP had referred to the need of reducing subsidies. Why was this issue not discussed more openly? Was it too sensitive politically? How did MOAC manage to get it through later on? Was this an achievement (if it can be called so) of the heightened political instability during 1997/98? As the overall political environment was so confusing, did those making the policy decisions probably not perceive it as a significant risk?

Why did the SAPL accept the subsidy on deep tubewells? The same argument made for STWs can also apply here.

Although the Tenth Plan has also accepted the APP, there is the New Agricultural Policy 2004. Does this supplement or replace the APP?

The NPC, following the transfer of the IAU to MOAC, appears to have done little or no monitoring of the APP when it was even more critical to follow up carefully on the changes.

VIII. History of Other Programmes: Any Lessons?

Is the experience of the APP unique? Optimistic in vision, comprehensive in design and ambitions in targets, why has its progress been marred by delays and changes? The major disruptions in the APP were: (i) two year delay in its implementation after the formulation of the plan, primarily for the failure to find resources to support the plan in the form, scale and extent it was designed; (ii) many strategic changes agreed to as a conditionality for support of a vastly altered APP two years later; (iii) a spate of new policies in many sectors and areas that had a strong bearing on the contents of APP, but no efforts were made to either understand, monitor or influence the provisions of other policies vis-à-vis APP. In fact, many of the new policies were reported to be more comprehensive and “sensitive” to the needs of the poor than APP; and, (iv) a common complaint was that the APP did not receive the support it needed from the central government.

How valid are these concerns and do they only apply to the APP? Alternatively, do they indicate a systemic problem of the Nepalese development machinery? What has been the fate of other policies and plans in Nepal? Needless to say, the policy environment was highly volatile because of the political instability. However, the political scenario is only one aspect of the overall policy environment. There are other policy drivers. What has been the experience of other policies and plans in the past? Should the APP have learned from some of these experiences of the past? A review of past performance, under greater political stability suggests that the experience is quite similar. Poor performance of plans and programmes is a well-known characteristic of Nepal’s development machinery.

Discussing about Nepal’s experience in rural development, almost two decades earlier, Banskota (1983) mentions that productivity gains have been small and limited to the larger landholders. The rich have monopolized delivery systems for agricultural inputs. The bureaucracy has become politicized to such an extent that planning and economic and financial discipline required for effective economic management are practically impossible. The situation is further worsened by the centre’s lack of responsiveness to district-level problems and its own encouragement to seek a politically appeasing solution. Frequency of turnover of key people in the district bureaucracy has been very high with the result that no one is willing to risk anything – in terms of either problem-solving or giving the project the needed thrusts. Political pressures and linkages are seen as the primary guidelines for decisions because the administrative initiative to make projects function is eroding away and is being replaced by political convenience. Justice (1986) reviewing the health programmes also makes similar findings about politically appeasing solutions. Dhungel and Tips (1985) discussing about the functioning of Rasuwa – Nuwakot Integrated Rural Development refer to problems of “Safeguarding one’s territory” against the effort of others to become a “Super Ministry” because of rapidly expanding programmes and the absence of well thought out mechanisms of coordination at different levels of government.

Dhungel (1987) points out many reasons for the exceedingly poor performance of the bureaucracy such as poor motivation of the bureaucracy for serving the people, lack of accountability to people, little flexibility in the system and no efforts to find out what is happening in the field. Upreti (1990) refers to “Conspiratorial bureaucratic politics” for safeguarding one’s access to resources and decision-making, and the atmosphere of doubt and suspicion and avoiding responsibility for on the spot decisions. Stiller (1989) in a Comprehensive Review of Integrated Rural Development Projects, referring to the great misconception, points out:

When the first IRDs were planned in Nepal, we worked in the naive belief that we could design a whole development universe. Fact-finding teams and planning teams tried to weave all the elements perceived as necessary for development into a single fabric. The key words were coordination, replication, technological inputs and planning based on monitoring. Painful experience has taught us that the coordination for such grand schemes did not and does not exist. Plans demand a level of coordination for which there was no administrative base. New committees were devised that cut across existing line of command in order to coordinate project activities. However, these

committees no matter how logical they were on paper had marginal influence. They took little or no account of vested interests within the bureaucracy, nor the fact that as the IRD concept spread, HMG/N would be forced to coordinate all this foreign funded activity with its own ongoing programmes....

