



Nepal Millennium Development Goals

PROGRESS REPORT 2005





HMG Nepal



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FOREWORD

His Majesty's Government of Nepal has embraced the spirit of the Millennium Declaration and is committed to the achievement of the Millennium Development Goals (MDGs) to advance human development that provides equal opportunities and ensures a bright future for all its citizens.

This document, the Millennium Development Goals Progress Report 2005, and the second in the series, shows the status of Nepal's progress towards achieving the goals in 2005, the first landmark year leading to 2015. The Report is a reaffirmation of Nepal's commitment to reducing poverty and advancing human development for all its citizens.

Nepal has made significant progress over the last 15 years in reducing poverty, improving access to education, health services, and drinking water, and promoting biodiversity conservation and alternative energy. It is a remarkable achievement considering the difficult situation in the country in recent years. However, some serious challenges remain in addressing inequality and exclusion, which is a critical factor hindering the equitable distribution of the results of development efforts across all geographical regions and social groups. In order to sustain the achievements made so far specialised and focused development programmes are required for the marginalised, poor, deprived, and excluded communities. In addition, improvements in governance as well as conflict-sensitive programmes are preconditions for enhancing delivery.

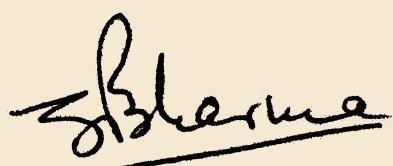


MATTHEW KAHANE
UN Resident and Humanitarian Coordinator
UNDP Resident Representative

As is clearly articulated in the Report, Nepal's past progress towards attainment of the MDGs is a culmination of the government's efforts to introduce and implement more pro-poor policies and programmes backed by the firm support of its wide range of development partners and the strong commitment of civil society and the private sector. One of the primary objectives of this Report, besides outlining past progress, is to identify areas for further improvement and to learn from past experience - both positive and negative.

This Report will provide important inputs during the preparation of the next periodic plan/Poverty Reduction Strategy Paper (2007-2012), which will be based on the MDGs in the spirit of the goals and principles of the Millennium Declaration. At the same time, accelerating the pace of development towards achieving the MDGs by 2015 requires not only Nepal's national commitment but also even more generous and concerted assistance from the international community. Nepal being both a land locked and least developed country, the critical role of faster and deeper debt relief and enhanced official development assistance (ODA) complemented by a development friendly trade regime cannot be over-emphasised.

This Report is also a call to everyone to join hands with the common objective of promoting the well-being of the Nepalese people by creating a level playing field for all citizens to participate fully in the development process.



DR. SHANKAR PRASAD SHARMA
Vice-Chairman
National Planning Commission

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ACRONYMS

AEPC	Alternative Energy Promotion Centre	EHCP	Essential Health Care Package
AIDS	Acquired Immune Deficiency Syndrome	EHCS	Essential Health Care Services
ANC	Ante-Natal Care	EMIS	Education Management Information System
ANM	Auxiliary Nurse-Midwife	ENPHO	Environment Public Health Organisation
APH	Ante-Partum Haemorrhage	ESAP	Energy Sector Assistance Programme
APP	Agriculture Perspective Plan	EU	European Union
ARI	Acute Respiratory Infection	FAO	Food and Agriculture Organisation
ARV	Anti-Retro Viral Treatment	FCHV	Female Community Health Volunteers
ATC	Agreement on Textiles and Clothing	FDI	Foreign Direct Investment
BEOC/CEO	Basic/Comprehensive Emergency Obstetric Care	FECOFON	Federation of Community Forestry Users of Nepal
BoD	Burden of Disease	FHCVs	Female Health Community Volunteers
BPEP	Basic and Primary Education Programme	FHD	Family Health Department
BPKIHS	B.P. Koirala Institute of Health Services	FHI	Family Health International
BSP Nepal	Biogas Support Programme Nepal	FHS	Family Health Survey
CADEC	Community Awareness Development Centre	FNCCI	Federation of Nepal Chamber of Commerce and Industry
CAS	Continuous Assessment System	FSW	Female Sex Worker
CBC	Community Birthing Centres	GATT	The General Agreement on Tariffs and Trade
CBFRM	Community-Based Forest Resources Management	GAVI	Global Alliance for Vaccine and Immunisation
CB-IMCI	Community-Based Integrated Management of Childhood Infection	GDP	Gross Domestic Product
CBOs	Community-Based Organisations	GER	Gross Enrolment Rate
CBS	Central Bureau of Statistics	GF	Global Fund
CDP	Community Drug Programmes	GIS	Geographic Information System
CEO	Comprehensive Essential Obstetric Care	GPI	Gender Parity Index
CFUGs	Community Forest Users Groups	HDI	Human Development Index
CHD	Child Health Division	HDR	Human Development Report
CHI	Community Health Insurance	HIPC	Heavily Indebted Poor Countries
CREHPA	Centre for Research on Environment, Health and Population Activities	HIV	Human Immuno deficiency Virus
CLTS	Community-Led Total Sanitation	HMG/N	His Majesty's Government of Nepal
CMR	Child Mortality Rate	HMIS	Health Management Information System
COPE	Community Owned Primary Education	HP	Health Post
CPR	Contraceptive Prevalence Rate	HRD	Human Resources Development
CSO	Civil Society Organisation	HSRS	Health Sector Reform Strategy
CWIN	Child Workers in Nepal	ICIMOD	International Centre for Integrated Mountain Development
DALYs	Disability Adjusted Life Years	ICPD	International Conference on Population and Development
DAO	District Agriculture Office	ICS	Improved Cooking Stove
DDA	Doha Development Agenda	IDU	Injecting Drug User
DDC	District Development Committee	IEC	Information, Education and Communication
DEO	District Education Office	IIDS	Institute for Integrated Development Studies
DFID	Department for International Development	ILO	International Labor Organization
DFRS	Department of Forest Research and Survey	IMCI	Integrated Management of Childhood Illness
DOE	Department of Education	IMR	Infant Mortality Rate
DOHS	Department of Health Services	INGO	International Non-Governmental Organisation
DOTS	Directly Observed Treatment Short Course	IUCN	International Union for Conservation of Nature and Natural Resources
DPR	Department of Plant Resources	LBW	Low Birthweight
DWSS	Department of Water Supply and Sanitation	LDC	Least Developed Country
ECD	Early Childhood Development	LSGA	Local Self-Governance Act
EDP	External Development Partner	MAPs	Medicinal and Aromatic Plants
EFA	Education For All	MCHW	Maternal and Child Health Worker
		MDGs	Millennium Development Goals

MFSC	Ministry of Forest and Soil Conservation	R & D	Research and Development
MHP	Micro-Hydro Project	RADC	Remote Area Development Committee
MMR	Maternal Mortality Ratio	REDP	Rural Energy Development Programme
MOES	Ministry of Education and Sports	RRN	Rural Reconstruction Nepal
MOF	Ministry of Finance	RoO	Rules of Origin
MOHP	Ministry of Health and Population	RTI	Reproductive Tract Infection
MOICS	Ministry of Industry, Commerce and Supplies	SACT	STD AIDS Counseling and Training
MOLD	Ministry of Local Development	S&DT	Special and Differential Treatments
MOPE	Ministry of Population and Environment (until 2004)	SAFTA	South Asian Free Trade Arrangements
MPFS	Master Plan for the Forestry Sector	SBA	Skilled Birth Attendant
MPPW	Ministry of Physical Planning and Works	SDAN	Sustainable Development Agenda for Nepal
MTEF	Medium-Term Expenditure Framework	SEARO	South East Asian Regional Office
MTSP	Medium-Term Strategic Plan	SEMAN	Solar Electric Manufacturers Association Nepal
MWCSW	Ministry of Women, Children and Social Welfare	SHI	Social Health Insurance
NAC	National AIDS Council	SHP	Sub-Health Post
NACC	National AIDS Coordination Committee	SHS	Solar Home Systems
NARC	Nepal Agricultural Research Council	SLTHP	Second Long-Term Health Plan
NBS	Nepal Biodiversity Strategy	SLTS	School-Led Total Sanitation
NCASC	National Centre for AIDS and STD Control	SMC	School Management Committee
NCED	National Centre for Educational Development	SMI	Safe Motherhood Initiative
(N)DHS	(Nepal) Demographic and Health Survey	SODIS	Solar Disinfection System
NEA	Nepal Electricity Authority	STD	Sexually Transmitted Disease
NER	Net Enrolment Rate	STI	Sexually Transmitted Infections
NESAC	Nepal South Asia Centre	SWAp	Sector-Wide Approach
NEWAH	Nepal Water for Health	SWMRMC	Solid Waste Management and Resource Mobilisation Centre
NFC	Nepal Food Corporation	TBAs	Traditional Birth Attendants
NFHS	Nepal Family Health Survey	TFR	Total Fertility Rate
NHDR	Nepal Human Development Report	TOE	Ton of Oil Equivalent
NHSP-IP	Nepal Health Sector Programme-Implementation Plan	TRIPS	Intellectual Property Rights
NLSS	Nepal Living Standards Survey	TRIPs	Trade Related Aspects of Intellectual Property Rights
NMR	Neonatal Mortality Rate	UMR	Under-five Mortality Rate
NMSS	Nepal Micronutrient Status Survey	UN	United Nations
NNSMP	Nepal National Safe Motherhood Plan	UNAIDS	United Nations Programme on HIV/AIDS
NPC	National Planning Commission	UNCTAD	United Nations Conference on Trade and Development
NSFR	National Strategic Food Reserve	UNDP	United Nations Development Programme
NTC	National Tuberculosis Centre	UNESCO	United Nations Education and Social Council
NTFP	Non Timber Forest Products	UNFPA	United Nations Fund for Population Activities
NTMFPS	Non Timber and Medicinal Forest Products and Services	UNICEF	United Nations Children's Fund
NWP	National Water Plan	UNSD	UN Statistics Division
OSP	Out of School Children's Programme	UPE	Universal Primary Education
PCE	Per Capita Expenditure	VCT	Voluntary Counselling and Testing
PEM	Protein Energy Malnutrition	VDC	Village Development Committee
PGR	Poverty Gap Ratio	VHW	Village Health Worker
PHCC	Primary Health Care Centre	WAN	Water Aid Nepal
PLWHA	People Living with HIV/AIDS	WB	World Bank
PMTCT	Prevention of Mother to Child Transmission	WECS	Water and Energy Commission Secretariat
PPP	Purchasing Power Parity	WHO	World Health Organization
PRSP	Poverty Reduction Strategy Paper	WTO	World Trade Organization

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INTRODUCTION

THE MILLENNIUM DEVELOPMENT GOALS IN NEPAL

At the Millennium Summit of September 2000, the Member States of the United Nations adopted the Millennium Declaration, which aims to bring peace, security, and development to all people. The Millennium Development Goals (MDGs), drawn from the Millennium Declaration, are a groundbreaking international development agenda for the 21st century to which all nations are committed. The MDGs outline major development priorities to be achieved by 2015. Numerical targets are set for each goal and are to be monitored through 48 indicators.

As articulated in the Millennium Declaration, the MDGs are benchmarks of development progress, based on such fundamental values as freedom, equity and human rights, and peace and security. While many of the goals have their origins in the international development goals of the 1990s, the MDGs present a revolutionary agenda. This is because, unlike many international declarations which tend to remain in the hands of a few policy makers or concerned institutions, they can be translated into simple and concise language for everybody to understand. The MDGs give people the power to claim their fundamental human rights, such as the right to food, education, health and shelter, and allow ordinary citizens to become active advocates for development.

Since His Majesty's Government of Nepal (HMG/N) endorsed the Millennium Declaration, Nepal has been committed to

THE MILLENNIUM DEVELOPMENT GOALS

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a global partnership for development

achieving the MDGs. As the primary medium-term strategy and implementation plan for reaching the MDGs, the country's Tenth Plan/Poverty Reduction Strategy Paper (2002/03-2006/07) has incorporated the MDGs into its strategic framework, and has highlighted the importance of improving the monitoring mechanism. Furthermore, an MDG Needs Assessment identifies the interventions needed and estimates the resources required to achieve the MDGs by the year 2015 with the aim of helping Nepal shape its future development interventions.

THE SECOND MDG PROGRESS REPORT

In 2002, Nepal published its first MDG Progress Report with support from the UN Country Team. This Progress Report 2005, taking up where the previous report left off, provides the latest insights on the status of the MDGs and the challenges they pose. The year 2005 is the first five-year mark for reviewing the progress made towards achieving the MDGs globally. This second

Progress Report, published in this important year, reflects Nepal's commitment and determination to achieve the MDGs. As a public advocacy tool, this Report will be useful for mobilising ordinary Nepalese, building alliances, and renewing political commitments, both at the national and the international level. The Report is expected to enlarge the national capacity for monitoring and reporting on progress, as well as strengthening the foundation for preparing future national development strategies.

In order to allow the MDGs to reflect a truly national agenda, a highly participatory process was used to prepare this Report. A wide range of stakeholders, from civil society organisations and donors to high-level policy makers, was involved in conceptualising, drafting, and finalising the Report. A series of consultations on sectoral technical papers was conducted with participation from civil society, external development partners (including the UN system), the private sector, and government. Technical papers that include in-depth analysis and detailed policy recommendations provided the basis for this Report. Such participatory processes have helped engage policy makers and top decision makers, as well as members of civil society, the media, the private sector, and the general public in a debate about nationally-defined human development priorities.

ORGANISATION OF THE REPORT

This Report follows the format of the first MDG Progress Report. The introduction section is followed by chapter on 'Meeting the Millennium Development Goals in Nepal'. Eight chapters follow, each assessing Nepal's progress in achieving the MDGs. Each chapter deals with the status of the goal and analyses of the trend, the supportive environment contributing to progress, the challenges being faced, and recommendations for development interventions. The final section points to key monitoring issues that deserve particular attention for future improvement.

The trend analysis is based on information at four points in time – 1990, 2000, 2005, and 2015. The Report uses the set of MDG indicators agreed on at the global level, while some indicators have been adapted to reflect the local context. As a result, more MDG indicators are included in this Report than in the previous one. Occasionally, when no official updated data was available for some indicators, the Report makes use of unofficial data and/or estimates. It should be noted that data in some cases do not fully match the global indicator definitions. Thus, readers are advised to interpret the trend tables with caution and with reference to the text.

MEETING THE MILLENNIUM DEVELOPMENT GOALS IN NEPAL

Landlocked between India and China, Nepal has a population of about 23 million and covers an area of 147,181 sq. km. It is divided into three ecological zones – the Hills, the Tarai, and the Mountains. Nepal has five development regions: Eastern, Central, Western, Mid-Western, and Far-Western. The country is further divided into 14 zones and 75 districts. The 75 districts, with equal number of District Development Committees (DDCs), have a total of 3913 village development committees (VDCs), and 58 municipalities, which are further divided into smaller political units called wards.

Nepal is renowned for its sociocultural diversity of 100 ethnicities, 92 languages, and 9 religions (UNDP 2004). The religious composition of the population shows that 80.6 % of the population is Hindu, followed by Buddhist 10.7 %, Muslim, 4.2 %, and Kirant 3.6 % (CBS 2001).

In 1990, a multiparty democracy was established within the framework of a constitutional monarchy, and a cabinet system of government was instituted. The 1999 Local Self-Governance Act provided key inputs to a decentralised governance system, although its implementation falls short of the stipulated mandates. Post-1990 reforms have been significant, but they have yet to effectively address the issues of exclusion and discrimination in society.

The conflict, which started in 1996, has taken a great toll on people's lives as well as on the political and economic stability of the country¹. A rapid increase in the reported incidents of human rights violations has been drawing increased attention from the international community. Parliament was dissolved in May 2002 with the tenure of elected local bodies ending in July the same year. Since the dissolution of parliament, three interim governments have been appointed by His Majesty the King who assumed direct control in February 2005.

ECONOMY, POVERTY, AND INEQUALITY

The policy reforms initiated in the mid-1980s have started to produce dividends. Remarkable gains were made during the 1990s in access to education, health, and drinking water, among other improvements. While Nepal still remains one of the poorest countries in the South Asian region, it graduated to being classified as a country of 'medium human development' in 2002². In spite of the impressive progress in human development, and the emphasis on good governance and social inclusion in its poverty reduction strategy (Tenth Plan/PRSP), Nepal's development has been limited by a number of constraints which include, *inter alia*, its rugged terrain with inadequate infrastructure, limited resource endowment, high transport

¹ The number of dead amounts to 11,000, and while the full magnitude of the population displacement is still unknown, up to 200,000 people are estimated to be internally displaced (UN 2005).

² Nepal ranked 140th out of 177 countries with a Human Development Index (HDI) value of 0.504 (UNDP 2004).

and investment costs, weak governance, and high population growth.

While the advent of democracy in 1990 brought greater political consciousness and openness, this has yet to be translated into discernible economic and social benefits for large segments of the country's population. This is further compounded by the recent slow-down of development due to the political instability and continued violence in the country, resulting in, among other things, damage to development infrastructure; low private sector investment; disruption to the work of I/NGOs, community organisations and other development agencies; and disruption of production, trade, and transport through frequent closures (NPC 2005). This has, in turn, increased the powerlessness, isolation, and vulnerability of the poor, especially in recent years. Economic performance during the last couple of years has been somewhat disappointing. The economy grew at a rate of only 3.3 % in 2003/04 and performed even worse in 2004/05 with a growth of just 2 % (MoF 2005).

The country witnessed dramatic progress (Matrix 1) in poverty reduction by 11 percentage points from 42 % in 1996 to 31 % in 2004. However, rural-urban disparities still exist, with rural poverty at 35 % compared to 10 % in urban areas, and only 3 % in urban areas of the Kathmandu Valley (CBS 2005). The Mid-Western Region is the poorest, with poverty incidence almost 20 % higher than that of the Central Region. The economy is characterised by a large agricultural sector which provides a livelihood for 80 % of the economically-active population, as well as a small but rapidly growing informal urban economy. The agricultural sector, however, contributes to only 39.2 % of GDP, with a high under-employment rate and low productivity. The stagnation of agriculture has been associated with an increasing reliance by rural households on non-farm income which derives from migrant labour in urban areas

as well as employment abroad (particularly in India, the Middle-East, Malaysia, and South Korea). Remittances play a major role, both as a source of foreign exchange and as a source of income for many households. The households receiving remittances went up to 32 % in 2004 from 23 % in 1996 (MoF 2005). Such trends suggest growing urban pressures as well as significant changes in the rural economy and society, including the feminisation of agriculture.

External conditions have been increasingly challenging for Nepal, which faces a highly competitive environment caused especially by the expiry of the Agreement on Textile and Clothing (ATC) of the World Trade Organisation (WTO) in December 2004. Nepal's accession to the WTO in 2004 offers significant scope for the country's effective integration into the global economy. However, in order to expand trade, facilitate competition, and manage knowledge to create opportunities for growth and pursue its overall development goals, Nepal requires further policy reforms, effective institutions, and improved infrastructure.

The persistence of poverty and inequality are among the key factors which helped fuel the insurgency in Nepal. In order to address the glaring issues of exclusion and discrimination of large sections of the country's population, the government has been undertaking various policy reforms such as scholarship programmes for girls, compulsory female teachers in primary schools, tax exemptions for women when buying land, prohibition of sociocultural discriminatory practices, positive discriminatory policies in the bureaucracy, and targeted and time-bound development programmes. To further promote participatory decentralised governance and to pursue greater efficiency and quality in various services, the government has been devolving a number of functions, such as the handing over of schools and health posts to the communities; as well as agricultural

extension to local bodies. In 2005, the government decided to undertake full devolution in 14 districts of the Kingdom.

GEARING UP FOR ACTION

Nepal prepared its first progress report on the MDGs in 2002. A number of steps have been taken since then to align the MDGs with the national planning process. The Tenth Plan/PRSP (2002-2007) has devised a four-pronged strategy to attain its objectives and goals. These are high, sustainable, and broad-based growth; social sector and infrastructure development; social inclusion and targeted programmes; and good governance. It is encouraging to note that the government has internalised the human development paradigm in shaping its national development plans. However, while the importance of the MDGs has been recognised and most of the targets and indicators have been incorporated in the Tenth Plan/PRSP – the targets and indicators need to be further strengthened in future plans for the attainment of these goals.

In order to strengthen public expenditure management and improve the allocation and use of public funds and their effectiveness for poverty reduction, Nepal has already started to implement three-year, rolling Medium-Term Expenditure Framework (MTEF). This MTEF process has contributed to making the development budget more realistic and to reducing the number of programmes and projects. The MTEF process helps to link programmes and projects more closely with PRSP priorities, and helps to provide adequate funding.

A Poverty Monitoring and Analysis System (PMAS) has been developed and is being institutionalised at the National Planning Commission Secretariat. A District Poverty Monitoring and Analysis System (DPMAS) has also been approved and will be piloted soon in a number of districts. These systems will track the progress of both the PRSP and the MDGs. A number of surveys have also been streamlined and these will be comple-



Table 1: Key Development Indicators

INDICATOR	VALUE	YEAR
Population size (million)	23.2	2001
Population growth rate (%)	2.25	2001
Life expectancy at birth (yrs)	61.9	2001
GNP per capita (US\$)	300	2004/05
Real GDP growth (%)	2.8	2004/05
Inflation (%)	4.3	2004/05
Human Development Index (value)	0.504	2004
Percentage of population below national poverty line	31.0	2003/04
Percentage of underweight children under-five	53.0	2001
Literacy rate 15-24 years old (%)	73.0	2003/04
Net enrolment rate in primary education (%)	84.0	2004
Ratio of girls to boys in primary education (%)	0.86	2004
Mortality rate of under-fives (per 1000 live births)	82.0	2003
Maternal mortality ratio (per 100,000 live births)	415	2002
Prevalence of HIV/AIDS in age group 15-49 years (%)	0.5	2003

mented with a strengthened health and education management information system to provide reliable data on a regular basis to monitor and evaluate performance both at the central and district levels. This has been further complemented by the downsizing of the civil service and merit system in the civil service. Significant efforts are also being made in controlling corruption.

In order to maintain the fiscal balance, the government has initiated fiscal reforms. Contracting the public sector banks out to the private sector has been a big move that has already brought significant change in terms of competitiveness and efficiency in the banking sector.

In order to expedite the achievement of the MDGs, the government has recently completed the MDGs' Needs Assessment, which will provide significant inputs during the formulation of the 11th Plan/PRSP (2007-2012). Consultations with civil society and

the private sector started during the preparation of the Tenth Plan/PRSP and have been expanding during recent years. Greater efforts are still required to strengthen the partnerships with these stakeholders, especially while moving forward towards achieving the MDGs. It is now critical to gear up for action through significant up-scaling of interventions for the achievement of the goals. To facilitate implementation, the future national and district plans must be based on the MDGs as this will provide the national framework for a concerted and integrated approach.

INTERNATIONAL CONTEXT

It is now a well-recognised fact that prosperity in some countries and penury in others pose a grave threat to international peace and security. The Millennium Declaration is a powerful manifestation of such a conviction, and the resultant MDGs are, "The most broadly supported, comprehensive, and specific poverty reduction targets the world has ever established" (UN Millennium Project 2005). Furthermore, it has been strongly argued that, "If we are to achieve the Millennium Development Goals, the heaviest responsibility inevitably must fall on the advanced economies (Figadéro 2004, cited in UN Millennium Project 2005).

Nepal has a long history of working with international partners. Although this partnership has yielded good results especially in areas of education, health, drinking water, telecommunications, road construction, and power generation, there is still a definite need to improve coordination and harmonise aid and debt relief to increase efficiency and effectiveness and to channel development assistance towards the traditionally neglected regions and groups.

A recently conducted Needs Assessment study has estimated that if Nepalese is to achieve the MDGs by 2015, Nepal will expe-

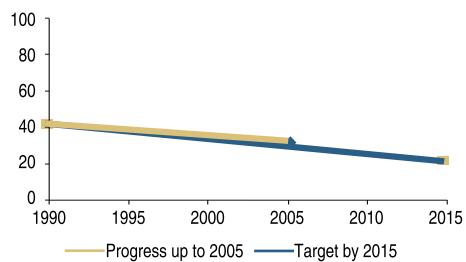
Matrix 1: Nepal's Progress towards the MDGs: Status at a Glance

GOALS	WILL DEVELOPMENT GOAL BE REACHED				STATUS OF SUPPORTIVE ENVIRONMENT			
1 A. Extreme Poverty Halve the proportion of people living below the national poverty line by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
1 B. Hunger Halve the proportion of people who suffer from hunger between 1990 and 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
2. Universal Primary Education Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
3. Gender and Equality Achieve equal access for boys and girls to primary and secondary education by 2005 and to all levels of education no later than 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
4. Child Mortality Reduce under-five mortality by two-thirds by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
5. Maternal Health Reduce maternal mortality ratio by three-quarters by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
6 A. HIV/AIDS Halt and reverse the spread of HIV/AIDS by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
6 B. Malaria and Other Major Diseases Halt and reverse the incidence of malaria and other diseases by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
6 C. Tuberculosis Halt and reverse the incidence of tuberculosis by 2015	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
7 A. Environmental Sustainability Reverse loss of environmental resources	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
7 B. Access to Safe Drinking Water Halve the proportion of people without access to safe drinking water	Likely	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak

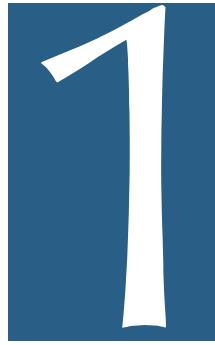
rience a total financing gap of US\$ 7.6 billion for the period between 2005 and 2015 (NPC 2005). Most importantly, for the attainment of the MDGs, international assistance must be well aligned with these needs. However, intensifying violence and political instabil-

ity have been hampering the effective utilization of aid. Restoring peace and democracy in the country, therefore, is of utmost priority to put development efforts back on track and attain sustainable human development through the achievement of the MDGs.

Percentage of population below national poverty line



G O A L



Eradicate Extreme Poverty and Hunger

TARGET 1

Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

INDICATOR	1990	2000	2005	2015 (TARGET)
Percentage of population below \$1 per day (PPP value)	33.5 ^a	NA	24.1 ^a	17
Percentage of population below national poverty line	42 ^b	38 ^c	31 ^a	21
Poverty Gap	NA	11.75 ^d	7.55 ^a	-

Source: a CBS/World Bank 2005 (based on NLSS 2004 and 1995 data). b CBS 1996.

c NPC 2003 (PRSP/Tenth Plan). d NPC 1998.

STATUS AND TRENDS

In 1996, 42 % of all Nepalese were living in poverty. Eight years later (in 2003/04), this figure dropped to 31 %. The probable reasons for this decline were: remittance-supported consumption, increased income from agricultural labour, the massive increment in the economically active population, rapid urbanisation, and an increase in non-farm incomes (CBS/World Bank 2005).

During this period, the Poverty Gap Ratio declined from 0.12 to 0.075, which meant that on average, poor people have moved closer to the poverty line. During this period, real private per capita consumption increased by 42 %, representing a high increment in income.

For the most part, poverty in Nepal continues to be a rural phenomenon, which is further substantiated by the NLSS 2004 data, showing that 95 % of the poor live in rural areas. Further, substantial disparities exist in poverty incidence across Nepal's three agro-ecological zones. Wide variations in poverty levels were also reported based on the rural-urban divide, ecological zones (mountains, hills, and the Terai), gender, ethnic groups, and occupational castes.

In 2004, poverty seemed to vary according to land ownership and major sources of livelihoods (own-farm agriculture, agricultural wage labour, and non-farm). Households headed by agricultural wage labourers are the poorest (poverty incidence of 46 %), while

households headed by those self-employed in agriculture made up the second poorest group. The 2004 data points to the significance of literacy/education in reducing poverty; illiterate households have a 42 % of poverty rate, while households with more than 11 years of schooling have a poverty rate of a mere 1.6 %. Further, caste and ethnicity are important variables that reflect variations in poverty rates. For instance, the lowest consumption levels are among low-caste *Dalits* with a poverty incidence of 46 %, Muslims with 41 %, and hill *Janajatis* (ethnic communities) with 43 %. Low-caste *Dalits*, in particular, have a 15 % higher incidence of poverty than the national average.

Another notable trend during the past eight years is that of increasing inequality, which is visible from data on the share of various expenditure groups in relation to total expenditure. Based on this indicator, per capita

expenditure inequality increased from 1996 to 2004. Furthermore, the real per capita expenditure (PCE) increased for all households but increased to a far greater extent for richer households.¹ In the same period, the estimate for the Gini coefficient, a commonly used inequality indicator, increased from 34.2 to 41.4. As expected, in 2004, inequality based on PCE in the urban areas was higher than the inequality in rural areas (CBS/World Bank 2005).

Based on the rapidly declining proportion of the population below the national poverty line, the goal of reducing the poverty incidence to 21 % by 2015 seems achievable. Similarly, reducing the percentage of the population living below \$1 per day to 17 % by 2015 is also attainable. The data also shows that poor people have, on average, moved closer to the poverty line in 2004 indicating improvement in their livelihoods.

¹ For instance, for the lower three quintile groups, PCE increased annually by less than 3 % while for the highest quintile groups, the rate of increase in PCE was 3.7 % and 6.4 % per annum.



SUPPORTIVE ENVIRONMENT

The Tenth Plan's 'four pillar' poverty reduction strategy includes broad-based economic growth, social sector development, targeted programmes and social inclusion, and good governance. To achieve high and broad-based economic growth, the PRS argues for greater productivity in agricultural and non-agricultural sectors, along with recovery in manufacturing, tourism, and exports. The PRS adopts agriculture growth strategies as stipulated in the Agriculture Perspective Plan (APP), and for the non-agricultural sector it emphasises the need to reduce the role of the state in economic activities and create an environment more conducive to private sector development.

The APP takes agriculture as the engine of growth, and aims to accelerate the agricultural growth rate by 2 percentage points, from 3 % to 5 % per annum through concentrated investment in a small number of input priorities and high-value commodity priorities. The APP concentrates on four input investment priorities: irrigation, rural roads and power, technology, and chemical fertiliser. In spite of the weak implementation of APP, the availability and use of fertiliser increased and the length of rural roads almost doubled.

Apart from the policy reforms in the agricultural sector, many such reforms were implemented in other sectors and areas during the 1990s and before. The reform measures in the industrial sector included the delicensing of industries and the opening up of foreign investment. The monetary and financial sector reforms included the deregulation of interest rates and the liberalisation of financial activities for private sector participation. The trade liberalisation was further accelerated in 1990s. On the fiscal front, changes in the tax slabs and tax cut measures were introduced with the introduction of Value Added Tax.

In spite of security problems compounded by political uncertainty, which posed a threat to the sustained growth and poverty reduc-

BOX 1.1: THE FEMINISATION OF POVERTY

The increased feminisation of poverty is not surprising in a country like Nepal due to prevailing gender disparities between women and men, and the on-going conflict with its devastating impact on women. It is a fact that women on average face a relatively larger burden of poverty compared to men. The NLSS 1996 indicated that female-headed (and/or widow-headed households) had a higher incidence of poverty. However, this finding is not substantiated by the NLSS 2004, based on which female-headed households exhibit a lower incidence of poverty (probably due to male migration and resulting remittances). The 2004 data further shows that households with a greater number of small children and/or a larger number of household members are poorer. Also, poverty-stricken families are further torn apart by the conflict, which, at times, has contributed to the forced recruitment of young people, including women and children, into the Maoist militia.

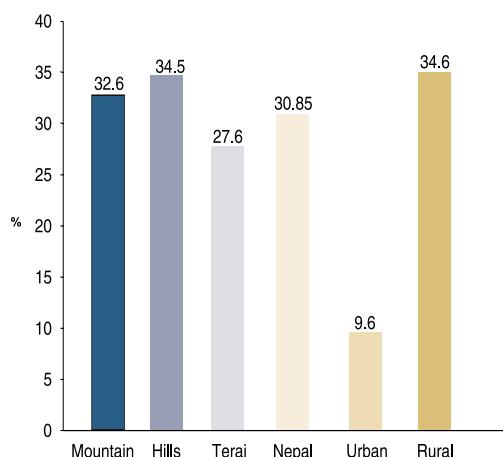
Similarly, the feminisation of agriculture combined with the on-going conflict in recent years has contributed to greater vulnerability among women in the farming sector. For instance, the census data shows that the proportion of females in agriculture has been increasing steadily from 37 % in 1981, to 45 % in 1991, and 49 % in 2001. Conversely, men's share in agriculture decreased progressively during this period. Women seem to be replacing the outgoing men in subsistence agriculture. Over the years, women's participation in the non-agricultural sector has been increasing more rapidly than men's. Based on these two indicators (a greater concentration of women in subsistence agriculture and their increased involvement in the non-agricultural sector) one study has warned that a greater number of women are being employed in the most vulnerable sectors of the economy, subjecting them to greater risks of poverty and deprivation

Source: UNDP 2004.

tion objective of the PRSP, implementation of a prudent fiscal and monetary policy supported by a number of sectoral and structural reform measures helped the government to improve the macroeconomic situation gradually over these years. With such initiatives, GDP growth (which turned negative in 2001/02) started to improve, revenue collection remained buoyant, domestic borrowing and inflation remained in control, and the balance of payments position was further strengthened. However, the growth rate in the recent past was low, with only 2 % growth in 2004/05, compared to 3.3 % in 2003/04. During 2004/05 agricultural and non-agricultural GDP are estimated to have grown by 2.8 % and 1.6 % compared to 3.9 % and 2.9 % respectively in 2003/04.

In addition to the macro-level supportive environment, several micro-level actions have been initiated to provide basic social services that address various aspects of in-

FIGURE 1.1: Proportion of population below poverty line 2004



Source: NPC 1998; CBS/World Bank 2005.

come poverty and human poverty. Such initiatives largely incorporate one or more of the following components: building rural infrastructure, provision of priority social services, targeted interventions such as micro-credit and income generation, decentralisation, and social mobilisation.

Lately, the government has taken a noteworthy initiative, 'Assisted Economic Migration', which provides loans at subsidised interest rates to assist individuals, particularly conflict-affected youths and women, to travel abroad for foreign employment. In recent years, the role of NGOs, CBOs, and the private sector has also been promoted to ensure effective implementation. The government has also recently been more sensitive to the issue of monitoring and evaluation to gauge progress against poverty. Efforts are increasingly made to track the progress of programmes/projects and monitor their impacts right from the local level. Besides assessing programmes, the government will use the information to look at policies to verify which policies work – and which do not – to move closer towards the poverty reduction targets.

CHALLENGES

The higher growth of the 1990s could not continue with the start of the new millennium due to the rapid decrease in the growth of the non-

agricultural sector, and the modest growth of the agricultural sector, owing to the existing conflicts in the country, among other factors. Therefore, Nepal's principal challenge is to increase the sectoral and overall growth rate. The decrease in the incidence of poverty can not be sustained if peace is not restored in Nepal.

The increasing supply of labour in the market has been partially absorbed by the foreign labour market, which serves as a cushion for stabilising the economy and maintaining a favourable balance of payments. However, this has resulted in the feminisation of agriculture, and impeded the increase in agricultural productivity and productive base of the economy. The benefits of foreign employment could possibly be disproportionate to the poor and excluded strata of the population, wherein unemployment and underemployment is higher.

The weak implementation of policies and programmes is a great challenge. In many cases, the implementation phase often overlooks the concerns and needs of intended beneficiaries, partly due to low involvement and the participation of different stakeholders in the process of planning. There is also a need to improve governance to promote accountability and transparency.

Furthermore, the ongoing violence has taken a heavy toll on the economy and the people. The total security expenditures (including the military, armed police force, and civil police) have significantly increased in order to meet the nation's defence needs – from 1.82 % of GDP and 9.7 % of the annual budget in 1998 to 3.3 % of GDP and 15 % of the annual budget in 2005 (MoF 2005). During the 1990s, Nepal had achieved tangible progress on the social development front and efforts had been made to strengthen and empower democratic institutions to address social, economic, and political issues (UNDP 2004). However, various initiatives in decentralisation and social mobilisation are

under severe threat due to the ongoing conflict. The intensifying security threat has seriously hampered development activities. Along with human lives, physical infrastructure and services are being frequently targeted. These developments have seriously eroded potential government revenues and created additional expenditure demands for security, thereby posing a formidable challenge for public resource management.

Based on the findings of the MDG Needs Assessment Study, the total financial resource needs for 2005 (at 2004 prices) estimated for achieving Goal 1 (including poverty and hunger) is Rs. 19.796 billion, which will go up to Rs. 30.561 billion in 2010, and to Rs. 42.625 billion in 2015. Of these total needs, interventions related to raising agricultural productivity claim the largest share – approximately 64 % of the resources. Interventions aimed at expanding rural employment and other rural income would require nearly 15 % of resources in 2005 whose share gradually declines to about 11 % in 2015. The financing gap is envisaged to rise gradually, from Rs. 11 billion in 2005 to over Rs. 22 billion in 2015.

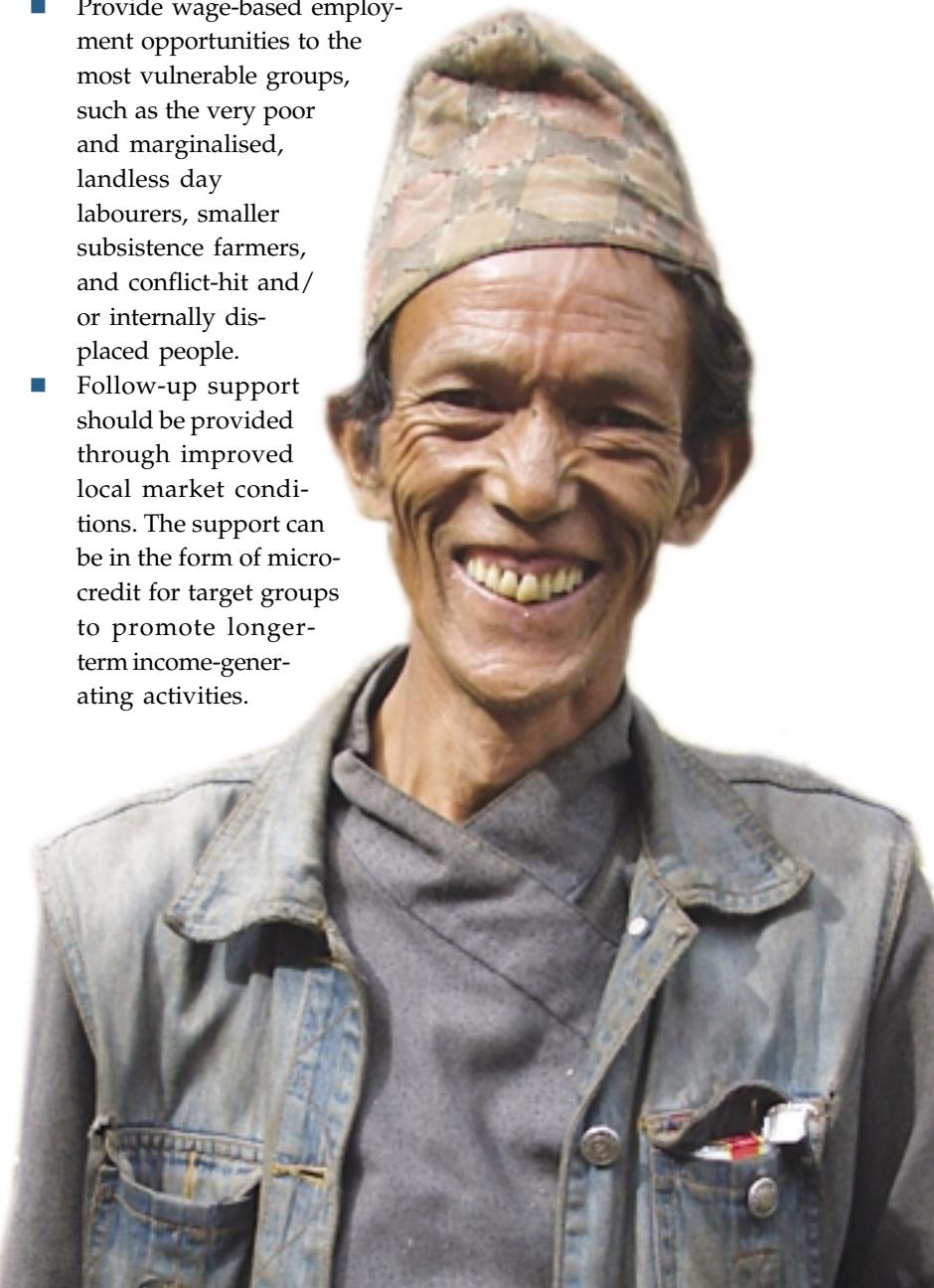
RECOMMENDATIONS

Progress in poverty reduction requires broad-based growth, mainly through agricultural and rural development. Growth has to be made pro-poor in light of the rising inequality in recent years. Effective implementation of APP, among others, is crucial for increased agricultural productivity of major food grains, increasing crop diversification, commercialisation, and the modernisation of agriculture.

Evidence suggests that access to work to supplement agricultural income is vital in efforts to alleviate poverty. Conversely, inadequate access to wage work is the reason why people remain poor. Therefore, a comprehensive employment programme should be implemented in the immediate future,

which should preferably incorporate the following considerations.

- Encourage investment in labour-intensive activities, which are pro-poor; and support pro-poor programme and projects such as food-for-work programmes.
- Focus on public works and infrastructure, and improve service delivery for the poor by supporting programmes such as the Rural Access Programme.
- Offer appropriate training based on market demand, including skills training for poor and disadvantaged groups.
- Provide credit to the poor and disadvantaged groups at a low cost to help expand their opportunities including utilisation of their skills and search for foreign employment.
- Provide wage-based employment opportunities to the most vulnerable groups, such as the very poor and marginalised, landless day labourers, smaller subsistence farmers, and conflict-hit and/or internally displaced people.
- Follow-up support should be provided through improved local market conditions. The support can be in the form of micro-credit for target groups to promote longer-term income-generating activities.



- Provide skill enhancement training and other information for overseas workers.
- Special employment programmes should be implemented particularly for unemployed youths.

Given the reality of widespread social exclusion, significant strengthening of PRSP implementation is required. In most cases, poverty reduction programmes require action at multiple fronts and follow-ups for an extended period. All beneficiaries should participate in all the relevant phases of projects/programmes, including design, implementation, operation and management. Experience shows that programmes with elements of decentralisation and social mobilisation have been promising. In order to make the poverty reduction initiatives much more inclusive, CBOs, user groups, NGOs, and INGOs should be involved in

both social mobilisation and service delivery processes. Bringing excluded people into the mainstream by building their capabilities and investing in required infrastructure, skills training, education, is necessary.

As highlighted above, institutional capacity building is essential for the delivery of various support services in an effective manner at all levels. The critical need is to enhance the implementation capacity in terms of organisation and resource mobilisation at all levels. Appropriate institutional measures are needed to replicate the successful programmes and also to monitor their performance over time. Institutional capacity building of the local bodies in planning, monitoring and evaluation, and financial management is necessary; and local people should be empowered through encouraging the participation of users groups in various development activities.

TARGET 2

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

INDICATOR	1990	1995	2000	2005	2015 (TARGET)
Percentage of population below minimum level of dietary energy consumption	49 ^{a,1}	NA	47 ^{a,2}	NA	25
Percentage of underweight children aged 6-59 months (>-2 S.D.)	57 ^b	47 ^c	53 ^d	NA	29
Percent of stunted children aged 6-59 months (> -2 S.D.)	60 ^b	54 ^c	55 ^b	NA	30

Source: a HMG/United Nations Country Team of Nepal, 2002 (a.1: 1992 data; a.2: 1997 data).

b Extrapolation based on the trend between 1975 and 2000.

c Nepal Micronutrient Status Survey (NMSS) 1998/99.

d Department of Health Services (DOHS)/New ERA 2002; UNICEF 2005 (calculated for the age group based on NDHS 2001 data).

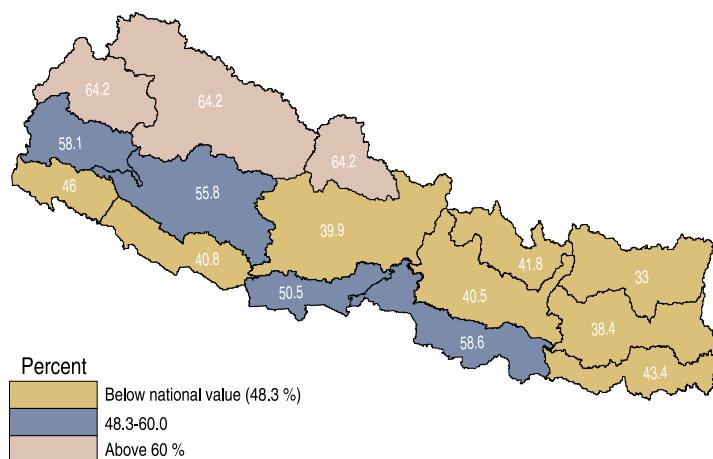
STATUS AND TRENDS

One of the causes of hunger is inadequate food security. Several studies have underlined the finding that sufficient overall production is a minimum condition for food security, but it is not a sufficient condition on its own. Food security cannot only be examined from a national perspective but must be looked into at the micro-level to encompass household and, preferably, intra-household levels. This is particularly so in Nepal, given the discrimination against girls, women, the elderly, and the disabled. The World Bank defines food security as 'access by all people at all times to enough food for an active, healthy life'. Food security must be viewed in terms of availability (production of food); access (economic and social access to food); and utilisation (proper processing of food items into food).

Overall, the agricultural sector has not been able to exhibit impressive



MAP 1.1: Prevalence of population underweight (moderate and severe)



Source: MoH_NDHS 2001; Nepal Demographic and Health Survey 2001; Department of Health, MoH, HMG Nepal 2002.

performance and especially in recent years, the situation has deteriorated because of the insurgency (Sharma 2003). Surprisingly, food production improved and surplus food-grains have been reported since 2000 (DOA 2002), although food availability remains uneven. For example, some of the hill and mountain regions have been vulnerable to food insecurity.

Because a key feature of food security is access to sufficient food by all people at all times, various health, nutrition, and consumption surveys examine access. It is possible that households not producing sufficient food can be consuming sufficient food through exchange systems, such as by the purchase/exchange of food, or by borrow-

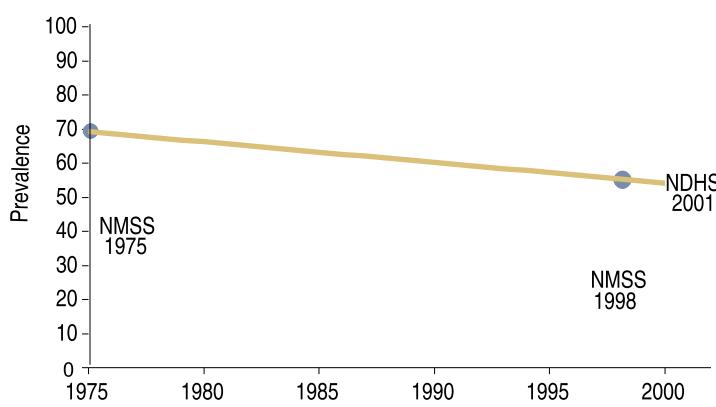
ing food or money to purchase food. In Nepal, especially in the hills and mountains, one way of ensuring food access within families with less food self-sufficiency is labour migration. A study shows that on average, a household can provide itself with food from its own farming activities for only 6-7 months, and as a result many households resort to labour migration either to foreign countries or to urban areas of Nepal (Adhikari and Bohle 1999).