Planners have to bear in mind that just as the villages of a given area are developing, so also are the political and bureaucratic structures – none is capable of carrying the heavy loads of modern day development programmes as effectively as planners expected.

The APP with all its different committees sounds almost like the IRD. It may have fallen not only to “turf wars” and conspiratorial bureaucratic manoeuvrings, but more fundamentally to a weak institutional setup at all levels that just did not have the capability to fully implement the APP.

The 2004 Development Forum Presentations in agriculture (NDF 2004) has highlighted the lack of progress in the development of institutional capacity within the Agriculture Ministry as a major obstacle for the agricultural progress in the country. Preparation of sound policies and plans is critical. However, it has also become equally critical to see if the institutional capacity exists to implement these plans. Bureaucratic capability has been assumed to be elastic to increases in development expenditure. Unfortunately, as the case of IRDPs and now APP shows, unless capacity is also custom benefit for the plan to be implemented, the fate of all plans and policies will be the same – poor performance!

IX. Lessons for the Future

9.1 For APP

The APP is still alive and is being implemented although it has undergone substantial transformation since it was first formulated and presented as a plan in 1995. To some, it was probably never implemented, because what was implemented as the APP was a drastically changed plan. To others, the APP may have been only a technically repackaged version of Nepal's Regional Agricultural Development Strategy initiated in the 1970s. To still some, the APP is alive and functioning because it is mentioned in the current Tenth Plan and resources have been set aside for its implementation (whatever many changes have been made in its contents). It is not easy to evaluate such a "dynamic" idea, plan or programme. What has been done is a review based on available literature of what happened at different stages and where it stands at present. A few key points do emerge from the discussion so far.

Balancing top-down and bottom up processes

Plans, in order not to fall into an implementation crisis, must establish active interaction with the areas and the people for which the plan is being prepared. The entire planning exercise must be an iterative one based on extensive and regular exchange with local stakeholders. This process could enhance local ownership of the plan if the people have agreed on the priorities and the programmes. Poverty focus may have been more direct if there had been a bottom-up process in the formulation of the APP.

Careful designing of implementation

The APP experience and indeed that of many other plans and programmes indicate limited attention to implementation issues – those about institutions' capacity to mobilize resources and people, capacity to coordinate at different levels, ability to deal with local problems and uncertainties, having people and needed capacity in place or the ability to mobilize this. The efforts and resources put into formulation must now be matched by better planning and preparing for the dynamics of implementation.

Capacity building

No plans can begin full implementation in one day. Capacity must be systematically developed. The development of capacity needed for full implementation is a major task. While some attention has been given to the human resources required, greater attention is needed in terms of the promoting the specific capacity needs at the local level. Many organizations are overstretched while others have nothing to do. What sort of capacity is needed and at what level to make the programme/plan/policy function as envisaged?

Resources mobilisation

APP implementation was stalled by a lack of resources. When resources were found, it resulted in a changed APP. Was there enough homework done regarding resource mobilization? What were the alternatives considered? Although it sounds quite obvious, the experience with the APP suggests that it must be taken more seriously if carefully designed plans are not to be altered by the conditionalities of different donors.

Organizational conflicts

A good plan does not guarantee that all concerned organizations will lend their support for it. In fact, there may be greater competition to gain access to the resources a good plan may be able to bring. Very often, there are few differences among organizations during formulation and the main battleground is in implementation. It is therefore necessary to understand past

organizational conflicts and draw lessons and plan for these. Not all the factors may be foreseeable, but analyses should be undertaken in order to identify possible organizational tensions and conflicts.

9.2 For SARD-M policies

Greater sensitivity to local conditions

Some of the lessons identified for the APP are also valid for SARD-M policies. However SARD-M policies, because of the special conditions of the mountain areas, must be needs-driven. Needs vary according to location, groups of people, rural conditions, specific opportunities available for development and the competence of the existing organizational capacity to undertake new responsibilities. There may be an inverse relationship between capacity at the national level and capacity at the local or rural levels. Very often national priorities reflect priorities of dominant areas – better endowed, growing urban centres - and not necessarily those of poor mountain areas. Even within mountain, areas, there are significant variations. SARD-M policies need to be highly sensitive to many of those issues.

Need to improving access

Improving access of mountain people to agricultural and rural development services including markets is a fundamental requirement for improving rural livelihoods and making agriculture more dynamic. Isolation forces mountain people to be subsistence-oriented. Where there are already pressures on existing resources, options are few and the costs of desirable courses of action may be economically prohibitive. Improvements in access do not guarantee that all the forthcoming changes will always be helpful for the mountain farmers, but with improved access her/his options are greater and, in most instances, these may be better.

Focusing on human development, especially on conditions of women

Overall, human development in mountain areas and especially conditions of mountain women is very unsatisfactory at present. The human development indicators for mountain people and for mountain women are relatively lower than for other plain area populations. Low levels of human development hampers all types of development activities as people are either mostly sick and illiterate, or so occupied with their difficult lifestyles that they lack the knowledge to find better outlets. Having been marginalized for so long, their relatively disadvantaged status deserves serious policy attention. Without improvement in human development conditions, any development programme is unlikely to take root. With mountain agriculture and rural areas dominated by women, they deserve greater and direct attention in terms of education, health, nutrition, water, energy and income generating activities.

Balancing food and non food options

Food security concerns are greater in mountain areas than in other places. First, mountain farmers' emphasis has been on food crops and making changes here takes time and meeting certain preconditions such as readily available and affordable food supply. Second, because of the nature of mountain environments, replacing existing crops with new ones has to be done with great care. Large variations in growing conditions within small margins affect crop outputs. Weather changes are sudden and could damage crops in fields. Markets are far away and prices may not always provide the needed incentives. Given all these difficulties, as well as the preference for greater food security, balancing food and non-food options needs far more careful exercise than in other areas.

Strengthening organization capacity

Mountain people have been known for their skilful and relatively successful adaptations to a difficult environment. However, the challenges of modern day agriculture and rural development are significant both in terms of the scale of organizational capability as well as the rapidity of

response. In both of these areas, mountain communities need a lot of support for capacity enhancement. Waiting for the government to come has been slow, limited and quite often when it is there, it has not been able to address their priorities. While working with the government is essential, this is often more successful locally when an active local partner is in the driver's seat.

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Project for Sustainable Agriculture and Rural Development in Mountain Regions

Framework for a rapid assessment of policies for SARD in Mountain Regions

SARD-M Project and SARD-M policy assessments

The Project for Sustainable Agriculture and Rural Development in Mountain Regions (SARD-M) in line with its objective of ***"strengthening mountain populations' livelihoods with improved policies for sustainable agriculture and rural development"***, is developing and implementing a framework for a rapid assessment of policies for SARD in mountain regions.

The overall purpose is to provide an **understanding of the strengths and weaknesses of various policies related to SARD in mountain regions.**

In light of the specific qualities or specificities that characterize mountain areas, the assessments try to bring about a better understanding of how the SARD framework is applicable to mountain regions and examine the types of **policies and policy packages, institutions and processes** that are important to achieve SARD in mountain areas, with attention being paid to **how the comparative advantages of mountains can be harnessed** to promote development in a sustainable manner.

Expected output

The assessments aim to have common exit points that can facilitate **comparison across regions:**

- **identification of problematic areas** and **priority issues** that are facing a region;
- **evaluation of the overall strengths and weaknesses** of SARD-M policies, making sure that the policies examined provide a balanced coverage of social, economic and environmental pillars;
- **general recommendations** of things that need to be improved in the policies, the processes and the institutions involved in the formulation, implementation and evaluation of policies;
- **proposals for concrete action-oriented follow-up activities** that meets the demand existing in the assessed region.

Targets

Middle-level practitioners and trainers involved in SARD-M policy making, implementation, monitoring and evaluation, from:

- **governments**, at national and decentralised levels (i.e. ministries of agriculture, environment, rural development, finances...);
- **civil society organisations**, including local authorities.