Another way of understanding hunger is to look at child malnutrition. Malnutrition is a serious impediment to children's overall development. The most common forms of malnutrition are: protein-energy malnutrition (PEM), iodine deficiency disorders, and deficiency of iron and Vitamin A. The 1998 Nepal Micronutrient Status Survey reported that 90 % of Nepalese children are suffering from one or another form of malnutrition. There are wide disparities in malnutrition across regions and ecological zones. For instance, in the mountains, stunting (a child being short for his/her age – a sign of chronic under-nutrition); being underweight (a child having low weight for his/her age); and wasting (a child being thin for his/her height, an indicator of acute malnutrition) are more prevalent than in the Terai. Likewise, the rate of stunting in the rural areas is much higher than that in the urban areas.

The major direct cause of general malnutrition, also referred to as protein-energy malnutrition, is inadequate availability of calories, which is the result of low food intake and a high burden of disease, or more commonly a combination of both. Underlying causes are inadequate access to food, insufficient basic health services, an unhealthy environment, and inadequate care of children, pregnant, and lactating women.

The nutritional status of children less than five years old has seen only modest improvement since 1975, when the first nationwide survey was conducted. It is clear that the proportion of underweight children has re-

FIGURE 1.2: Prevalence of population underweight (moderate and severe)



duced hardly at all when the baseline value for 1990 and the status in 2001 are compared. For instance, between 1975 and 2001, stunting among children aged 6-59 months was reduced from 69.4 % to 54.7 %, a reduction of only 0.6 percentage points by year. If this reduction rate is maintained, the rate of stunting will be 47 % in 2015. This is far higher than the goal of reducing the stunting rate of 60 % in 1990 to 30 % in 2015. This means that unless the reduction rate is significantly increased, it is highly unlikely that Nepal will attain the MDG goal.

As for the proportion of the population below the minimum level of dietary energy consumption, a lack of reliable current data has made it difficult to assess the exact status and trends in this regard, thereby warranting additional work in this area. However, given the modest reduction in child malnutrition over the last decades, it seems unlikely that Nepal will achieve the target of reducing by 50 % the proportion of people who suffer from hunger by 2015.

SUPPORTIVE ENVIRONMENT

After the political change in 1990, the government vigorously pursued liberalisation policies, and especially by the mid-1990s, it was realised that the benefits of these policies needed to be channelled to the poor. A number of measures were adopted to gradually remove subsidies, deregulate price controls of agricultural inputs and products, and encourage the private sector's involvement in producing and marketing agricultural products and inputs.

The basic premise of the APP, implemented since 1997, was the overall economic development triggered by high growth in agricultural production. The APP set out to improve food security and poverty through a number of measures. These entailed increasing the income of poor and small farmers through employment creation from agricultural growth and the intensification of small farms with high-value crops; removing the

BOX 1.2: WFP - MOTHER AND CHILD HEALTH CARE (MCHC) ACTIVITY

The Mother and Child Health Care (MCHC) activity - supported by the World Food Programme (WFP) in collaboration with the government's health structure - provides a 7 kg monthly take-home ration of fortified blended food to expectant and nursing mothers and children between 6 and 36 months. All expectant mothers receive deworming tablets after the first trimester of pregnancy. Additionally, all beneficiary mothers and caretakers of beneficiary children receive information on nutrition and health, safe motherhood, hygiene, and HIV/AIDS. In line with the HMG/N objectives, the activity aims to: a) prevent or reduce the prevalence of underweight young children; b) reduce iron-deficiency anaemia among expectant and nursing mothers and young children; c) raise awareness and knowledge about their health and nutrition; and d) increase regular utilisation of community-based and MCHC outreach services including growth monitoring. The target of the MCHC is to support 9100 expectant and nursing mothers and 26,600 children from 6 to 36 months per annum in 10 districts.

The greatest success of the MCHC activity is to bring the mothers and children to the community health facilities. The food incentives attract people willing to receive antenatal and postnatal care and growth monitoring to the outreach clinics, which otherwise tend to be non-operational in many places.

WFP conducted a baseline survey (2002) and a follow-up survey (2004) which showed a significant reduction in the prevalence of underweight children - from 46.7 % to 29.3 % in Makwanpur. Similarly, the percentage of anaemia dropped from 67 % to 43 % for expectant mothers and from 73.5 % to 22 % for nursing mothers in the same district. Doti also saw a steady reduction in underweight children as well as in anaemia among pregnant women. However, the percentage of anaemic nursing mothers has increased from 25 % to 33 % in Doti. This could be due to the sharing of food between family members or to the fact that nursing mothers visit the health facilities less frequently and consequently receive less postnatal care services (including counselling, health education, and fortified food). The major difference in the mode of implementation in Makwanpur and Doti districts was the advocacy component, which was found to be weaker in Doti, and this brings out an important lesson - that awareness-raising activities are the key to the success of similar types of programmes.

Source: WFP 2004.

greatest barriers to the poor's participation in the growth process; empowering the poor and needy, particularly women, in the growth process; and implementing supplementary activities for food security such as short-term food aid, the distribution of food aid through NGOs, the implementation of Food-for-Work programmes by WFP, GTZ, and DFID, and foodstock maintenance.

Also, several micro-level initiatives have aimed to increase food security in targeted areas since the mid-1970s (Food-for-Work). Under the food aid programme, the government provided subsidies to the Nepal Food Corporation (NFC) to transport food-grains

to designated 'remote areas' with a high incidence of poverty and hunger. Similarly, several programmes are in operation that target children by providing them with schooling and food assistance. One such example is the Primary School Feeding Programme, which provides midday snacks to encourage enrolment and daily attendance, particularly of girl students, in government-run primary schools.

In an effort to improve the nutritional status of children, major policy initiatives include three national-level nutrition strategies developed in 1978, 1986, and 1998. A National Nutrition Coordinating Committee has been created, and Nutrition Focal Points have been set up at key ministries. In addition, several noteworthy programmes include the Expanded Programme of Immunisation, the

Control of Diarrhoeal Disease Programme, the Acute Respiratory Infection Control Programme, and the Decentralised Action for Children and Women. The National Vitamin A Programme has proven to be quite effective, mainly due to the successful mobilisation of Female Community Health Volunteers (FCHVs). Likewise, the Anaemia Control Programme has been effective in reducing the rate of anaemic women and children. A national deworming programme, covering all 75 districts since 2004, shows initial signs of success in reducing anaemia among children (UNICEF 2005).

CHALLENGES

While a number of small-scale and targeted food-assistance programmes and projects are in operation, including subsidies for food-grain transport to remote areas, initiatives to provide mid-day meals in a significant number of primary schools, and food assistance for natural and other disasters (Perry 2000), food security has never constituted a major plank of policy making and programming (Mishra 2001). The food assistance programme remains cost-ineffective due to geographical constraints and high operational costs, and the centralised distribution system.

Given the widespread rural poverty in Nepal, non-improving agricultural productivity, and massive food deficits in parts of the country, the goal of halving hunger-affected people between 1990 and 2015 will be a daunting task. Multiple types of malnutrition remain a common problem among rural children as iron-deficiency anaemia affects almost all children at pre-school levels. In spite of some successful interventions such as the Vitamin A programme and the expanded programme on immunisation, improving child nutrition is a tremendous task, warranting different interventions at multiple levels.

As highlighted in Target 1, conflict and the resulting violence emerge as a major chal-



lenge to achieving the goal of reducing hunger and malnutrition. Lately, various successful initiatives such as infrastructure building and Food-for-Work programmes have been hit hard. There have been several incidents of food-grains meant for beneficiaries of the Food-for-Work programmes being taken by the insurgents. In rural areas, the fear of violence has severely disrupted the normal mobility of people, thereby hampering food distribution of the Nepal Food Corporation, for example. As a result, food insecurity has become more challenging, and has widened the disparities across regions.

As stated in the previous chapter, out of the total financial needs required for achieving Goal 1, agriculture-related interventions claim the largest share, followed by interventions aimed at expanding rural employment and other means of earning income in rural areas. The next major chunk of resources needed is for targeted food assistance, whose share will go from 12 % in 2005 to 15 % in 2015. The MDG Needs Assessment exercise has made it clear that the estimated amount of resources required for the implementation of the MDG hunger/agriculture intervention packages is considerably higher than the government's current budgetary allocation. It should be noted that the needs assessment exclusively reviewed agriculture-related interventions, and not interventions directly aimed at addressing malnutrition, such as promotion of, and education on, improved childcare and feeding. Neither did it include interventions aimed at reducing child disease and improving hygiene and sanitation, which are covered under other MDGs.

RECOMMENDATIONS

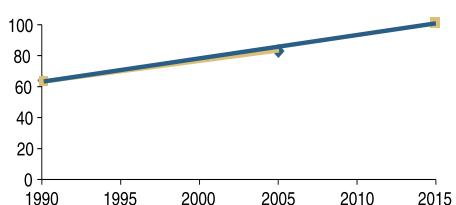
At the policy and institutional level, there should be a focus on addressing the root causes of food insecurity, considering its three components: production, access, and utilisation. As suggested, the achievement of broad-based growth, mainly through agriculture, is vital to achieving the target of reducing hunger. To this end, subsistence farmers must be mobilised to help identify and develop suitable technologies as well as to implement institutional reforms. A more effective implementation of the strategic actions, as envisioned by the APP, is crucial for reducing poverty and improving the food security situation.

A comprehensive programme to tackle the hunger issue should involve and promote several components such as improved access to food at the household level, improved feeding of young children, improved access to basic health services, improved access to safe drinking water, sanitation, and infrastructure.

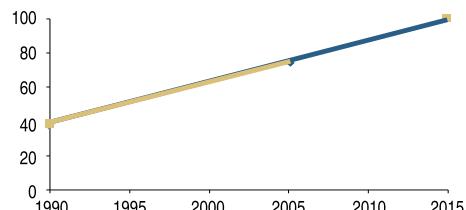
Appropriate programmes should be devised and implemented to directly benefit the conflict-hit people such as the Assisted Economic Migration and Food-For-Work programmes.

Successful programmes should be replicated to cover as many people and communities as possible. Preferred programmes in this context are the Food-for-Work programmes, micro-credit and income generation programmes, women's empowerment programmes, and interventions using community approaches and interpersonal communication as ways to improve the care provided to young children.

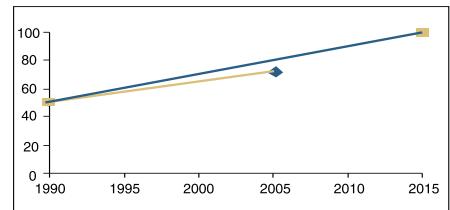
Net enrolment rate in primary education (%)



Percentage of pupils starting in
Grade 1 that reach Grade 5



Literacy rate of 15- to 24-year-olds



— Progress upto 2005 — Target by 2015



GOAL



Achieve Universal Primary Education

TARGET 3

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete primary schooling

INDICATOR	1990	1995	2000	2005	2015 (TARGET)
Net enrolment rate in primary education (%) ^a	64	69	81 ¹	84 ²	100
Proportion of pupils that start Grade 1 and reach Grade 5	38 ^b	NA	63 ^c	76 ^{c,1}	100
Literacy rate of 15-24-year-olds	49.6 ^d	56.2 ^e	70.1 ^f	73.0 ^g	100

Source: a MOES 1990-1999; DOE 2000-2004 (1: 2001 data; 2: 2004 data). b HMG/N-NPC National Report on follow-up to the World Summit for Children 2001 (1994 data). c MOES, School statistics (1994-2003) (c.1: 2004 data). d CBS 1991; e CBS 1996; f CBS 2001; g CBS 2004.

STATUS AND TRENDS

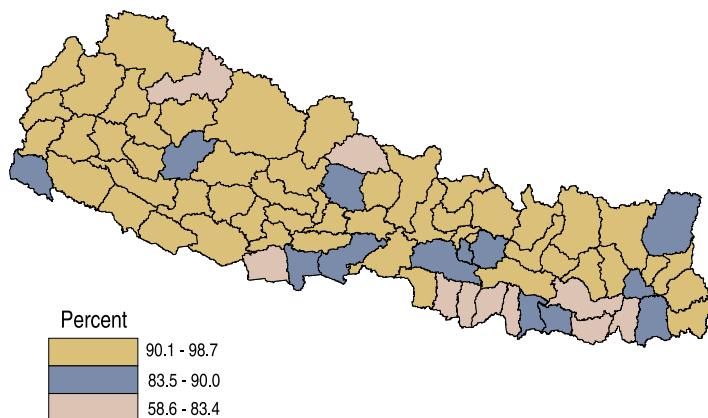
Given the recent progress of the net enrolment rate (NER) in primary education, it seems less likely that Nepal will achieve the target of universal primary education by 2015. Furthermore, unless special initiatives to reach children from disadvantaged families are introduced, it will be difficult for Nepal to maintain the same pace of improvement and reach 100 % – the MDG target.

The NER in Grades 1-5 in the past ten years show better coverage and enrolment. Overall, the NER increased from 69 % in 1995 to 84 % in 2004 according to data from the Ministry of Education and Sports. However, recent survey data suggests that the actual attendance rate is lower, at 72 % in 2004 (CBS 2004). The improvement in the enrolment

rate for girls was much better than for boys, and the gender gap in NER reduced from 23 % to 12 % in the same period. As for youth literacy, with a steady annual increase in the literacy rate, three-quarters of the group aged 15-24 is literate as of 2001.

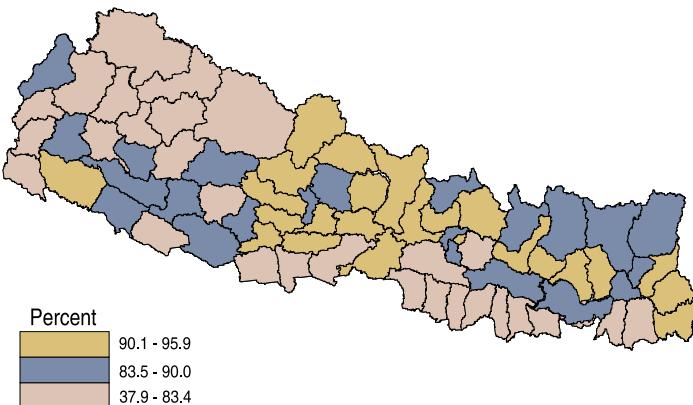
Although 76 % of the children enrolled in Grade 1 reached Grade 5 in 2004, a 13 % jump from 2000, significant numbers of children continue to drop out of school before completing their primary education cycle. There are no major gender disparities between boys and girls, with girls sometimes doing better than boys. This means that if a girl starts school, she is just as likely as the boys to reach Grade 5. Although there is room to improve the data quality for this indicator, the general trend in the last five years is

MAP 2.1: Male net enrolment ratio in primary education, 2003



Source: MoE_Education Statistics of Nepal 2003 Statistics Section, MoES, HMG Nepal 2004.

MAP 2.2: Female net enrolment ratio in primary education, 2003



Source: MoE_Education Statistics of Nepal 2003 Statistics Section, MoES, HMG Nepal 2004.

that more children who start primary school are reaching Grade 5. The most problematic is the first year: only half the children who enroll in Grade 1 are promoted to the next grade. The rest either repeat the year (34 % in 2003) or drop out (15 %).

The increase in net enrolment has been accompanied by an uneven progress across the country and among different groups. The NER in the Central Terai was 23 % lower than in the highest area, the Western Hills, and the Central Development Region was lowest (80.4 %) among the five development regions. Girls' enrolment in three districts – Mahottari, Sarlahi and Rautahat – fell below 50 % in 2003. (DoE, MoES 2004).

The attainment of the national educational goal depends much on the progress made

by disadvantaged and marginalised groups, such as the low caste Dalits, ethnic communities, and women. The educational attainment of Dalits remains below the national average, with two-thirds of them being illiterate (UNDP 2004). Likewise, the 2001 population census showed the literacy rate to be below even 10 % in the Musahar and Dom communities. Among the ethnic groups, which make up 37.2 % of the population (CBS 2001), the literacy rate of the Magar, Newar, Rai, Gurung, and Limbu is higher than the national average. However, out of 100 ethnic groups, 64 groups have literacy rates below 50 %. Two large groups – the Tharu and Tamang – and 30 indigenous groups fall below the national average in literacy and educational attainment (UNDP 2004).

As for gender disparity, while the enrolment of boys remained higher than that of girls in 2004, the gender gap has narrowed, as measured by the improvement in the Gender Parity Index (GPI) from 1998 to 2004 (Fig 2.1). However, the enrolment of girls is lower as they grow older (UNDP 2004), with girls less likely than boys to complete schooling. In rural areas, the tendency is to send only boys to school, whereas in urban areas, there are cases where boys are sent to private schools while girls are sent to public schools. Despite the increasing trend of female literacy, females still lag far behind males, as evidenced by the 25 percentage difference between males and females in the 6+ age group (CBS 2004). While recruitment of female teachers has been promoted to encourage girls' attendance in school, out of the total 101,483 primary school teachers, only 30 % are female (for more details on gender disparities see Goal 3, 'Promote Gender Equality and Empower Women').

SUPPORTIVE ENVIRONMENT

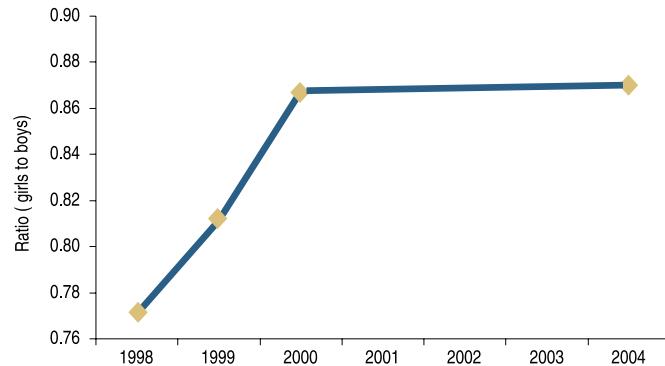
Nepal made a firm commitment to achieve the goals of Education for All (EFA). The National Plan of Action outlined specific objectives, programmes, targets, strategies, and financial provisions, and set the national

targets of universal access to primary education, eradication of illiteracy, and elimination of the gender gap by the year 2015, which are all in line with the MDG targets. An added goal, besides other EFA goals, is "Ensuring the rights of indigenous people and linguistic minorities to quality basic and primary education through their mother tongue." All the educational programmes related to basic and primary education in both the government and non-government sectors are directed toward the EFA goals.

The PRSP/Tenth Plan also emphasises the universalisation of primary education to equip citizens with the knowledge and skills to lead better lives. The Tenth Plan envisages a NER of 90 % in primary education, 70 % literacy in the 6+ age group, 63 % in the 15+ age group, and female literacy of 55 % by 2007. To achieve these targets, the Ministry of Education and Sports (MOES) is committed to improving the efficiency of the education system, increasing access to primary and secondary education, expanding literacy programmes, promoting early childhood development centres, and expanding opportunities for technical and vocational education. Other commitments of MOES are to increase investment and efficiency by reducing drop out and repetition rates, and to increase promotion rates through the Continuous Assessment System (CAS) mechanism. The implementation of adequate scholarship programmes has been adopted by MOES as one of the mechanisms aimed at reducing drop out and repetition rates among the disadvantaged population. The system of providing scholarships, cooking oil, and midday meals has been partially effective in bringing children to schools by offering an economic incentive.

Recognising the importance of a proper education policy for bringing about greater equity, the Education Act (Eighth Amendment 2004), and the Education Regulations 2002 (revised 2005) have been put into effect. Other major policies for educational development include: free primary education; a teacher

FIGURE 2.1: Gender parity index 1998-2004



Source: DOE MOES HMG/N 1998-2004.

licensing system for quality education; decentralisation of school management including transfer of management to communities; grants to schools; empowerment of school management committees; scholarship programmes for children from disadvantaged communities; direct parental involvement in School Management Committees (SMCs) through election; discouraging teachers' direct involvement in politics; and establishing Village Education Committees

BOX 2.1: WHERE GIRLS AND BOYS ARE ON A PAR: A CASE IN OKHALDHUNGA

The Patana Devi Samudayik Primary School, one of the schools supported by the Community Owned Primary Education (COPE) programme associated with the Ministry of Local Development and implemented with UNDP assistance, enrolls children from Parbaje village in Pokali VDC. Children aged 6-10 years make up 15 % of the village population of 397. About 95 % of the population are disadvantaged groups such as Tamang, Sarki, Damai, and Sunwar. The literacy rate of villagers above 10 years is 61 % (75 % for males and 44 % for females).

The school began in 2000 with 29 students in Grade 1, out of which 11 were girls. In 2003, the school expanded to Grades 1 to 4. Girls made up 49 % of the total students, and almost all girl-children in the catchment area are now enrolled. Thus, the school has achieved the MDG Target 4 of eliminating gender disparity in education.

All the teachers in COPE schools are local women, including in the Patana Devi Samudayik Primary School. These teachers have passed the School Leaving Certificate (SLC) examination. Supplementary training is provided for teachers on community mobilisation and participation, and on gender and human rights issues, which helps to raise their sensitivity to the needs of children of socially and economically disadvantaged communities. In addition, the COPE experience shows that community ownership and management of primary schools works well, especially in poor and isolated pockets of the country to provide quality education to poor and disadvantaged children at their doorsteps.

Source: European Union (2005): BPEP II Evaluation Report.

to ensure access to education and regular monitoring. The government's emphasis on education can be acknowledged by the budget it allocates annually. Of the total budget in 2003/04, 16.2 % was for education sector which has been increased to 17 % in 2004/05.

The development of bi-annual 'flash reports' to provide brief information on the core EFA indicators has been initiated. The two-year backlog of Education Management Information System (EMIS) data at the start of 1999 has been reduced. Up-to-date data, including gender disaggregated data, is available for planning purposes.

CHALLENGES

Nepal faces many challenges in achieving the MDG goals, of which the most potent one is the decade-long insurgency. It is difficult to determine the exact number of school-age children who have been denied access to schooling, especially in areas affected by

the insurgency. There has been an influx of children to relatively secure areas resulting in overcrowding in schools in or near district capitals. Development activities in many of the most affected areas are severely constrained.

There is no doubt that educational institutions have been adversely affected by the conflict in numerous ways. For instance, a significant number of school days have been lost as a result of forced closures – whether as a result of education-specific strikes or general shutdowns. The closure of educational institutions has also impacted teacher training. Some regional- and district-level government education offices have been bombed and destroyed or partially damaged. The lack of local elections as a result of the security situation has a direct impact on the implementation of educational reforms.

Quality of education is what makes education relevant. While the EFA anticipates qual-



ity primary education, the enrolment campaign as well as the insurgency has led to overcrowded classrooms, which raises a serious concern in this regard. Quality of education depends on the delivery of curricular messages to students, and the process needs regular monitoring. Although the government has handed over management of more than 2000 schools to communities, these schools are not properly monitored. Needs-based life skills programmes can become an alternative means of improving education and making it more relevant.

There are other vital issues for promoting universal primary education, including students' mother tongue, caste, cultural differences, and people's ability to pay. Most children not attending schools fall in one or another of these categories. Without addressing these issues, achieving MDG goals will be difficult.

The recent policies including scholarships and school welcome programmes have limited success to motivate the hard-core group (children of disadvantaged communities, sparsely populated areas, and those below the poverty line) to come to school. Many of these children are an important source of family income, and are often discouraged from joining school by their parents. Although the enrolment campaign of 2005 has added 200,000 more school children (MOES informal estimate), in the absence of a programme/policy for their retention, it is hard to know how many will continue in school next year. Furthermore, while the Flexible Schooling Programme (a pilot scheme to introduce flexible school hours especially intended for working children who cannot attend regular classes) has been introduced by MoES, such a programme needs to be expanded with careful monitoring of its implementation.

Although the policy of handing over the management of schools to communities has led to increased interest in and ownership of schools by the communities, the EFA documents do not focus on empowering the communities.

BOX 2.2: SCHOOLS AMIDST CONFLICT

While it is difficult to know the exact impact of the conflict on children, what is clear is that the Maoists have targeted older students (ages 10+) as potential supporters. The evidence also suggests that students - even in lower classes - have not attended school for extended periods of time due to fear of kidnapping on the way to or from classrooms. The psychological impact of the conflict on children has not been investigated yet. Teachers in many areas are 'caught in the middle' between the security forces and the Maoists - and fear being targeted or victimised by both sides. The Teachers' Association estimated that in 2004 more than 171 teachers were killed and many more hundreds are no longer at their posts as a result of forced migration or of abduction. Teachers throughout the country are forced to make 'donations' to the Maoists, further intensifying the climate of fear.

Source: European Union (2005): BPEP II Evaluation Report.

Large-scale programmes such as the Basic and Primary Education Programme (BPEP) have in the past concentrated more on capacity building at the central level, thereby increasing the gap between the centre and the grassroots level. While the new 'flash report' system envisages monitoring by the communities, it requires a significant amount of effort to increase its effectiveness.

The internal efficiency of the education system needs to be enhanced by reducing repetition and drop out rates, particularly in Grade 1. There are many over-age and under-age children in primary schools. Most of the under-age children, who should be in early childhood development centres, are in Grade 1. The main reasons for the low promotion rate in Grade 1 include large class size, many under-age children, high repetition rate, and lack of priority given to Grade 1. Children in the first year of school need special support. This is particularly true of children from disadvantaged families (e.g. whose mother tongue is not Nepali, or whose parents have not been to school). Giving children a good start with quality education in Grade 1 will contribute towards reducing the rates of drop out and repetition. Early Childhood Development Centres are effective for preparing children's readiness for school.

In addition to these policy and implementation gaps, Nepal faces a serious challenge in financing the necessary interventions to provide quality primary education for all

children. According to a Needs Assessment study 2005, Nepal will need a total of Rs. 22,128 million (US\$ 316 million) in 2005, and Rs. 41,038 million (US\$ 586 million) by the year 2015 to attain the MDG in education (Goal 2). In 2005 alone, the financing gap in education has been calculated as 9424 million rupees. If the same trend continues, the resource gap will reach 15,623 million rupees by 2015. However, compared to the other sectors, the finance gap for achieving the education Goal is not too high. Moreover, the recent focus on reducing drop out, repetition, and under-/over-age enrolment will likely save some resources in the future.

Another critical issue is the lack of monitoring of the educational programmes at both the central and local levels. The regional- and district-level educational authorities have not been able to monitor the programmes and activities on a regular basis. As a result, major problems in implementation have not been identified. Moreover, there has been no development of quality indicators for performance, thus under-

mining the monitoring process. In this respect, the National Centre for Educational Development (NCED) has recently developed 'quality assurance' (QA) indicators, but these have not yet been applied.

RECOMMENDATIONS

The following priorities have to be set by the government to ensure the achievement of MDGs in education by 2015.

The curriculum should be made more relevant by integrating life skills and ensuring that each level is self-terminating, and adequate resource support needs to be provided for schools with increased enrolment as a result of the Welcome to School Programme. Developing monitoring indicators for educational activities, and strengthening regular monitoring will also significantly contribute to enhancing quality. Improving teacher training, ensuring that all teachers receive basic training as well as regular refresher training, will also contribute towards improving the quality of education.



For regular monitoring, empowering the local community to undertake monitoring activities, as well as involving local NGOs and CSOs will be key. School Improvement Plans with in-built monitoring mechanisms need to be developed, with an established channel for a reporting and feedback system so that follow-up support programme for teachers can be immediately initiated. Improving the 'flash report' system is one way of contributing to monitoring. Orienting teachers and head-teachers to develop a database system in school may be required.

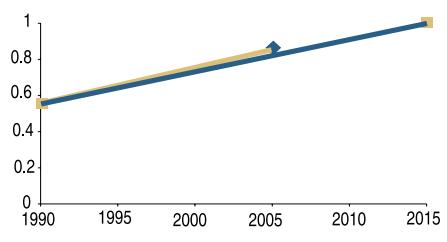
Devising a policy of on-the-spot teacher assistance to children of seasonal migrants so as not to disrupt their education, as well as scaling up the aforementioned Flexible Schooling Programme for children unable to attend regular school hours, and extending the oil-incentive programme and mid-day meal programme to more districts will help capture the hard-core group. Making education relevant to the traditional professions with a suitable local curriculum, and designing educational programmes for child labourers in their workplace are also among the measures required. To encourage girls' increased enrolment, more female teachers should be recruited, and efforts should be made to make schools a girl-friendly environment by ensuring, for example, a separate toilet for girls in each primary school.

Given the magnitude of the impact that the current conflict has had on education, interventions such as devising a coping strategy to help children in the conflict-hit areas as well as enhanced advocacy aimed at the concerned parties to declare schools a zone of peace are urgently needed. Effective interventions are needed to meet the basic education needs of the many children who have had to leave schools, either due to displacement or because they are needed to help with

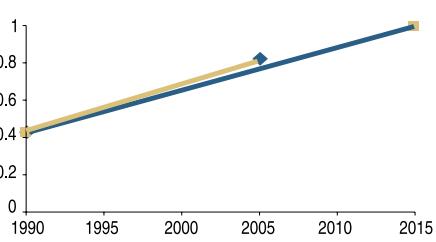
the increased workload at home. This can include the accelerated implementation of alternative learning modalities, such as the Out of School Programme or the Flexible Schooling modality, as well as national policies to facilitate school transfers for children who move away from their homes. It is also necessary to plan immediate humanitarian relief and to prepare for reconstruction and rehabilitation. Special measures required in the current context also include helping children in risk preparedness, and conducting expert-based psycho-social counselling for traumatised children through counselling centres.

To strengthen Nepal's capacity to reach Goal 2 by 2015, development assistance should also set up certain priorities. The Out of School Programme (OSP) should be expedited to motivate especially disadvantaged children to join basic education programmes designed to meet their needs. Education programmes should be developed with some degree of flexibility to meet the future needs of all children, including low caste and other disadvantaged groups. Emphasis also needs to be placed on economic activities to empower parents unable to afford to send their children to school, and to remove children from labour activities. For children most unlikely to continue their education beyond primary level, basic education with survival skills (life skills) should be imparted. Monitoring and evaluation of education programmes catering to the poorest children should be strengthened, and the lower echelon of the structure should be empowered and accountable. Records of internally displaced children due to the insurgency should be maintained, with the aim of helping these children continue their education. Lastly, the resource gap indicated by the Needs Assessment study must be met by further up-scaling of the present investment and with enhanced donor assistance.

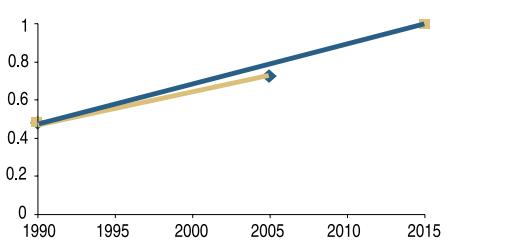
Ratio of girls to boys in primary education



Ratio of girls to boys in secondary education



Ratio of literate women to men from 15-24 years old



— Progress upto 2005 — Target by 2015



G O A L



Promote Gender Equality and Empower Women

TARGET 4

Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015

INDICATOR	1990	1995	2000	2005	2015(TARGET)
Ratio of girls to boys at primary level ^a	0.56	0.66	0.79	0.86 ^{a,1}	1.0
Ratio of girls to boys at secondary level ^a	0.43 ^{a,2}	0.56	0.70	0.82 ^{a,3}	1.0
Ratio of women to men at tertiary level	0.32 ^b	NA	0.28 ^{b,1}	NA	1.0
Ratio of literate women to men from 15-24 years old	0.48 ^{c,1}	0.56 ^d	NA	0.73 ^e	1.0
Share of women in wage employment in the non-agricultural sector	18.9 ^{c,2}	NA	17.7 ^{c,3}	NA	-
Proportion of seats held by women in the House of Representatives	3.4 ⁱ	NA	5.8 ⁱ	NA	-

Source: a MOES Flash Report 2004 (a.1: 2004 data; a.2: 1991 data; a.3: 2004 data).
b UNSD 2005 based on UNESCO global database (b.1: 2001 data).
c Population Monograph, CBS 2003 (c.1 and c.2: 1991 data and c.3 2001 data).
d CBS 1996 (1995 data). e CBS 2004 (2004 data). (i: 1991 data; ii: 1999 data).

STATUS AND TRENDS

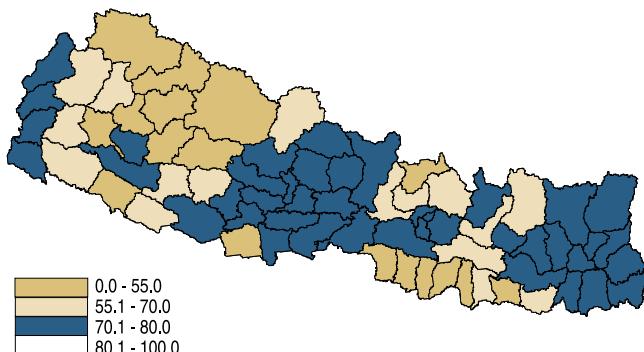
Between 1991 and 2004, the enrolment of girls in primary education showed a steady increase. A positive trend was also seen in girls' attendance in secondary education. More aware and sensitised, most parents have recognised the value of educating their daughters. However, gender discrimination is more pronounced at the secondary level than at the primary level, possibly due to the high drop out caused by early marriage as well as the work burden of girls. The data suggests that the gender parity target will not be met by 2005 at any level. But it is possible to meet the target by 2015 for primary

and secondary levels if improvements continue at the same pace. However, it is highly unlikely that the 2015 target will be achieved for the tertiary level.

The youth literacy rate (15-24 years old) for both females and males increased considerably from 1991 to 2001, with a substantial decrease in the female/male differential. Among the youth, the literacy rate of females rose from 26.3 % in 1991 to 60.1 % in 2001 as did that of males from 64.3 % to 80.6 % during the same period. However, the ratio of literate women to men for the same age group was still 0.73 in 2004, and given such a

¹ The data for tertiary education are not reliable and a fluctuating trend has been observed.

MAP 3.1: Male literacy rate of population 15-24 years old, 2001



Source: CBS 2001 and 2002.

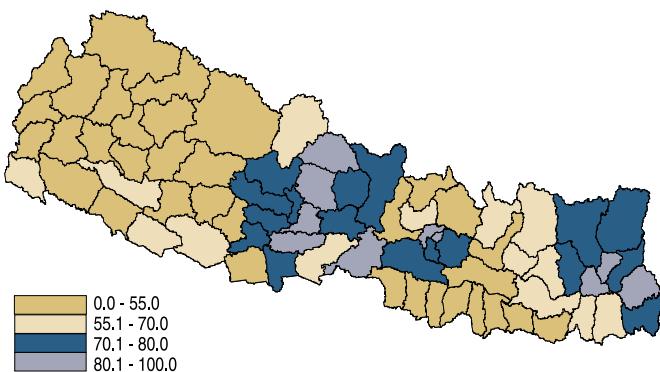
trend, it is less likely that the target of achieving gender equality in youth literacy by 2015 will be met. Furthermore, while increasing school enrolment has been contributing to pushing up the literacy rates for children and youth groups for both sexes, a comparison of literacy rates for different age groups indicates that a challenge remains in narrowing the literacy differential between the sexes among adults.

As for women's economic empowerment, progress has been slow. In 2001, women constituted 43 % of the labour force – 73 % in agriculture and 27 % in the non-agricultural sector (CBS 2001). Although more women worked as administrative workers, technicians, professionals, clerks, and office assistants in 2001 than in 1991, they made up only between 10 % to 20 % of the total number employed in these jobs. Of all economically active women in 2001, about three-

quarters were self-employed, whereas only 13 % were employees (Figure 3.1). Not surprisingly, women constituted as much as 62 % of the total unpaid family labour, whereas only about 18 % of all female wage earners were in the non-agricultural sector in 2001, showing no progress since 1991 (CBS 2001). There was also a difference in the average daily wages received in cash or in kind, with men earning approximately 27 % to 35 % higher wages (CBS 2004) (Figure 3.2). Women still lag behind men in terms of access to and control over economic resources, and tend to lack decision-making power within the household as well.

There is no doubt that changes at home, in civil society, and in other spheres of life will come only when there is a shift in the pattern of decision making. Unfortunately, 2005 did not afford a proper study of women's participation in the political arena, given the lack of data as well as the interruption of normal political institutions and processes. The available data shows that overall, the representation of women in public life is dismally low. In 1991 and 1994, women held only 3.4 % of the seats in the House of Representatives, which saw a slight increase to 5.8 % in 1999. There were just three women in the Upper House in 1994 and eight in 2001. In the 1999 parliamentary elections, women candidates numbered just 143 out of a total of 2,238, accounting for a mere 6 % of the total. Women's representation is significantly higher only at the ward committee level, which is the lowest level administrative unit of government. In the civil service too, the proportion of woman was very low, with the gap widening at the higher levels. A few Nepalese women have achieved the positions of ministerial secretary or departmental director, and no women sat in the Supreme Court until 2001. There were only five women judges out of a total of 243 in 2003.

MAP 3.2: Female literacy rate of population 15-24 years old, 2001



Source: CBS 2001 and 2002.

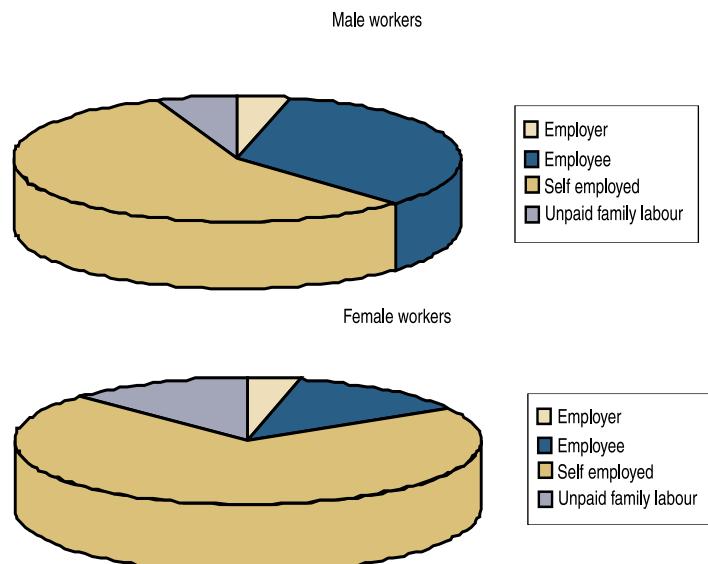
Another critical issue which needs to be considered when assessing women's empowerment in Nepal is the violence against women and girls in spite of the right laws.

Polygamy is still practiced in Nepal, affecting 10 % of married women. In addition, the practice of child marriage, which is outlawed, continues. At the national level, 39 % of all rape victims are young women under the age of 19, and another 39 % are 20 to 29 years, and are at high risk of sexually transmitted infections, particularly HIV/ AIDS, and other sexual and reproductive disorders. Studies have shown that many women are subject to abuse at home (NPC/ UNICEF 1997 and NDHS 2001). However, the reporting of domestic violence against women to the police is minimal in comparison to the actual incidents. Many women and girls leave home because of domestic violence, which heightens the risk of their becoming the victims of trafficking. An estimated 200,000 young girls have been trafficked to India: 45,000 in Mumbai alone (IIDS and UNIFEM 2004). Women in some communities such as Deuki and Badi are still exploited as sex workers according to their customs and beliefs.

SUPPORTIVE ENVIRONMENT

The steady increase in girls' enrolment in education – at the primary level in particular – is due to the recent targeted measures for providing special assistance and incentives for their attendance, in addition to raising awareness on the importance of educating girls. The government has made a provision for recruiting at least one female teacher in each primary school. The Education Act of 2003 stipulates that at least one woman has to be a member of the management committee of institutional and community schools, the village management committee, and the district education committee. According to the same Act, institutional schools should provide at least 5 % of their scholarship programme to girls and other disadvantaged children, and community schools should waive all fees for poor girls. The Tenth Plan calls for the expansion of literacy programmes to improve the livelihoods of deprived groups, especially girls, and for the granting of scholarships to the first child or

FIGURE 3.1: Percentage distribution of population 10+ by employment status

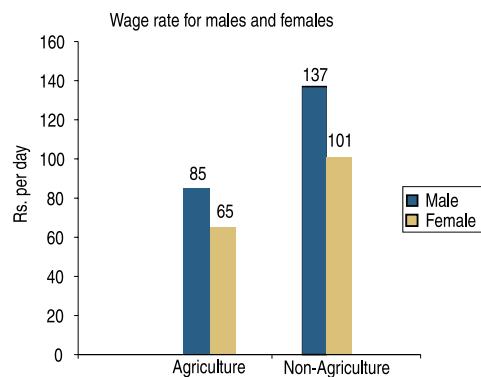


Source: CBS 2003.

the first girl of poor families. It also emphasises the need to correct the existing gender bias in the school curricula. The government budget for the fiscal year 2005/06 provides special scholarships of Rs. 2,000 per month for two years for girl students of 22 remote districts passing School Leaving Certificate (SLC) and pursuing higher levels of education from community schools. Similarly, the girls' scholarships have been substantially increased in 2005/06.

Special measures have been stipulated by the government to enhance women's participation in the labour force. The Labour Act 1992 has various provisions which ensure an adequate and safe working environment for women, including separate toilets, a health room for their children, and time for breastfeeding, and night work allowed only with their consent. The Tenth Plan also provides for reducing the wage differential between men and women through revisions in minimum wages, and seeks to expand the ongoing targeted programmes with priority to women heads of households. According to the gender-responsive budget, begun in fiscal year 2005/06, certificates of appreciation will be awarded to institutions who make women more than one-third of their total workforce.

FIGURE 3.2: Wage rate differentials between the sexes



Source: CBS 2003/04.

Various measures have been also made to encourage women's participation in public life. Political parties are required to allot at least 5 % of their tickets to women candidates for election to the House of Representatives. Similarly, at least 3 out of the 35 seats of the House of Representatives need to be reserved for women. Similarly, local bodies must have at least 20 % women's representation (LSGA 1999). The upper age limit for women joining the civil service is set as 40 years in contrast to 35 for men. The Ministry of Women, Children and Social Welfare (MWCSW) conducts special training for women taking examinations for public service. The budget of fiscal year 2005/06 increased allocations for MWCSW by 24.5 % more than the previous fiscal year. A policy of affirmative discrimination will be formulated and implemented to give due representation to women, Dalits, and ethnic groups in the public administration according to the budget recommendations. In addition, for coordinating the integration of gender perspective in planning and programme implementation, as well as in monitoring and evaluation, 'gender focal points' were established in 26 ministries in 2002, including commissions and secretariats.

Recognising the urgent need to address violence against women and girls, MWCSW has adopted a national policy on trafficking with 13 focus areas, and anti-trafficking

task forces have been established at the national, district, village, and municipality levels to implement the National Plan of Action. In addition, women's police cells have been set up in several districts. Furthermore, victims of violence against women are entitled to special procedures in the police station and in court aimed at making reporting and litigation processes more tolerable (e.g. in-camera hearings in court, statements of rape victims to be taken only by female police personnel or in the presence of a female social worker, etc.) (The Country Code 1963 and District Court Regulations 1995). The Budget of 2005/06 adopts a policy of 'zero tolerance' towards violence against women.

CHALLENGES

Despite such a wide range of official measures specifically targeted at addressing gender equality and women's empowerment, the implementation of these policies and legal provisions has been a significant challenge for Nepal.

Such persistent gender disparities in education hinder women's increased and equitable participation in employment. Significant differences in wage rates for women and men exist, especially in unorganised sectors where women tend to be concentrated. Another barrier working against progress in this area is women's low status with regard to economic decision making and control over resources. This is particularly evidenced by the discriminatory provision which still exists in law. For instance, while the 2002 Amendment to the Country Code 1963 allowed that a daughter is also entitled to inherit property by birth, a restrictive provision still remains that she must return her share of family property after marriage. Increasing the number of women in decision-making positions in the public and private sectors has also remained a challenge, which in turn works against making rapid progress in the other areas of women's empowerment, thus creating a vicious cycle.

In the case of violence against women and girls, despite the increasing attention given in recent years, it has been extremely difficult to grasp the precise magnitude of the problem in the country. The challenges are mainly to do with the difficulties associated with the reporting of gender violence, both within the family as well as cases of sexual harassment outside, in far-flung areas in particular. The high financial cost and stigma associated with reporting domestic violence or sexual abuse cases discourages women from reporting incidents and seeking justice. Removing discriminatory provisions in the civil code and enacting legislation pertaining to specific violence against women remain as areas requiring further effort.

Another fundamental issue which affects all dimensions of women's empowerment and gender equity is the denial of citizenship for women. In Nepal, females can obtain citizenship only through their father or husband, despite the Constitution of 1990 stipulating equality and non-discrimination on all grounds including gender. As a result, often Nepalese women are denied fundamental civil, political, and economic rights

such as the right to property, the right to vote or stand for election, the right to government employment, and the right to legal protection, among other things.

The current situation of conflict and insecurity also magnifies the problems faced when challenging gender discrimination and disparities. As described earlier, women and girls have become increasingly vulnerable to threats of abuse and exploitation, including sexual violence. Furthermore, displacement of male family members, either for economic or security reasons, is expected to result in an increased number of female-headed households and a greater work burden on women.

RECOMMENDATIONS

In order to eliminate the gender gap at all levels of education, further efforts are required in introducing more gender-responsive policies and programmes, as well as implementing them with sufficient financial and human resources. Moreover, the existing targeted interventions which have shown positive impacts should be up-





scaled, with more attention given to areas where gender inequalities are most prominent in terms of caste and ethnicity, geographical areas, and age groups. Furthermore, improved gender messages imparted through education are required, which will play a critical role not only in enhancing girls' educational achievement, but also in

the overall empowerment of women and girls. From this perspective, actions requiring immediate

attention would include revising school textbooks so that they do not carry stereotypical images of women, sensitising the media about projecting a positive image of women, and the equal status and responsibilities of women and men in both the private and public spheres.

In the political and civil spheres, provisions that allow reservation for women's representation at the decision-making levels in politics and in administration should be introduced. In the meantime, job entry rules, promotion criteria, and retirement rules can be made more flexible with positive discrimination towards females. At the same time, the existing affirmative policies to substantially increase the active representation of women in all decision-making bodies need to be more strictly enforced. The existing national machinery, such as the National Women's Commission and the MWCSW should be strengthened with clearer mandates and adequate provisions in financial and human resources.

Improving women's access to and control over economic resources is a key issue in women's empowerment. Inconsistencies and gaps in the existing laws, as well as discriminatory practices persisting in society despite the legal prohibitions must be firmly dealt with. In particular, women's property rights must be guaranteed by amending the existing law.

To effectively address violence against women and girls, stringent legal and administrative measures need to be adopted – not only changing legal codes and furnishing more legal aid but also addressing the root causes of gender-based violence.