Approach

The purpose of the framework is to offer some **basic guidelines and references** that can assist in the assessments of SARD-M policies.

Given that SARD requires an integration of policies across sectors, the aim of the assessments is not to conduct an in-depth analysis of policies in a specific sector, but to try to provide more of a **global overview** and **cross-sectoral understanding** of the strengths and weaknesses of policies for SARD.

The assessments are to be conducted within a **short period of time** and meant to be an exercise of reflection that provides **main elements** for a diagnostic of the current strengths and weaknesses of SARD-M policies.

As the success and failures of policies rely not only on the contents of the policies themselves, but also on the context of how they are developed and implemented, the SARD-M policy assessments place a **particular emphasis on examining the processes and institutions** that are involved in the formulation, implementation, and evaluation of policies.

Some tools for a participatory process:

As the assessments are to be more of a qualitative study, **literature reviews and interviews** of key informants, from both **government and civil society** in diverse sectors related to SARD, conducted in an **iterative** manner, are the main tools utilised for the assessments.

The holding of **multi-stakeholder workshops at decentralised and/or national levels** is an extremely useful tool to gather information and opinions on how well policies are working on the ground and to provide insights into the strengths and weaknesses of the processes involved in the formulation implementation and evaluation of policies for SARD-M and how well the various institutions involved in these activities interact with one another.

Main steps:

1. Background information of the country under study

Describes the issues facing agriculture and rural development in the country, notably **problematic or priority issues** and the **role and importance of mountains and their specificities** (i.e. potentials, constraints and diversity).

2. Selection of an entry point for SARD-M policy assessments

Entry points will preferably address **problematic or priority issues** facing a given region and be selected **in consultation with stakeholders**.

3. Situation of SARD-M policies within the country's policy framework

- Basic description of political history and system of governance
- Major ministries responsible for SARD-M policies, their roles and interactions at various levels of governance
- Types of policies and policy frameworks that exist for SARD in mountain regions.

4. Impacts of policies on SARD in the country's mountain areas

Examination of **policies related to entry point** as well as **other pertinent economic, social, environmental and institutional policies** that directly or indirectly affect the entry point under study.

- What are the objectives of the policies under study and do they address the issues facing the country at the national, regional and local levels taking into account the specificities of and linkages between lowlands and uplands?
- What kind of positive or negative impacts do the policies being studied have on SARD?
- Are there policy contradictions?
- Do the policies address mountain specificities during the formulation, implementation and evaluation processes?

5. Effects that existing institutions and policy formulation and implementation processes have on policies for SARD in mountain region:

- What are the strengths and weaknesses of the institutions at the national, regional, and local levels responsible for formulating and implementing SARD-M policies?
- How do political, participatory and financial mobilization processes and institutional arrangements/knowledge management procedures impact upon the effectiveness of policies?
- What impacts do mountain specificities have on these processes?

6. Summary of findings, recommendations and proposals for follow-up activities (e.g. SWOT analysis).

Some references

The development of this framework has drawn heavily from the work conducted by:

- **FAO** in policy issues related to SARD (i.e. Guidelines for the integration of sustainable agriculture and rural development into agricultural policies. FAO agricultural policy and economic development series 4. written by Hardaker, J. Brian, Rome: FAO. <http://www.fao.org/docrep/w7541E/w7541e00.htm>);
- **OECD** Development Assistance Committee (i.e. OECD DAC. – 2001 - The DAC Guidelines: Strategies for Sustainable Development. OECD: Paris. http://www.oecd.org/document/40/0,2340,en_2649_201185_2670312_1_1_1_1,00.html);
- **United Nations Department of Economic and Social Affairs (UNDESA)** in establishing guidelines for the development of national strategies for sustainable development (i.e. UNDESA – 2002 - Guidance in Preparing a National Sustainable Development Strategy: Managing Sustainable Development in the New Millennium. Background Paper No. 13 (DESA/DSD/PC2/BP13) <http://www.johannesburgsummit.org/html/documents/backgrounddocs/nsdsreport.pdf>.

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