Furthermore, development of a broader women's rights framework

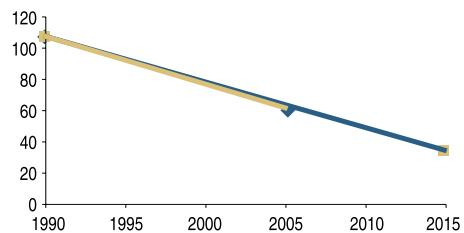
must be mainstreamed in overall government processes. At the same time, a national mechanism should be established in order to provide shelter, special medical treatment, and psychological counselling to reintegrate victims of gender violence in society.

Efforts focusing on the empowerment of women and girls must be geared up by investing more in the provision of education and skills training opportunities, as well as investing in socioeconomic infrastructures (e.g. transport, access to water, and fuel) that serve the interest of the poor, which will reduce women's work burden and will con-

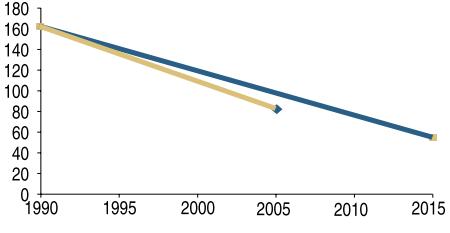
tribute to their further integration in the economic and political spheres. Enhanced support should be provided for such efforts by NGOs, women, and community-based organisations to mobilise, organise, and develop women's capabilities in terms of leadership and decision-making skills, as well as the negotiation skills required for their effective participation in these arenas.

The impact of the government's educational programmes and projects on female enrolment needs to be carefully assessed to address the issue of continued low enrolment and the high dropout rate of female students.

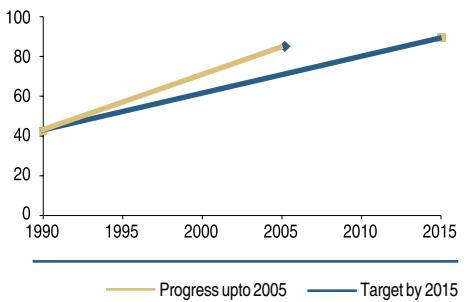
Infant Mortality Rate
(per thousand live births)



Under-five Mortality Rate
(per thousand live births)



Proportion of one-year-olds
immunised against measles



— Progress upto 2005 — Target by 2015



G O A L



Reduce Child Mortality

TARGET 5

Reduce by two-thirds between 1990 and 2015 the under-5 mortality rate

INDICATORS	1990	1995	2000	2005	2015 (TARGET)
IMR	108 ^a	79 ^b	64 ^c	61 ^d	34
U5MR	162 ^a	118 ^c	91 ^c	82 ^d	54
Proportion of one-year-olds immunised against measles	42 ^e	57 ^b	71 ^c	85	>90

Source: a National Family Health Survey (1996) (1989 data). b NFHS 1996. c NDHS 2001. d World Bank estimate 2003; Country Data Profile (www.worldbank.org) 2005. e Nepal Fertility, Family Planning and Health Survey 1991. f HMIS/DOHS 2003/04.

STATUS AND TRENDS

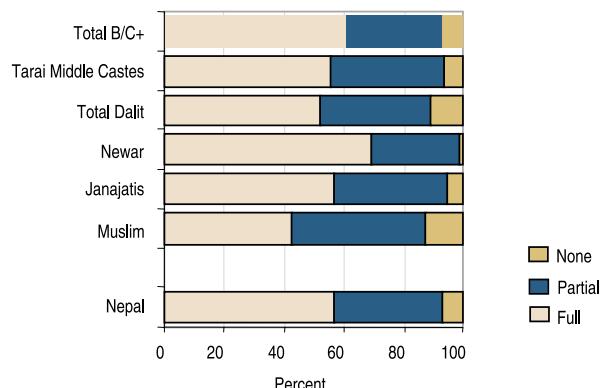
Remarkable reductions have been seen in child mortality rates in Nepal over the last decades. From a staggering infant mortality rate (IMR) of 200 per 1000 live births some 30 years ago, the IMR today is 64 per 1000 live births (NDHS 2001). The under-5 mortality rate (U5MR) was found to be 91 per 1000 live births in the same survey, which has decreased to 82 in 2005. The most likely causes of the decline in IMR are improvements in the management of diarrhoea, improved immunisation, Vitamin A supplementation, and the improved management of acute respiratory infections, especially pneumonia. If this progress continues, it seems likely that Nepal will achieve this target for 2015. However, it must be emphasised that the country's child mortality rate (U5MR) is the fifth highest among all the countries of the WHO South East Asian Region (WHO 2005).

It must also be noted that any further reduction in IMR is increasingly dependent on saving more newborn lives. While the overall health of children has improved and as the overall child mortality has declined, the proportion of neonatal deaths has increased from 40 % of infant deaths in 1987 to 60 % in 2001. Nepal's newborn mortality is the third highest in the world, as is its percentage of low birthweight babies and it has the fourth lowest percentage of births attended by skilled personnel. Of every 1000 newborns, 39 die within the first month of life (NDHS 2001).

It is estimated that nearly 30,000 children die each year in Nepal during their first month of life, with two-thirds of these dying during their first week (National Neonatal Strategy 2004). Hospital-based data¹ suggest that the major direct causes of neonatal death in Nepal, as elsewhere, are infection, birth

¹ There are no population-based studies that describe the pattern of neonatal death in Nepal.

FIGURE 4.1: Immunisation status of children under-five years old by caste/ethnicity



Source: DFID and World Bank, Summary Report (final draft), June 2005, Nepal Gender and Social Exclusion Assessment.

asphyxia/trauma, prematurity, and hypothermia. There is a constellation of underlying causes including poor pre-pregnancy health, inadequate care during pregnancy and delivery, low birthweight, and inadequate newborn and post-partum care. Fundamental to these is the low status and priority given to women and newborns. Appropriate care for the normal newborn is not widely understood or practiced. Traditional attitudes and practices dominate newborn care and are often hazardous.

The data also suggests considerable differences by geographical area and by groups. Infants in rural areas are exposed to a risk of death 1.4 times higher than those in urban areas. Similarly, children in the mountain region are twice as likely to die before they reach the age of five as children in the other ecozones. Furthermore, data from 2001 showed that the Mid- and Far-Western regions had higher infant mortality at 103 and 84 per 1000 live births respectively, compared to the Eastern region at 61. The Western region's IMR, at 59, was less than the national average of 64. Large variations can also be seen observed by district. The IMR in the worst districts are over 6 times higher than those in the best districts (UNDP 2004). Ethnic disparities are suggested by the data, particularly of the socially disadvantaged groups, and of women. Compared to the average IMR of 67.3 per 1000 live births in males and 68.4 in females of higher castes, IMR was 70.4 in males and 69.8 in females among ethnic groups. Dalits are in a much

worse situation with IMR of 88.3 in male and 84.5 in female (CBS 2003).

The mortality rates reflect gender disparities. Girls are nearly 1.5 times more likely to die between their first and fifth birthdays than boys. This most likely reflects gender discrimination in child rearing and health care seeking practices, since biologically, boys are more likely than girls to die in this age group.

Immunisation against measles and major diseases also showed a significant increase, although here again, there were wide disparities in access to immunisation in terms of groups, with recent data showing the lowest coverage for Muslim and Dalit children (Figure 4.1).

SUPPORTIVE ENVIRONMENT

The progress in reducing child mortality is mainly the result of increased awareness and accessibility to programmes that prevent child deaths. These include a community-based Integrated Management of Childhood Illness (IMCI) package. This package has four child survival programmes: control of diarrhoeal diseases; control of acute respiratory infection (ARI); immunisation and nutrition including micro-nutrients; and a community component. The decade under review has seen progress in controlling communicable diseases. Immunisation has been significantly improved, and deaths due to diarrhoeal diseases have declined. Deaths due to ARI have also declined in recent years. Campaigns promoting micro-nutrients such as Vitamin A together with deworming tablets for children between 6 and 59 months biannually have fared well, and iodised salt is now easily available. The biannual Vitamin A supplementation is said to have prevented the deaths of 22,000 children per year in Nepal.

With regard to immunisation, Nepal has been conducting campaigns to meet disease-specific targets in the last several years. The tetanus campaign coverage was good and the reported number of neonatal tetanus

cases has gone down. Nepal can be said to have virtually eliminated neonatal tetanus, although the official validation exercise will only be conducted in November 2005. No case of wild polio has been reported since November 2000. A nationwide measles campaign was conducted in 2004/05 and reached over 95 % of children between 9 months and 14 years. As a result, the number of measles outbreak has gone down from 137 in 2004 to 1 as of July 2005 (PEN/WHO 2005).

The Health Sector Reform Strategy and Implementation Plan (NHSP-IP), which formulated the goal, "To achieve (the) health sector MDG in Nepal with improved health outcomes for the poor and those living in remote areas and a consequent reduction in poverty," provides operational guidelines for its implementation. The strategy will work in tandem with the PRSP (2002-2007) to provide an equitable, good quality health care system in partnership with the Ministry of Health (MOH) and external development partners. The Essential Health Care Package (EHCP) of the Health Sector Reform Strategy pays special attention to child health and includes perinatal, neonatal, infant, and childhood healthcare.

The main interventions for reducing neonatal mortality that address the care of pregnant women and their newborns are implemented through MOH's National Safe Motherhood Programme, to which many donors contribute. The National Safe Motherhood Programme aims to address maternal and neonatal mortality reduction in an integrated approach to maximise synergies between the two and to increase cost-effectiveness. Since 2001, essential newborn care training has been integrated in the facility-based refresher training of doctors and nurses. A National Neonatal Strategy was developed in 2004 to increase the profile of newborn care. An integrated maternal and newborn long-term plan is expected to be developed in 2005. While the National Safe Motherhood Programme approach has consisted of facility strengthening comple-

mented by community mobilisation, the effectiveness of community mobilisation approaches have often been the subject of debate. Community field interventions/trials in Nepal have confirmed the effectiveness of community approaches in improving knowledge and changing behaviours for birth preparedness and reducing neonatal mortality. Field-based trials are also ongoing to see whether FCHVs and other peripheral community health workers can be trained to perform a set of activities for early detection of infection in neonates. Newborn care has also been incorporated in the Community Based-Integrated Management of Childhood Illness training package. Furthermore, acknowledging the need to increase the number of available skilled health personnel throughout the country, the government has developed a skilled birth attendance policy and several other measures described in the chapter on Goal 5.

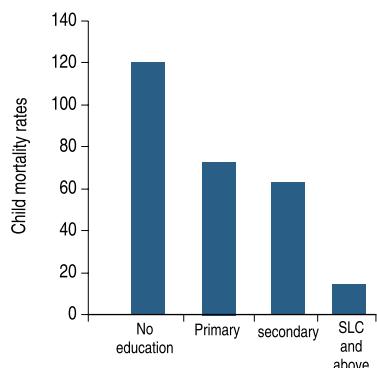
CHALLENGES

During the period under review, under-five and infant mortality rates have declined substantially. This can be attributed to the interventions described above. However, neonatal mortality – death in the first month of the baby's life – in Nepal stands at 39 per 1000 live births and accounts for 60 % of infant deaths. So, lowering the neonatal mortality rate is vital if Nepal is to continue to reduce the under-five and infant mortality rates.²

Though most of the complications leading to neonatal mortality are preventable, currently there are few interventions addressing these issues. Low birthweight (LBW), which contributes to perinatal death, is linked to low maternal weight, height, and body mass index, the birth of a previous preterm infant, and a birth interval of less than two years. With improved maternal health and the service of a skilled birth attendant during delivery, most deaths can be prevented. This means that neonatal mortality can be reduced by improving the health and nutrition of the mother and ensuring that

² Infant mortality refers to death under one year of age; neonatal mortality refers to death in the first 28 days of life.

FIGURE 4.2: Mother's educational background and children's U5MR



Source: NDHS 2001

the mother gives birth with a skilled birth attendant. This inter-relationship is important to highlight the challenge of reducing U5 mortality.

The contribution of immunisation has been of immense significance in reducing child deaths. Nevertheless, the percentage of fully immunised children was 60 %, with 8 % of children under-five not immunised at all in 2003 (CBS 2004), thus pointing to disparities in service coverage. The challenge for Nepal would be to maintain the high coverage rates achieved through nationwide campaigns for polio, tetanus, and measles immunisation, and to continue to increase coverage rates of fully-immunised children through the routine system. The ongoing security problems may present a challenge to maintaining past performance and to making further improvements.

Addressing child malnutrition, the underlying cause for half the child deaths, remains a challenge in Nepal. About half of children under three years of age are stunted, or are too short for their age, and most children suffer from some type of micronutrient deficiency. The fact that the situation has not shown significant progress in the last 30 years suggests that the strategies to combat child malnutrition need to be revisited.

In Nepal, there is a serious problem with access to drugs. Policies are needed to include the promotion of rational drug use such as the use of antibiotics. New drugs are sometimes not available due to their prohibitive cost. Another inhibitive factor is that, while private establish-

ments providing clinical services are mushrooming, their services are unaffordable to many. Often the poor are compelled to avail of these services as specialists are less easily accessible in public facilities. Thus, sometimes, people are forced to make catastrophic payments for ill-judged treatments. The other danger is that patients may turn to quacks and untrained indigenous healers, often with unfortunate consequences.

Although deaths from diarrhoea and ARI have reduced, deaths from accidents and injuries is emerging as an important cause of U5 mortality globally. While the incidence of this problem in Nepal is not known, injuries and even deaths caused by explosives including landmines are increasing due to the ongoing conflict. This is compounded by the difficulty in getting timely and adequate treatment due to insecurity, curfews, the looting of medicines and supplies, and the destruction of health facilities. Numerous children have been traumatised or emotionally affected after witnessing brutal atrocities associated with the conflict. The increased workload of women due to male out-migration may also make appropriate child care an even more difficult task for women.

The healthcare system needs to be improved if it is to deliver effective and efficient service. Training for healthcare practitioners is required, as well as better organisational management and inter- and intra-sectoral coordination. Furthermore, timely referral between healthcare institutions remains a challenge. The financial implications of fulfilling these critical requirements are immense. The projected cost of the child health intervention package is estimated to be Rs. 2368.1 million (US\$ 33.8 million) for 2005; which will more than double to Rs. 4967.5 million (US\$71.0 million) in 2010; and further increase to Rs. 7594.5 (US\$108.5 million) in 2015.

Another issue to be highlighted is the need for stronger coordination among the concerned actors, based on clear-cut responsibilities. While decentralised management is a policy measure, the roles and responsibili-

ties of the central and district authorities are not clear at present, resulting in confusion in the functioning of the local facilities.

RECOMMENDATIONS

Use of low-cost, low-technology interventions supported by community-based care have the most relevance for reducing neonatal deaths with a continuum of care through pregnancy, birth, and the postnatal period into infancy. In line with the National Neonatal Health Strategy (2002), a time-bound action plan incorporating the suggested 16 interventions (including simple extra care for low birthweight babies, exclusive breast-feeding, and antibiotics for neonatal infection) should be prepared for implementation based on local needs. Promoting deliveries with skilled birth attendants, who are also trained in care of the newborn, will also be an effective way of addressing both neonatal and maternal mortality. Considering this, the Integrated Management of Childhood Illness (IMCI) has included neonatal care in its strategy, but needs to be further strengthened.

To address child malnutrition, it is necessary to implement a multi-sectoral initiative to tackle its various causes. Child malnutrition is a result of inadequate food intake and disease, which in turn is caused by lack of food, lack of access to quality health services, an unhealthy environment, and poor child care practices, including inappropriate feeding and health-seeking behaviour, and the low social and health status of mothers. Addressing these multiple causes across sectors requires inter-ministerial collaboration. The importance of community-based approaches to address problems in protein energy malnutrition makes interpersonal communication with families, and an active role for civil society is critical. The comprehensive strategy laid out in the National Nutrition Strategy addresses the multiple facets of child malnutrition.

The human resources development strategy should focus on the production of all categories of health workers, particularly of skilled

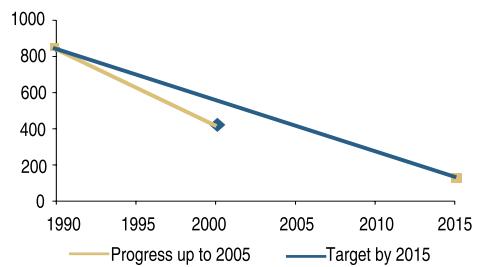
birth attendants, and the proper deployment of paramedical and auxiliary workers in sufficient numbers. Also, ayurvedic practitioners could be utilised to achieve the Goal. However, quality should not be compromised and MOH and the Council for Technical Education and Vocational Training (CTEVT) should begin a serious dialogue for better coordination.

The problem of deploying qualified medical and nursing personnel in remote areas of the country should be tackled by providing incentives. These could take the form of special financial benefits, health insurance, opportunities for training, and provision of drugs and equipment in the institutions, and improved physical facilities in residential quarters. Alternate arrangements may be needed to set up a cadre of workers with limited responsibilities.

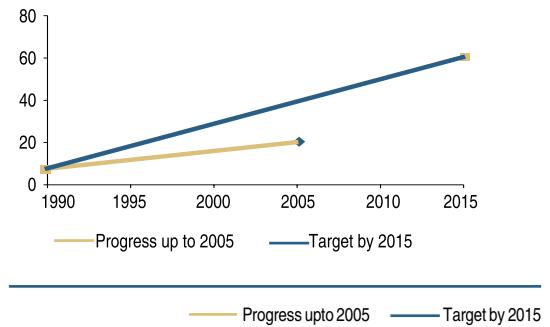
Since no child should die for a lack of proper treatment due to financial constraints, urgent steps should be taken to develop exemption policies and a built-in safety net for the poor. In the long run, the answer may be the development of community/social health insurance. The private sector has immense potential to support health policies and programmes, and already numerous private establishments provide clinical services and training of medical personnel. Costly for ordinary people, these need to be regulated for quality and fair pricing. The mobilisation of social peer pressure to demand preventive and promotive health will bring better services.

The media has a vital role in contributing to Goal 4 in relation to family life education, health education, education about tobacco and indoor pollution, breast-feeding, and so forth. The media should be kept well informed and mobilised to allow it to educate the community and individuals. For example, they could disseminate messages about the deleterious effects of smoking by pregnant women on the foetus, contributing to low birthweight and premature birth; and the effect of indoor pollution on the baby in the form of respiratory illness.

Maternal Mortality Ratio (per 100,000 live births)



Percentage of deliveries attended by health care providers



GOAL



Improve Maternal Health

TARGET 6

Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

INDICATORS	1990	1995	2000	2005	2015 (TARGET)
Maternal Mortality Ratio (MMR)	850 ^a or 515 ^b	539 ^c	415 ^d	NA	213 or 134 ^e
Percentage of deliveries attended by health care providers (doctors, nurses, and auxiliary nurse midwives)	7 ^b	9 ^f	11 ^f	20 ^{gⁱ}	60 ^h
Contraceptive prevalence rate (%)	24 ^b	29 ^c	39 ^f	NA	67 ^g

Source: a UNDP Human Development Report 1992 (1988 data). b NFFS 1991. c NFHS 1996. d NPC 2002.
e Health Sector Strategy - An Agenda for Reform, MOH 2004. f NDHS 2001. g CBS 2004. h MOH 2005. i MOH 1993, Safe Motherhood Plan of Action (1994-1997).

STATUS AND TRENDS

It should be highlighted at the outset that data on maternal mortality is highly problematic in Nepal, as measurement of the maternal mortality ratio (MMR) suffers gravely from under-reporting and misclassification, and even household surveys are subject to wide margins of uncertainty due to such issues as variability of the sample, the small number of events, and differences in methodology.

The baseline figure for the MMR itself is conflicting. While the survey-based MMR for 1991 for the period of 10-14 years before the survey was 515 deaths per 100,000 live births,

another source indicated a figure as high as 850. The ratio for 1990 to 1996 was 539 deaths per 100,000 live births, for the period 0-6 years before the survey. The most recent available figure is the National Planning Commission estimation of 415 in 2002.² Therefore, it is difficult to draw any precise conclusions about the trend in maternal mortality in Nepal. Available data suggested that the target of reducing maternal mortality is achievable, however, such assessment suffers from serious data problems.

More recently, deliveries by skilled birth attendants (SBAs)³ have been proposed as a proxy indicator for the maternal mortality

¹ The 2004 CBS figure covers all types of health practitioners (doctors, nurses, auxiliary health workers, maternity child health workers, village health workers, health assistants, senior auxiliary health workers, and auxiliary health workers).

² Although this is a widely quoted figure, UN agency estimates are much higher. WHO, UNICEF, and UNFPA have recently developed an approach to estimate maternal mortality for countries with no data and to correct available data for under reporting and miscalculation with the purpose of drawing attention to the existence and likely dimensions of the problem. It does not provide precise estimates and is only indicative of orders of magnitude. The MMR estimate at 2000 is 740 within the range 440-1100.

³ A 'skilled birth attendant' is an accredited health professional – such as a midwife, doctor, or nurse – who has been educated and trained to proficiency in the skills needed to manage normal (uncomplicated) pregnancies, childbirths, and immediate postnatal period and in the identification, management, and referral of complications in women and newborns (WHO 1994).

ratio. This indicator shows an increase from 7.4 % deliveries (by skilled attendants and other health workers) to 19.8 % in 2004. The rate of progress suggests that there is a significant challenge in meeting the target for this indicator by 2015.

In Nepal, over 80 % of deliveries take place at home. Most of the births are assisted by family members and neighbours, with only one-fifth of deliveries attended by health workers (CBS 2004). Births attended by skilled birth attendants (doctors, nurses, and auxiliary nurse midwives) are as low as 11 % (NDHS 2001). Another 10 % of births were attended by traditional birth attendants (TBAs), who may be trained or untrained, however they do not qualify as skilled birth attendants. There was a gradual increase in the number of deliveries conducted by trained TBAs from 2 % in 1995 to more than 11 % in 2003/04. It was found that some ethnic groups prefer TBAs for delivery. Home deliveries are usually opted for in anticipation of the care and support from family and community. Besides, pregnancy and childbirth are still perceived as natural phenomena, not requiring formal health services (UNICEF 1998).

The causes of maternal deaths are severe bleeding, sepsis, toxæmia, obstructed labour, and the consequences of abortion. Unsafe abortion and maternal death can be due to a lack of access to reproductive health care, including family planning. Most maternal deaths can be prevented if women have access to essential obstetric care services.

Antenatal attendance is low with only 14 % of women attending the recommended four antenatal visits, and only about one seventh of adolescent mothers attending the antenatal clinic. Only 17 % of women receive a postnatal check within 48 hours (NDHS 2001) which indicates an opportunity lost in monitoring the health of the mother and the newborn.

Family planning, a pillar of reproductive health, has affirmed its unequivocal contribution to mothers' health and the reduction of sickness and death. Although universal awareness was presumed, the NLSS 2004 reported that only 77 % of married women between 15 and 49 years, had knowledge of any modern family planning method. There is higher awareness among the rich and educated urbanites. About 46 % reported having used family planning methods, and 39 % currently use some form of contraceptive. The most popular method is surgical contraception, followed by three-monthly injections of Depo Provera.

Although the total demand for contraception was 67 %, only 39 % of the demand could be met. The use in urban area is 1.7 times higher than in rural areas. Only 9 % of adolescents between the ages of 15 and 19 are currently using modern methods, although 40 % are already mothers. Thus, the need to address the issue of adolescent sexual and reproductive health is critical in bringing about behavioural changes towards responsible parenthood. The present trend shows that the CPR has been increasing at a rather modest pace, with a high level of unmet demand, underlining the need for greater attention to access to achieve the target of 67 % in 2017, as stated in the Safe Motherhood Plan of Action.

SUPPORTIVE ENVIRONMENT

The Second Long Term Health Plan (1997-2017), the Health Sector Strategy 2002, and the Nepal Health Sector Strategy Implementation Plan all support the goal of, "Achieving the health sector MDGs with improved health outcomes for the poor and those living in remote areas and a consequent reduction in poverty." Safe motherhood and neonatal health are key elements of the essential health care package. In addition, the Vulnerable Community Development Plan (2004) addresses social exclusion issues in

the health services and its effects and implications for vulnerable groups.

The National Reproductive Health Strategy was formulated and adopted in 1996 to strengthen and expand basic maternity care services, including family planning, improved access, coverage and quality of overall reproductive health programme, and the promotion of research and inter-sectoral collaboration and the upliftment of women's status. The National Adolescent Health and Development Strategy 2000 aims to improve the access and coverage of the overall programme with quality assurance for adolescents – who make up more than one-fifth of the population – covering information, education, and counselling on human sexuality towards developing responsible sexual behaviour and responsible parenthood.

The Safe Motherhood approach has been adopted for improving maternal health in a holistic way, and the National Maternity Care Guidelines were developed in 1996. Since then several policy documents guiding the implementation of the National Safe Motherhood Plan have been developed – the Safe Motherhood Policy, the Fifteen-year Safe Motherhood Programme Plan, the National Safe Motherhood Training and Information Education and Communication Strategy, and the National Neonatal Strategy, defining the basic care for women and newborns during pregnancy, delivery, and the post-natal period at all levels. The primary intervention for reducing maternal mortality is universal access to assistance at birth by a skilled birth attendant and provision of Essential Obstetric Care (EOC) supported by access to family planning and management of unwanted pregnancies.

Some vital ongoing measures supported by the National Safe Motherhood Programme include measures to increase the availability of essential obstetric care (EOC) services through the establishment of pilot EOC facilities in 15 districts; and a gradual increase in the utilisation of Comprehensive and Basic EOC, in particular among marginalised groups. The programme has also supported complementary community awareness-raising programmes consisting of birth preparedness activities to reduce the 'first two delays' to accessing EOC. Community EOC funds have been raised through community support and transport schemes developed. The National Safe Motherhood Programme focuses on neonatal service provision within the Safe Motherhood training package.

The Ministry of Health (MOH) has prioritised skilled birth attendance as the major strategy for reducing maternal deaths. While the national



SBA policy was drafted only in July 2005, HMG/N has provided cost-sharing incentives to promote SBAs with the provision of nationwide transport for delivery in health institutions, free delivery services in 25 of the poorest and most conflict-affected districts, and incentives to health workers providing delivery services in institutions and for home births. The abortion bill was passed in 2002 and the implementation of comprehensive abortion care services has been vigorous with services now available in 65 districts.

I/NGOs and the private sector, including social marketing organisations, have contributed significantly to family planning and maternal-child health programmes. The public-private partnership has increased access to reproductive health services, and more focus on rural areas is called for. Media coverage on the issues governing maternal mortality has also helped mobilise public opinion in support of gender equity to improve maternal health and reduce maternal mortality. At the community level, mothers' groups have been mobilised to set up emergency funds, particularly where female community health volunteers are active. In the Tharu community, the community leader (bhala-manas) has organised the bullock-cart ambulance to ferry pregnant woman to the health facility. Support groups have been formed and some even organise adult literacy classes. There are possibilities for community empowerment and mobilisation, where positive change will reduce maternal illnesses and death.

CHALLENGES

The fact that more than 80 % of deliveries take place at home is a serious obstacle to reducing maternal and neonatal mortality. Despite a network of health institutions available all over the country, many problems remain. These include poor quality of health infrastructure and services, in particular delivery by skilled attendants and

EOC; unsatisfactory access to reproductive health information and services; low level of access to and quality of antenatal and postnatal care; and unaffordability of delivery in hospitals and primary institutions. All of these results in many women delivering with family members and some with no assistance whatsoever. The policy of promoting public-private partnerships has limited benefits due to concentration of private services in lucrative areas. Lack of stringent measures for quality control and pricing for life-saving interventions in response to complications pushes the poor to desperate financial decisions.

As the focus of the National Safe Motherhood Programme for many years has been on TBA training, the paradigm shift to skilled attendance and EOC is fairly recent. Many vital policy issues are only just being addressed, such as the skilled birth attendance policy. The proportion of SBA-attended births is an important indicator in assessing progress in improving maternal health. However, the definition and the core competencies of a skilled birth attendant have been the subject of much debate. The indicator that has been in use in the national Health Management Information System (HMIS) is, "Deliveries by a trained health worker," and includes skilled birth attendants (doctors, nurses, and auxiliary nurse midwives) and other health workers, who do not meet the criteria of 'skilled birth attendant'. Although the government has initiated new strategies to promote skilled birth attendance through providing free delivery services in 25 of the poorest districts, this remains a challenge in the remainder of the country. While human resource availability at health facilities is a problem, more serious is its unequal distribution, with most skilled attendants concentrated in Kathmandu and the other larger cities. In this regard, it is expected that a human resource development plan will be developed, but difficulties in its implementation are anticipated, especially in fulfilling vacant

positions in the rural and remote areas. Given the slow acceptance of skilled birth attendance as the primary intervention for reducing maternal deaths, no programme interventions in support of this strategy have been implemented. WHO has set the target of SBA attendance during delivery of 50 % by 2010 and 60 % by 2015 for countries with very high maternal mortality ratio. Even this appears ambitious in Nepal's case.

As discussed above, most maternal deaths are preventable with the provision of skilled attendance during delivery, a well-organised referral system to basic and/or comprehensive obstetric care, safe abortion, a sound efficient family planning programme, and a strong health system. In addition, efforts are required to make families aware of the importance of pregnancy and delivery-related services and to bring about behavioural changes. Implementing these interventions, however, implies that a significant amount of resources will need to be allocated. The projected cost estimate for maternal health intervention packages is Rs. 899.7 million (US\$ 12.9 million) for 2005. This will double to Rs. 1,828.9 million (US\$ 26.1 million) in 2010, and will more than triple in 2015 to Rs. 2,755.1 million (US\$ 39.4 million).⁴

Another challenge is to increase contraceptive use and to involve men in promoting and supporting the reproductive health decisions of their wives and children. This is not easy in a patriarchal social structure with persistent gender discrimination. It is also critical to provide adolescents with sexual and reproductive health knowledge and information to bring behavioural changes toward responsible parenthood.

In recent years, the conflict has impeded progress, leaving many health facilities vacant or unsupervised. There are reports of insurgents looting medicines from pharmacies or porters carrying supplies. Frequent

strikes and roadblocks are reported to have resulted in the deaths of pregnant women who were delayed on their way to hospitals. According to a study (Thomas and Aitken 2004) on the impact of the conflict on safe motherhood, an additional 10 % delay was added to the normal delay women experienced in seeking and receiving essential obstetric care (EOC).

RECOMMENDATIONS

Reducing maternal mortality depends on a functioning health system that provides skilled delivery services and essential obstetric care. The health system needs to upgrade health workers' skills, increase investment for maternal health care and quality training, as well as management with continuing supportive supervision. Transportation from home to a primary health facility and referral to make delivery effective and efficient are other areas needing attention. Also needed are needs-based training, re-orientation of trainees from rural areas that incorporate service-oriented courses, and capacity-building in technical and non-technical areas at all levels. The Ministry of Health needs to develop a clear human resource strategy regarding recruitment, training, deployment, retention, and career advancement.

To mitigate staff shortages in remote areas, financial incentives may be needed, including providing training opportunities with better career prospects. Trainees should be recruited from the community with obligatory rural service agreements attached to scholarship/grants. It is recommended that an all-out effort, which includes training, should be made to ensure the presence of SBAs at every home delivery and in all EOCs. In this regard, limited training should also be provided to TBAs working at the grassroots level as a transitional measure to recognise and refer women with obstetric

⁴ These estimates do not include the resource requirement for the neonatal health package, which is dealt within MDG4.



complications until SBAs are available at the community level.

While the coverage of Basic/Comprehensive Essential Obstetric Care is provided to the population in keeping with international guidelines, Nepal's terrain, inadequate communication, and road infrastructure do not allow easy movement during emergencies. A SBA should be available at every health post and sub-health post in the country as these birth attendants can provide obstetric first aid and basic obstetric care. As a priority, resources must be channelled to the community's poor and marginalised.

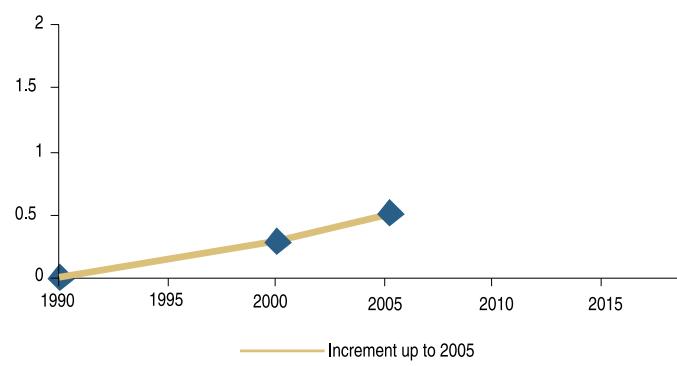
Antenatal care can help improve maternal health and newborn outcomes as well as increase a woman's likelihood of delivering with a SBA, thus contributing to a reduction in maternal mortality. Quality antenatal care for all pregnant women, particularly adolescents, should focus on essential interventions for malaria, hypertension, sexually transmitted infections, and deworming, along with nutrition supplements, health education on the danger signs of pregnancy and childbirth, and the development of a delivery plan.

Prevention of HIV infection from mother to child transmission (PMTCT), voluntary counselling and testing (VCT) for pregnant women, and advice for non-infected mothers on how to stay free of infection are additional services requiring inclusion. At the community level, proper early referral by communities, Maternal Child Health Workers (MCHWs), Female Community Health Volunteers (FCHVs), and TBAs to the appropriate health institutions is crucial in the event of complications. Medical staff should treat patients, especially the poor, with respect. Measures to ensure the affordability of health services for the very poor segment of the population are called for.

Since effective family planning can reduce maternal mortality by up to 30 %, the current high level of unmet demand for contraceptives must be addressed effectively. The national family planning programme must be supported by a reliable supply of contraceptives as well as by support for emergency contraception, post-abortion, and postpartum services. A clear-cut Reproductive Health Commodity Security Strategy can ensure the availability of the required resources. As less than one-sixth of teenage pregnant girls attend antenatal care, thus increasing their susceptibility to complications, it is important for adolescents to receive counselling in sexual behaviour and to have regular antenatal consultations if pregnant. Adolescent sexual and reproductive health must be addressed to resolve the population and development problem in view of several inter-linked issues of behaviour change and responsible parenthood.

Lastly, a reproductive rights-based approach needs to be adopted to address maternal deaths and health complications. What needs to be ensured is the right of access to unbiased, accurate information regarding the availability of family planning methods and their side effects, the right to make an informed choice, the right to decide when to have a child and how many, as well as the right of access to skilled attendance, and life saving essential obstetric care and family planning, among other services. Furthermore, improving maternal health requires proper actions implemented in a holistic, integrated manner through a life cycle approach, including the intake of food high in protein, iron, and iodized salt, particularly for girls; completing primary schooling; delaying marriage until age 16; delaying first-pregnancy until age 20; and use of effective contraceptives.

HIV prevalence rate among adults (15-49 years of age) in percent



GOAL



Combat HIV/AIDS, Malaria and Other Diseases

TARGET 7

Have halted by 2015 and begun to reverse the spread of HIV/AIDS

INDICATORS	1990	1995	2000	2005	2015 (TARGET)
HIV prevalence among 15-49 years of age (%)	NA	NA	0.29 ^a	0.5 ^b	-
Contraceptive prevalence rate including condom use (%)	24 ^c	29 ^c	39 ^c	NA	-

Source: a National Centre for AIDS and STD Control (1999 data). b UNAIDS, FHI/NCASC 2003. c NDHS 2001.

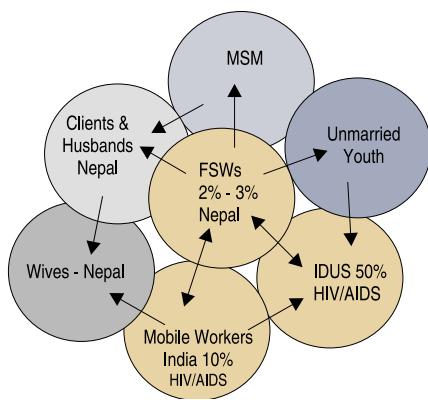
STATUS AND TRENDS

Although the estimated prevalence rate of HIV infection is 0.5 % in the age group 15-49 (UNAIDS, FHI/NCASC 2003), with a male to female ratio of 3 to 1, epidemiological data suggests that Nepal has entered the stage of a concentrated epidemic. This means that the HIV/AIDS prevalence consistently exceeds 5 % in some sub-populations such as female sex workers (FSW) and injecting drug users (IDU). Among high-risk groups, seasonal labour migrants make up 40 % of the nation's HIV-infected population, followed by clients of sex workers (18 %) (FHI/NCASC 2003 estimate). The number of children orphaned by HIV/AIDS is estimated to be 13,000 (UNICEF 2002).

The dynamic of the epidemic follows a predictable course. A rapid increase occurs in the most vulnerable group, e.g. the FSWs and IDUs as the first step. It spreads via the 'bridge population' of the clients of female sex workers (such as truck drivers, labour migrants, the uniformed services, businessmen, students, and partners of injecting drug users). HIV/AIDS spreads from this bridge population to the general population including the wives and the partners of the clients. Men who have sex with men (MSM) are also considered a high-risk group, as they may be married and by engaging in unprotected sex, may consequently infect their wives as well. Though small in number, blood or organ recipients also expose themselves to the risk of HIV infection.

¹ Given the paucity of data, the indicator 'contraceptive prevalence rate (CPR) including condom' was used instead of the MDG global indicator 'condom use rate of CPR'. From the HIV/AIDS prevention perspective, the CPR data needs to be interpreted with caution, as it covers all forms of contraceptives and thus does not give condom use rate related to infection. Also, given paucity of data, indicator 16 was modified to CPR including condom, rather than condom use rate of CPR. The original indicator may be better as CPR inclusive of all forms of contraceptives would not give condom use rate related to infection. Indicator 17 can be modified to proportion of orphan-hood in children 1-10 years caused by HIV/AIDS rather than number of children orphaned by HIV/AIDS.

FIGURE 6.1: Gateway to a generalised epidemic: multiple simultaneous linkages



Source: NDHS 2001

The interaction of these high-risk groups with a much larger and low-risk general population through unprotected sex has the potential to cause an explosive epidemic that may, within a decade, affect the economically productivity of the age group 15-49. It has been estimated that by the end of the decade, 100,000-200,000 young adults will be infected by HIV, and 10,000-15,000 may die of AIDS, making it the leading cause of death among the 15-49 age group (Chin 2000). Children separated from families are also subject to sexual exploitation and exposure to HIV/AIDS (Cross and Osborne 2002). In Nepal, there are 80,000 migrant children in the cities (ILO 1995) engaging in work such as rag picking, stone quarry labour, and domestic labour (CWIN 2002).

Key facts and figures regarding HIV/AIDS in these sub-populations are summarised below.

Female sex workers (FSWs)

- HIV prevalence among FSWs: about 2 % in the Kathmandu Valley (FHI 2004); and 3 % in 16 Terai highway districts between Jhapa and Rupandehi (NCASC/FHI 2003).
- Consistent condom use among FSWs: about 56 % with clients; less than 20 % with husbands and boyfriends (FHI/CREHPA 2004).
- An estimated 50 % of Nepalese FSWs in Mumbai brothels are HIV positive (FHI 2004).
- The number of ex-FSWs returning with HIV infection: 5000-25,000 in the Kathmandu Valley (CREHPA/New ERA 2001, Seddon 1998); 300 in Pokhara; and 700-6900 near

highways (CREHPA 2003, SC-US 2002, ADRA 2003).

- About 58 % of street FSWs and 25 % of brothel-based FSWs are illiterate (NCASC/FHI 2005), which limits their access to prevention information, treatment, and care services.

Injecting drug users (IDUs)

- HIV prevalence among IDUs – 68 % in Kathmandu; 22 % in Pokhara; and 35 % in Jhapa (FHI 2000, 2003, 2004) with nationwide prevalence of 35 % (FHI/NCASC 2003 estimate).
- IDUs make up 14 % of Nepal's HIV cases (NCASC 2004), but some estimates suggest IDUs account for one-third of HIV infections in the country (FHI 2004).

Clients of female sex workers

- An estimated 600,000 to 1.3 million Nepalese migrate to India for seasonal work (CBS 2001). As much as 10 % of those men migrating to Mumbai have been found to be infected with HIV (Poudel et al 2003).
- HIV prevalence among migrant labourers returning from Mumbai is estimated at 7.7 % (FHI 2002).
- An estimated 75 % of all truckers and 51 % of migrant workers reported having sex with FSWs, of which only 40 % used condoms. HIV infection varied from 1.5 to 4 % (FHI 1999).

Young people

- 15 % of 14-year-olds and 50 % of those aged 19 have had sexual encounters, according to a study of young factory workers (Puri 2002).
- Adolescents with risk-taking behaviour such as substance abuse, multiple partners, irregular condom use, unsafe abortions, and forced sex were found by the same study (Puri 2002).

Vulnerability to HIV continues especially among mobile populations, such as seasonal labour migrants and their spouses, trafficked women and girls, and children outside the family system.

Knowledge about HIV/AIDS is higher among the younger and more educated population. While the condoms are used for contraception by 2.9 % of currently married women and 6 % of currently married men, with 39 % having used contraception at some time, inconsistent condom use is a serious problem. In terms of gender differences, men have more knowledge of HIV/AIDS (72 %) than women (50 %). However, the percentage of women who have heard of HIV/AIDS nearly doubled from 27 % in 1996 to 51 % in 2001 (NDHS 2001).

Unfortunately, those infected with HIV are subject to stigmatisation and exclusion. There is an acute lack of HIV/AIDS counselling, care, and support. Most of the 62,000 people living with HIV/AIDS are not aware that they are infected and may engage in unsafe sex. Possible stigmatisation and exclusion prevent them from taking advantage of the voluntary counselling and testing (VCT) services provided in 23 sites (3 government, 20 NGO sites targeting the high-risk groups²) including Youth Friendly Services (YFS); and Sexual and Reproductive Health Services and Information, and seeking treatment if infected. Some NGOs also provide partial (non-comprehensive) VCT services. For the Prevention of Mother to Child Transmission (PMTCT), a national programme was recently launched in three government hospital sites. In terms of anti-retroviral therapy (ART) programme, about 100 people are receiving the therapy, which is available only in two hospitals. A target of 3000 patients provided with ART has been set under the Government National Operational Plan for 2005.

The trend shows that unless programmes are implemented on a war footing, a generalised epidemic with high mortality in the most economically productive group will begin and will start a vicious circle. The spread of HIV/AIDS will increase poverty and vulnerability, which in turn causes more infection and

has serious impacts on the country's socio-economic condition. The achievement of the Goal on HIV/AIDS appears very remote.

SUPPORTIVE ENVIRONMENT

The Nepal Health Sector Strategy Implementation Plan (2004-2009) has set the goal of, "achieving the health sector MDGs in Nepal with improved health outcomes for the poor and those living in remote areas and a consequent reduction in poverty." It includes the Essential Health Care Package that promotes AIDS/STD (sexually transmitted diseases) control. In addition, the National Policy on AIDS and STD Control was adopted in 1995, with 12 key policy statements focusing mainly on multi-sectoral, preventive activities in partnership with NGOs in an integrated and decentralised manner. It underlined the promotion of safe sexual behaviour, counselling, confidentiality, screening of blood for transfusion without any discrimination in terms of age, sex, and infection. The national strategy on HIV/AIDS 2002-2006 has the overall objective of containing the HIV/AIDS epidemic among vulnerable groups, and focuses on young people, mobile populations, FSWs, MSMs, IDUs, and children. In the strategy, five priority areas are clearly identified: 1) prevention of STI/HIV infection among vulnerable groups; 2) prevention of new infection among young people; 3) ensuring treatment, care, and support services; 4) expansion of the monitoring and evaluation framework through evidence-based effective surveillance and research; and 5) the establishment of an effective and efficient management system for an expanded response.

Various efforts have been undertaken to establish an adequate institutional framework to address the threat of HIV/AIDS. Nepal has established a high-level National AIDS Council (NAC), to be chaired by the Prime Minister to generate a multi-sectoral response. Its National AIDS Coordination

² There are still very few VCT sites targeting the general population.

Committee (NACC) came under the Health Minister, who approved work plans and guided the implementation of the national strategy for 2002-2006. The steering committee, chaired by the Health Secretary, reviewed programme activities, while programme implementation was delegated to the National Centre for AIDS and STD Control (NCASC), supported by external development partners (EDP). There is continuing effort to maintain relationship and communications between the government, the NGO community, and the donor community as well as among NGOs to make progress for the development of new coordination and institutional capacity development mechanisms for a national response to the HIV epidemic.

The National Action Plan for 2005-2006 is expected to produce greater impact in terms of access to services and involvement of multiple partners, especially in affected communities. Approximately 65 % of the resources needed for the Action Plan have already been pledged by external development partners, such as DFID, the Global Fund to fight AIDS, TB and Malaria, USAID, and the UN System. This support will make possible the scale-up of targeted prevention interventions, which will pursue a comprehensive package of services that include peer education, STI management, voluntary counseling and testing, condom distribution, and community sensitisation, among the priority communities. In addition, increased resources for HIV treatment, care, and support will expand the numbers of people with HIV who need to receive antiretroviral treatment to 30 %.

The Plan will also aim to strengthen government and non-government implementation capacities. Improved facilities and equipment and better trained staff in HIV and AIDS at the district level will be an important aspect in the implementation of the Plan, in order to ensure that communities receive quality health care. Civil society organisations are key stakeholders in the implementation. Institutional development activities that will build on their exist-

ing technical experience and will improve resource mobilisation and management will be a major focus in the annual plan.

CHALLENGES

The original HIV surveillance system was introduced in 1991 in 7 sites. It covered 5 population sub-groups (FSW, patients with sexually transmitted infections, IDU, antenatal care attendants, and tuberculosis patients) at six-monthly intervals. It was initiated in 1991 to cover these five sub-groups and seven surveillance sites. However, the sites, the interval between the rounds, and the sub-groups targeted were changed after a few rounds. Since 1995 the surveillance has been limited to the patients with STI and no round has been conducted for the past two years (UNICEF 2005). However, the government adopted a second generation surveillance system that has monitored sub-groups (IDUs, FSWs, truckers, male clients of FSWs, MSM and this coming year, migrants) in Nepal since 1998, and has also collected both behavioural and sero-prevalence (i.e., testing positive for HIV antibodies) data.

People living with HIV/AIDS (PLWHA) have limited access to care, support services, and treatment; and have less opportunities for creating sustainable livelihoods. A comprehensive care and support service package for PLWHA is missing. Few organisations provide community care and support. PLWHA that have some resources often run community care centres providing nutrition, referral, HIV testing, counselling, and psychological support for PLWHA and their families.

Lack of educational awareness among women has been posing a significant challenge for the prevention of HIV/AIDS infection among women. Many women do not have control over their bodies and thus are subject to pressure to engage in unprotected sex. Furthermore, as a result of the breakdown of family units and social networks

caused by the conflict, it is anticipated that the pressure on women who are now heading households has intensified, which could put them at a higher risk of exposure to HIV/AIDS through unprotected sex in exchange for money. The ongoing large-scale movement of the population, especially male youths add further complications.

Despite policy commitment to multi-sectoral programmes and NCASC serving as the technical review authority which advises on policy and funding issues and acts as secretariat to the NACC, HIV/AIDS is still seen as a 'medical' issue, resulting in limited involvement from other ministries. While the fund flow continues from foreign sources, the capacity for multi-sectoral involvement, especially among ministries, and the monitoring and evaluation system seem structurally inadequate. This is a critical gap given the multi-faceted problem of HIV/AIDS.

Improved coordination and the increased efficiency and effectiveness of various programmes are urgently called for, as the estimated resource requirement is very high.

The figure derived by an exercise in 2002 on the resource requirement of the national HIV/AIDS strategy for the period 2003-2006 was US\$ 51 million, depending how the strategy was operationalised (Country Report for Nepal Jan-Dec 2002 for UN General Assembly Special Sessions – mimeographed). For the period of 2005-2015, the total cost involved for HIV/AIDS interventions is estimated to be Rs. 4830 million (World Bank 2004). A positive development in this respect is that US\$ 14.7 million has been pledged for the annual estimated budget of US\$ 22 million, which leaves a gap of \$7.4 million for the period between July 2005-June 2006 (MoH 2005). In the absence of a national HIV/AIDS sub-account as part of overall National Health Accounts (NHA), monitoring the flow of resources is yet another challenging task.

RECOMMENDATIONS

Serious attention needs to be given to strengthening the institutionalisation process of multi-sectoral involvement as well as institutional capacity-building, with continued



and enhanced support from external development partners. Stakeholders should agree on the need for capacity building within the NCASC, supported by competent technical and administrative staff without frequent changes in staff on 'political grounds'. The NCASC, being a technical body, should focus on capacity development, especially in areas such as surveillance and research as well as monitoring and evaluation. A national HIV/AIDS sub-account is essential for keeping track of the inflow of funds and to find out how funds are used for the purpose of providing inputs to policy formulation.

On the sensitisation front, it is necessary to re-evaluate the existing Behaviour Change Communication (BCC) campaign. While the National BCC Strategy has been agreed upon, operationalisation of the strategy requires a careful assessment of various factors. For instance, campaign messages should be developed on the basis of thorough analyses of the social, cultural, and behavioural norms of the youth, including poor, disadvantaged, and marginalised groups. A balanced approach should be adopted to the 'Abstinence, Being Faithful, and Condom Use' (ABC) message, based on age, risk level, and vulnerability to HIV/AIDS. There has been media support especially regarding sensitisation on HIV/AIDS issues, but the content and message disseminated by the media should be properly monitored. At the same time, access to sexual and reproductive health information and services should be ensured.

Special measures are needed to reduce the stigmatisation and exclusion of HIV-infected persons as well as to provide incentives to people living with HIV/AIDS in the form of preferential access to transport fares, food, and so on. AIDS orphans are another group who require special interventions such as ensuring access to essential services (i.e., education, birth registration, basic health and nutrition services, water and sanitation, a judicial system to protect children etc.) to prevent perpetuation of the disease. In this regard, VCT should be made available throughout the country, and efforts are needed to make ARV available to all who need treatment. Treatment of opportunistic infections should be made available to all, through the setting up of services with due respect to cultural values and social perceptions.

As mentioned earlier, the multi-sectoral approach to HIV/AIDS requires closer coordination among different actors working on various issues in order to address the socio-economic dimensions of the epidemic, including gender, stigmatisation, discrimination, the economic impact of the epidemic on PLWHAs and their dependents, and a sustainable institutional mechanism to combat HIV/AIDS. Public-private partnerships should be further promoted, which could ensure the increased availability of safe blood transfusion services throughout the country. Needless to say, local ownership of various programmes needs to be ensured with the active involvement of the community leaders, I/NGOs, and local participation in planning, implementation, monitoring, and evaluation.

TARGET 8

To have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

INDICATORS	1990	1995	2000	2005	2015 (TARGET)
Prevalence rate associated with malaria					
(number of cases per 100,000 people at risk)	115 ^a	NA	65 ^b	78 ^{b,1}	-
Proportion of population in malaria risk areas using effective malaria prevention measures					
NA	9.75 ^{d,1}	6.94 ^d	11.4 ^{b,2}	-	-
Slide positivity rate (SPR) ^e	5.1	9.2	4.3 ¹	NA	-
Prevalence associated with tuberculosis	460	420	310	280	-
Death rates associated with tuberculosis	43	35	23	NA	-
Proportion of tuberculosis cases detected	NA	46	69	71	-
Proportion of tuberculosis cases cured under Directly Observed Treatment Short Courses (DOTS)					
NA	NA	89	88	-	-

Source: a HDR 1996 (1992 data). b NPC/UNDP 2004 (b.1 and b.2: 2003 data). d Rana 2001 (d.1: 2002 data). e NDHS 2004 (1: 2003 data).

STATUS AND TRENDS

Malaria control services including drugs are provided free to nearly 17.3 million people – or 74 % of the population – at risk of infection in 65 districts. Priority is given to 12 high-risk districts, accounting for about 25 % of the total population. This has been further classified into 'Stratum 1' with a very high incidence of falciparum malaria, and 'Stratum 2', which accounts for 20.6 % of the total population. Both are covered under the 'Roll Back Malaria' (RBM) global initiative by Early Diagnosis and Prompt Treatment (EDPT).

The incidence of malaria cases has gone down to 65 in 2000 from 115 in 1990 which again increased to 78 per 100,000 people in 2003. The high-risk population in districts covered by preventive measures was 9.75 % in 1996, before going down to 6.94 % in 2002, and up again to 11.4 % in 2003. An analysis of service statistics indicates a resurgence of *P. falciparum* malaria, increasing from 6 % in 2000 to 11.75 % in 2004. Resistance to routine drugs is on the increase. Malaria is ex-

pected to be contained in the Terai and is not seen higher than 1400 metres above sea level, but high prevalence has been observed in the hills and mountainous districts recently. From 2001 to 2004, the number of malaria cases in infants under one has steadily increased from 1 case to 9 in the Eastern Development Region and 5 to 33 cases in the Central Development Region. No cases were reported from the Midwestern Region in 2004, which was probably due to under-reporting caused by the conflict.

Not only is progress slow, but the situation has also become worrying because of the increase in the incidence of *P. falciparum*, drug resistance, and malaria incidence in infants. Unless urgent measures are taken, the goal will not be achieved. On the other hand, there is the potential for 'quick wins' with the use of modern technologies.

Tuberculosis contributes to 7 % of the total burden of disease.³ According to a WHO estimate, little more than two-fifths of the total population suffers from TB, of which

³ Burden of disease means death, illness, and disability accounting for more than two-thirds (68 %) of infectious diseases, maternal and perinatal disorders and nutritional deficiency disorders (MOH Second Long Term Health Plan 1998).

60 % belongs to the economically productive age group. Almost half the 44,000 people suffering from TB have infectious diseases that can spread unless treated. The use of Directly Observed Treatment Short Course (DOTS) has made remarkable strides in the cure rate of TB. Although reduced, death rates are still in the range of 6000 to 8000 year. As long as prevalence of HIV/AIDS is low, the decline in the incidence of TB will be permanent, and the target to reverse the trend of tuberculosis and to halt it by 2015 will be achieved. Thus from a death rate of 43 per 100,000 in 1991, the death rate is expected to go down to 13 per 100,000 by 2015. But given the anticipated HIV/AIDS epidemic, an opportunistic infection like tuberculosis will go on the attack. It is estimated that 10 % of HIV/AIDS patients will progress from TB-infection to full-blown tuberculosis every year (DOHS 2004).

It is noted that even if the rate increases by 0.1 percentage points each year, prevalence in 2015 will reach 1.4 %. This means a reversal of the gains otherwise expected, preventing the meeting of Target 8 on tuberculosis. If it were not for the prevalence of HIV/AIDS, progress in tuberculosis control would be satisfactory. A short course of anti-tuberculosis chemotherapy under DOTS has revolutionised the cure rate since 2001.

SUPPORTIVE ENVIRONMENT

The inclusion of malaria in the Essential Health Care Package shows the priority it has received in government programmes. The Vector Disease Research and Training Centre in Hetauda has contributed to research and training. In 2003, Global Fund for HIV/AIDS, Tuberculosis and Malaria (GFATM) approved a five-year grant of US\$ 7.6 million to augment the implementation of malaria control activities in Nepal. The Global Fund (GF) programme sets out to reduce the incidence of malaria in twelve target districts. Its goal is to reduce the malaria burden and elevate the health status of the

population in high-risk districts by working through community-based action and partnership supported by an effective Primary Health Care (PHC) system. A successful implementation of the plan will help to attain this goal.

The Roll Back Malaria global initiative aims to reduce morbidity and mortality from malaria by more than 90 % by the year 2010 from the baseline level of 2001.

The Nepal Tuberculosis Centre is well-organised and DOTS is available at all the health facilities down to the sub health post level, with good public/private participation. Functioning laboratories for sputum examination and the setting up of regional centres with assistance from I/NGOs for quality control are necessary supportive measures. The multi-drug resistance (MDR) problem is decreasing in newly-registered cases and is a sign of an effective DOTS programme. The TB programmes have benefited from harmonised donor support, and the Global Fund for HIV/AIDS, Tuberculosis, and Malaria has agreed to fill the financing gap for the TB programmes for 2006-2010. In addition, the Global Fund is expected to fill in the implementation gap to combat malaria in 12 districts identified as high-risk. The project has begun to distribute Insecticide Treated Nets (ITN) free of cost to the poor and at subsidised rates to the non-poor.

CHALLENGES

The overall malaria situation has deteriorated recently as a result of the conflict. People from non-endemic regions of Nepal have been compelled to move to endemic parts of the Terai for security. In addition, conflict-related poverty is increasingly forcing people to seek poorly paid seasonal work in highly endemic parts of India. About 1 million Nepalese cross the border each year for seasonal work and many return infected. This phenomenon has important implications for the development of drug resistance in Nepal.

Critical weaknesses in management capacity has threatened to undermine the impact of existing GF. There are no laboratory facilities in some endemic areas. Microscopes are lacking or they are not maintained properly. There is a lack of motivation in peripheral workers resulting in low slide collection, and non-examination of slides due to unfilled laboratory posts. Of the 66,500 malaria patients reported as treated in 2003, just 9500 were laboratory-confirmed cases. This is serious as it can contribute to drug resistance. Therapeutic efficacy for sulfadoxine-pyrimethamine (SP) against falciparum malaria during epidemic years in three of the most affected districts revealed that treatment failure ranged from 56 % to 87 %.

The pace of Indoor Residual Spraying (IRS) is not only very slow, but doubts have been cast over the quality of the insecticides. Sometimes the spraying pumps are poorly maintained and spare parts are unavailable. Malaria surveillance is weak, and the capacity to detect outbreaks in a timely manner is low.

Tuberculosis generally affects the poor, and the malnourished living in over-crowded spaces, which is particularly common in the context of rapid urbanisation. The prevalence of HIV/AIDS is a serious challenge, and 10 % of AIDS patients contract full-blown TB every year. Resistance to drugs due to irregular and indiscriminate use is another challenge.

Nepal also needs further resources if it to achieve the Target. The financial requirement for both malaria prevention and treatment is expected to increase from Rs. 166.2 million (US\$ 2.4 million) in 2005 to Rs. 274.9 million (US\$ 3.9 million) in 2015 (NPC 2004).

RECOMMENDATIONS

In view of the fact that malaria continues to be a serious public health problem in Nepal, it is recommended that the combined strategy of rapid diagnosis and treatment should

be strengthened with the involvement of the public and private sector. There must be greater stress on research in emerging issues such as migration and malaria, drug resistance, and bio-vector control. Coverage with Insecticide Treated Nets (ITN) should expand with the active involvement of the community. Rigorous criteria should be in force to avoid misuse and under-use.

It is imperative that weaknesses in surveillance and the late response to outbreaks be addressed. Strengthening management and technical capacity within the National Malaria Control Programme is considered absolutely crucial to the long-term success of this programme.

Community awareness in endemic areas regarding the prevention of mosquito breeding, seeking prompt healthcare in the presence of fever, avoiding medication, and the use of preventive measures such as ITN needs to be enhanced through behaviour change communication.

Since socioeconomic determinants play a large role in tuberculosis, measures directed to poverty alleviation, health education, efficient case detection measures, and availability of drugs should be continued. There should be continued support for the already-expanded diagnostic and treatment sites (public-private) and for maintaining the existing infrastructures to maintain the wide coverage and use of DOTS.

Continued capacity building, particularly among the middle and lower cadre of health workers and community members, along with media support for case finding and DOTS treatment, is important if gains are to be sustained.

Tuberculosis is one of the main opportunistic infections in AIDS patients; thus it is essential to have collaborative action with HIV/AIDS programmes. Preventive measures against HIV/AIDS will determine whether the tuberculosis goal will be reached in Nepal.



G O A L



Ensure Environmental Sustainability

TARGET 9

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

INDICATORS	1990	1995	2000	2004
Area under forests (%)	37 ^a	29 ^b	-*	-*
Area protected to maintain biological diversity (sq. kms)	10,948	20,077	20,077	28,585.7 ^c
Energy use per unit of GDP(TOE/mRs) ^d	34.8	29.0	28.4	29.6
Proportion of people using wood as their main fuel (%) ^e	75	67.74	67.74	69.1
Commercial Energy/GDP (TOE/mRs) ^d	1.44	3.91	3.91	3.64

Sources: a MFSC 1988 (From aerial survey in 1978). b MFSC 1994. c DNPWC 2005. d MOF 2003/2004 and WECS 2003/2004.
e CBS 1996 and 2004. NA=not available.

FORESTS AND BIODIVERSITY

STATUS AND TRENDS

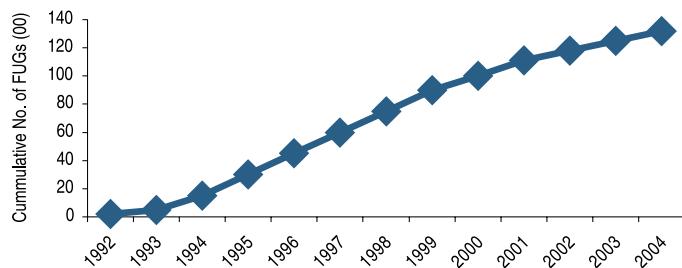
In Nepal, 29 % of the total land area is covered by forest and 10.6 % by shrubs (MFSC 1994). Since the shrubs have the potential to turn into forest areas, the total area under forests is 39.6 %. The Forest Master Plan (1988) which was based on the 1978 data showed 42 % (37 % forest and 5 % shrubs) of the total land covered by forest areas. The 1994 survey however, revealed that the country saw a decline in forest area, compared to that in 1978 (MFSC 1988).

Over the past few decades, community-based forest resource management (CBFRM) regimes whereby local and indigenous people are actively involved in forest, land, and water resource management have shown

good results in maintaining forest cover and biodiversity richness, and experience with pioneering instruments such as participatory community-based forest management has been regionally acknowledged.

These participatory management regimes are intended to directly or indirectly address the overarching national goals of poverty reduction and sustainable development. For example, leasehold forestry regimes are believed to be in the front line in the alleviation of poverty and in restoring degraded land, while community forestry has also helped enhance forest quality and coverage. Over the years, the number of community forest user groups (CFUGs) involved in forest management has increased (Figure 7.1). Recently however, the trend has declined because the majority of the accessible forests in the hill and mountain areas have been

FIGURE 7.1: Pattern of handing over of community forests to FUGs



handed over and the government has restricted the handover of large blocks of forest in the Terai. Several studies have indicated positive impacts of community forestry, such as an increase in biomass and plant abundance, and decrease in the number of open patches inside the forests.

Altogether, there are 19,961 CFUGs involved in managing community forests throughout the country. Similarly, 2378 leasehold forest groups are managing 9000 hectare of forest-lands (DoF 2005 estimate). Among the NGOs, the FECOFUN has been playing a key role in forest management and development. Different community groups involved in community forestry, leasehold forestry, buffer zones management programmes, and collaborative forest management are managing about 30 % of the country's total for-

est area and are moving towards self-reliance (MFSC 2005).

A watershed management programme is also contributing to an increase in agricultural productivity through water, soil, and forest conservation initiatives. Buffer zone management programmes have made explicit efforts to link local livelihood needs with conservation needs in and around protected areas through participatory measures to enhance people's economic opportunities and reduce pressure in core areas. The current challenge is to ensure the traditional rights of indigenous, poor, and socially disadvantaged groups over natural resources in the buffer zones and protected areas of Nepal.

Given the fragile physiography of the country and the fact that the majority of the people live in rural mountainous areas, the poverty-environment-health and vulnerability nexus is very strong. The different community management regimes described above have resulted in strengthened environmental governance and livelihood enhancement through benefit sharing incentives along with enhanced access to resources. Many rural families depend on ecotourism and on the trading of non-timber forest products (NTFPs). Medicinal and aromatic plants (MAPs) provide a source of income, medicines for primary health care, and revenue for the national treasury.

Biodiversity conservation contains area of critical importance for Nepal's environment, because, it possesses a large diversity of flora and fauna, at genetic, species, and ecosystems levels (MFSC 2002). This is due to the climatic diversity in the vertical world of the Himalayas.

The area under protection in order to maintain biological diversity has increased from 10,948 sq. km in 1990 to 28,585.7 sq. km in 2004. This comprises about 19.4 % of the country's total area, and represents all ecological zones. The protected area system includes 9 national parks (36 % of the total

BOX 7.1: CFUGS CERTIFIED BY THE FOREST STEWARDSHIP COUNCIL

The Forest Stewardship Council, a global forest certifier, assessed (according to set principles and criteria) 11 CFUGs of Dolakha and Bajhang, spread over an area of 10,500 ha. and awarded them a 'Certificate of Sustainable Forest Management'. This proves that the management of the forest systems they were involved in are well-managed in all social, environmental, and economic perspectives. To facilitate the process and to boost the conservation of such species and their habitats, the Federation of Community Forestry Users, Nepal (FECOFUN), as a resource manager, prepared guidelines for the identification and protection of endangered flora and fauna and disseminated these to the certified CFUGs to systematise the conservation of local biodiversity. The CFUGs identify the species that are endangered, develop the protection and promotion mechanism, and incorporate these into their operational plan. CFUGs implement these provisions for a year and then reflect, monitor, and plan for the coming year taking the learning of the previous year into consideration.

protected areas), 3 wildlife reserves, 3 conservation areas, 9 buffer zones, and one hunting reserve (MFSC 2002). Due to their outstanding ecosystem and landscapes, two of Nepal's National Parks are listed as World Natural Heritage sites. Similarly, four sites are designated as Ramsar sites.

Wetlands have been recognised as one of the Nepal's most important ecosystems and are important in terms of their ecological, cultural, and economic value. Nepal contains different types of wetlands but the largest coverage is by river systems (53 %) followed by paddy fields (43.6 %) (MFSC 2002). These ecosystems harbour 25 % of Nepal's biodiversity. About 172 species of the major wetland plants are listed (IUCN 1995). Out of 860 birds species found in Nepal, 193 are known to be dependent on the wetlands (Bhandari 1998). Globally significant wetland sites such as the Koshi Tappu Wildlife Reserve, Ghoda Ghodi Tal, Jagdishpur Reservoir, and Bish Hazari Tal are conserved and protected as per the specification of Ramsar sites.

Nepal has a high degree of agricultural biodiversity (crop and animal genetic resources) that is largely associated with the hills and mountains, where variation in factors such as topography, slope, aspect, and altitude allow for an enormous range of biological environment, climatic regimes, and varied ecosystems. For example, out of more than 500 species of plants that are edible, 200 are cultivated species (MFSC 2002).

SUPPORTIVE ENVIRONMENT

Nepal has a variety of enabling policies and the institutional environment to ensure environmental sustainability, which is supported by external development partners as well as NGOs. Furthermore, as explained above, various CBFRM regimes have made significant contributions to enhancing environmental sustainability as well as poverty reduction.



The Master Plan for the Forestry Sector (MPFS) provides a twenty-one-year policy and planning framework for the forestry sector. The Nepal Biodiversity Strategy (NBS 2002), reflects the national commitment to adopt a more cohesive, strategic, and comprehensive approach to conserving biodiversity and for the wise use of biological resources. Among the six priority programmes under the NBS are national forests, protected areas, wetlands, agrobiodiversity, rangelands, and mountain biodiversity. In line with the NBS vision, a landscape-based approach for biodiversity conservation is articulated in the PRSP (2002-2007) to ensure coherence between productive and protected landscapes. The SDAN (2003) provides a national vision for integrating the environment dimension in the overall national planning framework. Several regulatory and policy updates include the National Ecotourism Strategy (2004); the Buffer Zone Regulations and Guidelines – updated (2004); legislation drafted to permit the farming of common wildlife species, e.g. wild pigs, deer, and el-

ephants (2004); the National Wetland Policy (2003); and the Herbs and NTFP Development Policy (2004).

Some specific outputs related to *in-situ* conservation achieved in the recent past are as follows.

- A National Register of plant species has been established in the Department of Plant Resources of MFSC.
- Biodiversity 'hot-spots' such as Badimalika, Phulchowki, Barandabhar and Tinjure-Milke-Jaljale forests with rich genetic resources are legally protected and managed or are recognised for conservation.
- A National Register of medicinal and aromatic plants (MAPs) was updated in 2004.
- A Central Biodiversity Information (database) and Monitoring Centre was established at the Department of National Parks and Wildlife Conservation.

Under the agro-biodiversity policy, *in-situ* and *ex-situ* conservation strategies are being adopted by the National Seed Board of Nepal, the Nepal Agricultural Research Council (NARC), and District Agriculture Offices (DAO). Furthermore, a national database and inventory for indigenous livestock has also been set up in NARC, along with a conservation action plan. MFSC, with support from development partners, has been preparing a Churia Area Programme Strategy (CAPS) which is expected to contribute to the conservation of the fragile Churia environment.

CHALLENGES

Despite the innovations on the policy and regulation front, which includes salient strategies such as the SDAN and the NBS (2002), progress in their implementation is poor as the mechanisms and capacities to translate these strategies into actions are lacking. Without a due assessment of institutional capacities and sectoral buy-in to translate policies into action, results will remain weak. Since achieving environment outcomes requires other non-environment

related ministries to have the appropriate policies, capacities, and regulations in place, this sort of inter-sectoral mainstreaming is an aspect that requires stronger impetus.

Further challenges include conflicting provisions between various policies and acts. For example, the Forestry Sector Policy (2000) mentions the Collaborative Forest Management Strategy for managing the forest block of the Terai and the Inner Terai. The Forest Act, on the other hand, contradictorily stipulates that all national forests can be handed over to the FUGs. Although the LSGA has provided ownership and authority over the forests in and around the local bodies, it contains conflicting provisions, with altogether 23 Acts including Forest, Environment, and National Park and Wildlife Conservation Acts.

Institutional bottlenecks such as centralised decision making, the duplication of responsibilities, fragmented responsibilities, and the lack of an integrated framework for coordination among responsible agencies are notable. Similarly, equity in benefits sharing and lack of inclusion in community management regimes of particularly deprived ethnic communities are other key challenges.

While the primary aim of community forestry in terms of maintenance of forest cover has been by and large achieved, there are second generation issues such as good governance, livelihood strengthening, and equity aspects which need to be strengthened. The Tenth Plan advocates on these issues, in terms of redirecting the focus of the community forestry programme and setting up mechanisms for fair and equitable benefit sharing of genetic resources. The current challenge of the area is to reorient attention to livelihood promotion, good governance, and sustainable forest management.

Similarly, policies related to national parks and conservation areas have to tackle commercial interests in protected areas and buffer zones. This underlines the belief that

appropriate policies and robust institutions to include local participation are necessary to effect conservation outcomes. Furthermore, having a mechanism for transboundary partnership to encompass ecosystem management and species conservation has long-term significance.

Rapid demographic changes and weak land planning have resulted in habitat loss. Political instability and insurgency has affected programming and planning for conservation activities, while the lack of clear scientific data on the impact of the decade-long conflict on natural resources makes future planning difficult. In the absence of locally-elected structures, and in the presence of fragmented institutions, maintaining the momentum of community-led regimes for resource management remains a challenge due to issues of security and access.

RECOMMENDATIONS

As pointed out earlier, the contradictions existing in the various acts and regulations related to natural resources and local self-governance should be eliminated so that institutional clarity can be obtained with regard to rights, responsibilities, and mandates to ensure people's rights over natural resources. The policy and institutional reform process needs to be participatory and must give proper attention to issues of capacity development, and inter-sectoral mainstreaming for achieving sustainable development outcomes. Furthermore, a follow-up plan to implement the SDAN and the NBS is urgently required. An early approval of the draft NBS implementation plan which has been prepared by the MFSC will contribute in this regard.

Various policies and plans need to have a stronger focus on poor, vulnerable communities, as well as on cross-cutting issues such as gender. In particular, the MPFS (1988) needs to be revised to address these concerns, as the overall framework for policy guidance in this sector. Furthermore, forestry sector policies should address second-gen-

eration issues such as sustainable forest management, livelihoods and governance, and management of forests in the Terai. With regard to preserving local knowledge and rights, access to the Genetic Resources Act should be approved to ensure a benefit sharing mechanism for Nepal's biological resources and indigenous knowledge. Particularly in the context of Nepal's recent accession to the WTO, this calls for immediate action such as documentation and registration of biodiversity-related indigenous knowledge.

Strengthening baseline data on key indicators and appropriate monitoring and trend analyses that are locally-led at the district level are necessary to understand and respond to local signals. Decision support tools such as remote sensing and geographic information system (GIS), as well as the integration of environmental indicators in the national poverty frameworks are relevant.

Recommended programmes are as follows.

- An integrated management plan to manage the fragile Siwalik Hills must be formulated.
- A national standard for sustainable forest management in all forest management regimes should be formulated and the process of forest certification needs be concluded.
- An implementation plan for the NTFP Policy should be developed which determines standards for sustainable NTFP management.
- While community forestry has been successful in many areas of the country, leasehold forestry needs to be further strengthened by mobilising community-based organisations. Similarly, scientific forest management is a need in the Terai forests and appropriate models of forest management are required for high mountain forests and pasturelands.
- The landscape approach to biodiversity conservation should be adopted within the protected area management system and a coherent policy for managing bio-

logical corridors outside the protected areas must be worked out.

- A comprehensive study to determine the role of forests in carbon sequestration should be carried out.
- Similarly, valuation of ecosystem services provided by the protected areas leading to the development of a mechanism for sustainable conservation financing should be conducted.

ENERGY

STATUS AND TRENDS

After the initial decline during the first half of the 1990s, energy use per unit of GDP has slightly increased in the past few years to about 30 TOE per million rupees and the commercial energy component has increased steadily to about 3.64 TOE per million rupees of GDP (MOF 2004). Around 40 % of the population has access to electricity (CBS 2001) but the gap between urban access (87 %) and rural access (27 %) is very large (CBS 2004). Moreover, the Nepalese are the lowest per capita electricity users in South Asia (around 70 kilowatt-hours per year).

The energy consumption in Nepal is still dominated by traditional energy which makes up 87 % of the total energy consumption in 2004. Moreover, fuelwood accounts for almost 90 % of the total traditional energy of 7,397 TOE. Agricultural waste and dung are the other types of traditional fuel being used in Nepal. The use of commercial energy is also increasing rapidly, particularly petroleum products at 769 TOE, and electricity at 139 TOE (MOF 2004). The proportion of households using wood as their main source of cooking fuel has increased slightly from 67.8 % in 1995 to 69.1 % in 2003, whereas the proportion of people using cow dung and other resources such as straw as a source of fuel has decreased from 25.8 % to 15.7 % during the same period. While the proportion of people using liquid petroleum gas (LPG) saw a big jump from

0.99 % in 1995 to 8.2 % in 2004, the use of kerosene remains almost unchanged (CBS, 1996 and 2004).

There is an urgent need to change the energy consumption profile of Nepal, as the majority of the population still depends heavily on fuelwood. This represents a major challenge to environmental sustainability, because the fuelwood is mostly extracted from forests, causing deforestation, landslides, and erosion. The consumption of cleaner fuels, which stands at a very low level at present, needs to be increased substantially.

In Nepal, much emphasis has been placed on promoting alternative energy, especially since the early 1990s. With respect to ensuring environmental sustainability, the renewable energy initiatives have been contributing in three primary ways.

Firstly, renewable energy such as biogas and improved cooking stoves (ICS) reduces or reverses the forest depletion process. For example, it is estimated that ICS can reduce fuelwood consumption in the range of 25 % to 40 % (AEPC 2004). Secondly, the availability of power in the rural areas opens up a host of new income and employment opportunities through micro, small, and medium enterprises which divert or limit people who otherwise would have been expanding cultivation on marginal land or would continue selling fuelwood to earn their livelihoods. Thirdly, the renewable energies have been facilitating information and communication technologies.

Various types of renewable energy technologies have seen a steady expansion over the years. By the end of 2004, there were about 1500 pico- and micro-hydro electrification plants serving approximately 80,000 households; over 800 turbine mills, serving thousands of rural households (AEPC/CADEC 2004); more than 123,000 biogas plants installed in 66 districts with more than 860,000 beneficiaries (BSP Nepal 2005); over 150,000

ICS built with even growing demand; and approximately 2000 improved water mills installed. The trend from 2001 to 2004 in the use of these different technologies indicates a sharp rise in the number of installations of ICS, but a gentle decline in the others – micro-hydro plants, solar home systems, and biogas technology.

SUPPORTING ENVIRONMENT

The combination of grid-based and off-grid decentralised options, including both electricity and non-electricity technologies, has resulted in significantly enhanced access to modern sources of energy for rural people.

The breakthrough for the promotion of renewable energy came with the Electricity Act (1992) which created an environment conducive to community and private sector participation in hydropower development. The Ninth Plan (1997-2002) put emphasis on these new energy technologies, which was further enhanced by the 2001 Renewable Energy Subsidy Policy which introduced subsidies for the construction and rehabilitation of micro-hydropower, solar power, improved water mills, and biogas schemes. The Tenth Plan has given top priority to the renewal energy sub-sector. It has targeted to provide electricity to 12 % of the rural population from the alternative energy sources.

Currently, a new Rural Energy Policy is being prepared. Its key objectives are the enhanced participation of communities and the private sector in rural energy development as well as the promotion of modern energy technologies in place of traditional biomass and fossil fuels.

Various multilateral and bilateral development agencies as well as NGOs have been supporting the government's efforts in this sector, with a particular emphasis on renewable energy sector in Nepal. Since 2000, under the leadership of the Alternative Energy Promotion Centre (AEPC) established under the Ministry of Environment, Science and Technology, vari-



ous projects, programmes and fund/subsidy flow have been streamlined.

CHALLENGES

Despite some notable achievements in providing access to modern energy services to Nepal's rural population, the sector still faces major challenges. On top of the problems such as leakage of electricity which is estimated to be more than 20 % and loss of energy and poor cost recovery, the three key challenges to the energy sector in the country are the following.

Limited access to renewable energy services of the poor, and particularly in remote areas

Major challenges that have hindered access are:

- low affordability and lack of a financial support system for the poor – capital-intensive technologies like biogas and solar PV have mainly reached the rural middle class;
- lack of access to information about benefits and policies;
- lack of adequate technical/managerial support; and
- lack of awareness among the general public about the negative health im-

pacts of indoor air pollution and other environmental and social impacts of continued use of conventional energy.

Productive end use of renewable energy in rural areas.

The key challenges include:

- small local market, viz. low purchasing power of local people to consume the goods produced using alternative energy;
- inadequate transportation facility for movement of goods;
- lack of access to information about the production technology to utilise local energy resources and market information;
- lack of adequate financial support systems; and
- lack of managerial, technical, and financial skills/expertise.

Ensuring sustainable development of renewable energy services

The key challenges in this area are as follows:

- Continuity in commitment by the government and external partners to the sector will determine the sustainability of the programmes, as the financial re-

sources required for the installation of alternative energy systems have been identified to be in the range of 2.3 billion rupees per annum.

- policy and implementation gaps in the harmonisation of off- and on-grid rural electrification programmes;
- negative impact of the ongoing conflict on the new installation as well as the operation of installed systems in some cases; and
- constraint on high quality installation and repair and maintenance of renewable energy technologies by insufficient availability of skilled human resources.

RECOMMENDATIONS

The affordability of renewable energy technologies and grid electrification needs to be addressed through a two-pronged approach. The first is through linking the energy supply with rural livelihoods, i.e., agricultural and non-agricultural production, tourism services, and other productive uses. The second is the provision of a micro-finance system with a feasible pay-back period to help poor households avail themselves of the services. Research and development to produce lower cost renewable energy technologies, such as white light emitting diode is also extremely important for producing affordable products.

BOX 7.2: IMPROVING LIVELIHOOD THROUGH COMMUNITY-MANAGED RURAL ENERGY SYSTEMS

Initiated as a pilot programme of HMG/N and UNDP in 1996 in five districts, the Rural Energy Development Programme (REDP) is currently operational as the expanded joint programme of the Alternative Energy Promotion Centre of HMG/N, UNDP and the World Bank in 25 districts.

REDP has approached micro-hydropower from a social mobilisation perspective with the main objective of reducing poverty and improving rural livelihoods through rural energy. The REDP approach of constructing micro-hydropower projects with community people also builds 'social-capital' for long-term sustainability. This is a holistic approach to rural development. Together with micro-hydropower projects, which because of their suitability to community ownership provide an entry into a community, REDP also promotes other renewable energy technologies such as biogas, solar PV, and improved cooking stoves as well as non-energy activities such as adult literacy, afforestation, and income generating activities. REDP works closely with the DDCs in the districts where it works. It helps establish and support the Rural Energy Development Section (REDS) under the DDC in each district it works in so that the REDS can carry out the energy planning for the district.

From the perspective of environmental sustainability, more emphasis needs to be given to the ICS and biogas programmes. A major focus should be cooking energy, because this is the service that has been constantly putting pressure on forest resources. ICS, if linked with the forest user groups, can be disseminated very fast and maintained properly. More budget needs to be allocated for subsidy given to poor households to cover the initial investment cost of installing biogas systems and poor households' access to micro-credit should be enhanced to help them buy livestock. In addition, research and development efforts are required to develop low-cost cooking technology as well as to achieve

a higher degree of fuel efficiency. Furthermore, social marketing techniques are needed to inform the general public about the negative environmental and health impacts of conventional energy use.

The use of micro-hydro in the daytime needs to be promoted to maximise the utilisation of generated power. For this, productive end-uses targeting local markets are important.

Continued financial commitment to this sector from the government is essential to allow the renewable energy sector to fulfil its potential to supply clean and modern energy to the majority of the country's population. In addition to the current development partners involved in this sector, sources of funding such as the Global Environment Facility and the Clean Development Mecha-

nism need to be more aggressively pursued. The Water and Energy Commission could be part of the institutional framework looking after energy issues and coordinating the striking of a dynamic balance between energy demand and supply. Furthermore, the Nepal Electricity Authority (NEA) should be further committed to promoting community-based rural electrification. The purchasing of power from micro-hydropower schemes should be strengthened through connecting to the grid.

Since investment in the energy sector by the government alone is not sufficient, public-private partnership needs to be strengthened. Such a provision would also help facilitate cost recovery: controlling loss and enhancing management efficiency in the energy sector.

TARGET 10

Halve by 2015 the population without sustainable access to safe drinking water and basic sanitation

INDICATORS	1990	1995 ^b	2000 ^c	2005 ^d	2015
Proportion of population with sustainable access to an improved water source ¹	46 ^a	70	73	81	73
■ Rural	43 ^a	68	71	79	72
■ Urban	90 ^a	96	86	93	95
Proportion of population with sustainable access to improved sanitation	6 ^e	22	30	39	53
■ Rural	3 ^e	18	25	30	52
■ Urban	34 ^e	67	80	81	67

Sources: ^a Nepal Family Health Survey 1991. ^b CBS 1996. ^c MoH, NDHS 2001. ^d CBS 2003/04. ^e Nepal State of Sanitation Report (Colombo Resolution 1990)

STATUS AND TRENDS

While the MDG target aims to increase “*sustainable access to safe* drinking water,” this is difficult to assess, due to wide variations and definitions in water supply. The available data was derived from various surveys which used different criteria. If ‘access to drinking water’ is examined, Nepal has been making a rapid progress in this area, as presently 81 % of the total population has access to improved water sources, compared to only 46 % in 1990.

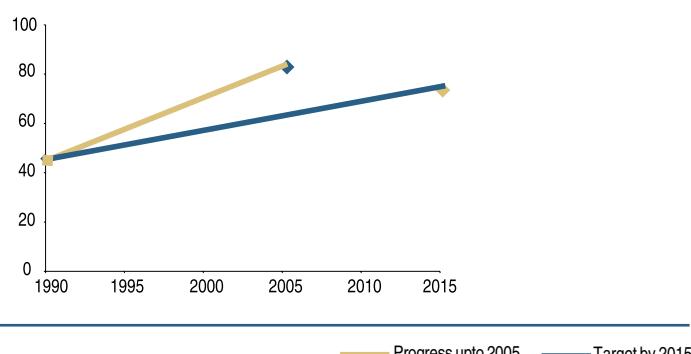
Given the importance of adequate water supply and sanitation, there has been sig-

nificant progress in a relatively short space of time. During the Water Supply and Sanitation Decade (1981-1990), for example, the population with access to a protected water source rose to 36.7 %. However, according to a recent survey, out of the 5000 water-points in 22 hill districts, only 21 % are functioning as designed, 56 % require major repair, and 21 % need complete rehabilitation (DWSS/WAN 2003). This suggests the dimension of the problems of the water supply system and warrants scrutiny.

Overall, sanitation coverage increased substantially from 6 % in 1990. The NLSS 2003/04, the most recent survey data available, found that the percentage of households with access to toilets was 39 %. With all the sectoral players participating, National Sanitation Week alone prompted the construction of 60,000 toilets within a short period (DWSS 2004).

However, it must be noted that significant disparities exist in access to water and sanitation, in spite of the rapid expansion of the last fifteen years. In Nepal, the richest quintile is 13 times more likely to have piped

Figure 7.2: Proportion of population with sustainable access to an improved water source



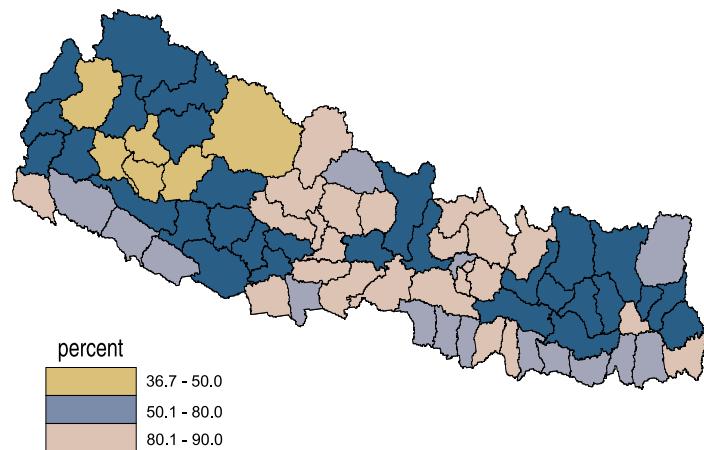
¹ “An improved water source” means piped water, tube wells, well handpump, borehole, dug wells or natural springs.

water in their homes than the poorest quintile (39 % vs. 3 %), and are nearly eight times more likely to have improved sanitation (79 % vs. 10 %) (UNICEF 2005, based on NLSS 2003/04). In addition, there is a considerable degree of geographical disparity, as shown in Map 7.1. It should also be noted that in Nepal, especially in urban areas, having access to improved water sources does not mean that water is always available in sufficient quantity, as many households do not receive a regular supply, particularly during the dry season (UNICEF 2005). The reliability and service level elements of water access need to be carefully assessed.

Over the years, the gap between the urban and rural areas has been narrowed in terms of access to water and sanitation coverage. For water supply, the rural coverage has been showing steady progress and reaching the Target is likely. On the other hand, progress in urban areas has stagnated, due to the rapid population increase in urban centres and the inability of the urban system to keep up with growing demand. For sanitation coverage, most households in urban areas have toilets, and progress has been on track. In rural areas, coverage is still low and accelerated efforts are needed to meet the MDG target.

As for water quality, the national standards for assessing water supply, including its safety and sustainability, have now been introduced (Table 7.1). By these standards, 5 % of the population currently has access to a high-quality water supply, 20 % to a good-quality water supply, with 75 % relying on a basic-quality one (DWSS 1997). Nevertheless, many so-called 'safe' water sources may be contaminated through the seepage of wastewater around the outlet, contamination at the source, or contamination during transmission. According to a survey by the Department of Water Supply and Sewerage, 55 % of tubewells in 20 Terai districts were microbiologically contaminated (DWSS 2002).

MAP 7.1: Proportion of population with sustainable access to an improved water source, 2001



Source: CBS_CEN 2001; Census 2001; Central Bureau of Statistics; National Planning Commission; HMG Nepal 2002

Arsenic contamination, which occurs naturally in the groundwater of the Terai, has also been a growing concern in many Terai districts. A recent survey has indicated arsenic contamination even in the Kathmandu Valley. The National Arsenic Steering Committee reported that 15 % of the 339,515 tube wells have arsenic levels above the WHO standard and 3 % above the Nepal standard. Even by the Nepal standard, about 300,000 people are using arsenic-contaminated water. By WHO standards, the figure for the number using arsenic-contaminated water is as high as 1.5 million. If bacterial contamination were considered, the population using unsafe water would be far greater (UNICEF 2005). Thus, if the strict definition of access to safe drinking water were applied, Nepal's coverage could be considerably lower.

As for wastewater, thus far, most of the institutional arrangements over wastewater management have been focused in the Kathmandu Valley. The valley's wastewater management infrastructure consists of treatment plants, pump stations, collector mains, and interceptors. Due to inadequate management, most of these plants and equipment are either out of operation or are only partially operational. Four out of the five treatment plants in the valley are out of

TABLE 7.1: Water supply standards in Nepal

Service level	Quantity (per person per day)	Quality (months per years)	Accessibility	Reliability (hours per day)	Sustainability
High	According to WHO standard	According to WHO standard	According to WHO standard	24	12
Good	According to WHO/national standard	According to WHO/national standard	Installed inside the house compound	24	12
Basic	20-45 litres	Processed, generally not injurious to health	Available up to a distance of 20 minutes	4	12

Source: MPPW 2004.

operation. As a consequence, raw sewage is being discharged directly into water courses polluting them, damaging the environment, and increasing the risk of the spread of disease.

Solid waste makes up 83 % of the total waste generated in the country, of which agricultural waste is 11 % and industrial waste 6 %. Increasingly, solid waste and plastic litter are a visible environmental problem. Urban households generate the most solid waste in the country, at 0.48 kg per capita per day. In 1999, three million urban residents of 58 municipalities generated a total 426,486 tonnes of waste, out of which Kathmandu's share was 29 % (HMG/ JICA 2004). Medical waste alone in the valley is generated at the rate of 1.7 kg per day per bed, out of which infectious waste is generated at a rate of up to 0.48 kg per hospital bed per day. Thus, the valley's estimated 3905 hospital beds generate up to 1,312 kg of infectious waste per day. Most of this waste is either dumped as ordinary garbage or burned in ordinary kilns (ENPHO 2000).



SUPPORTIVE ENVIRONMENT

The aim of the National Water Plan (2002-2017) was to meet the increasing demand for drinking water and for sanitation. According to this plan, by 2017 the entire population will have access to a water supply, of which 27 % will have medium- to high-quality water supply, while a full 100 % will have access to sanitation facilities. The plan also addresses urban sewerage and wastewater

treatment related to drinking water, as well as sanitation.

The revised Rural Water Supply and Sanitation National Policy 2004 clearly indicates that the government and local bodies will regulate, monitor, and facilitate the implementation of rural water and sanitation plans and programmes. The role of the line agencies is to provide policy guidance and technical back-up while NGOs will assist community user committees in formulating and implementing projects, managing funds, carrying out pilot schemes, and recommending policy and programme modifications.

The PRSP (2002-2007) sees the problem of final disposal as the major challenge in solid waste management, especially in the Kathmandu Valley. It also emphasises infrastructure development as the long-term solution. A major initiative, the Melamchi Water Supply Project, is aimed at meeting the medium-term needs for water supply of the Kathmandu Valley.

The lead agency in the water and sanitation sector is the Department of Water Supply and Sewerage (DWSS) under the Ministry of Physical Planning and Works. The Department directly executes large rural water supply schemes funded directly by the government and the Asian Development Bank (ADB) under the Fourth Rural Water Supply and Sanitation Project. They also execute urban schemes under the ADB-funded Small Town Water Supply Project. The World Bank also funds rural water supply projects through the Rural Water Supply and Sanitation Fund Development Board (RWSSFDB) and more recently it has been playing key role in providing water supply and sanitation services in the rural areas. The Ministries of Health, Education and Local Development are also involved in efforts complementing those of DWSS. Some initiatives include putting the subject of sanitation into secondary school courses and introducing environmental education at the primary

level. Grants have also been provided to village development committees for drinking water and sanitation work, resulting in some promising local initiatives (Box 7.3).

DWSS is also the lead agency for sanitation. The National Committee for Sanitation Action (NCSA) coordinates the sanitation activities of the numerous agencies working in the sector, advises on policy and strategic issues, and plans and manages the activities under the National Sanitation Action Week. An example of the collaborative effort promoted by the NCSA to develop a strategy to accelerate latrine coverage is indicated in Box 7.4.

Various HMG/N organisations and institutions are involved in solid waste management (SWM) at the policy and organisational level. The Solid Waste Management and Resource Mobilisation Centre supports the Ministry of Local Development to: (a) develop appropriate legislation; (b) develop environmental guidelines; (c) deal with landfill site development issues; (d) provide financial support wherever appropriate in all aspects of solid waste management; (e) provide technical support to municipalities; (f) enhance the capabilities of municipalities; and (g) act as a link between the ministry and municipal bodies. Local bodies such as the municipalities assume the core operational responsibility of managing solid waste in their own jurisdictions.

BOX 7.3: INNOVATIONS TO ENHANCE LIVELIHOODS

The Environment Public Health Organisation (ENPHO) has adopted and promoted the Solar Disinfection System (SODIS) to purify water through exposure and aeration of drinking water in sunlight for 48 hours in plastic bottles. The technology is cost-free, the only need is sunlight and clean plastic bottles. In communities where people are poor and vulnerable to water-borne disease, safe and clean water is a great need. The NGO Lumanti has promoted this technology in slum and squatter communities of the Kathmandu Valley. A recent survey of Kathmandu Valley water supply conducted by CBS showed that about 1 % of the Kathmandu population, around 10,000 people, use this technology (CBS 2005). ENPHO has also developed and promoted bio-sand filters, which is a low-cost technology that has had a positive impact on mitigating arsenic in arsenic-prone areas. Piyush, produced and promoted by ENPHO, is another innovative technology affordable even by poor people to clean water and make it potable.

BOX 7.4: TOTAL SANITATION IN CHITWAN

The major water and sanitation sector players such as DWSS, UNICEF, Water Aid, NEWAH, the Red Cross, Gorkha Welfare and others have come together in a common platform to declare 'total sanitation' in Chitwan by 2009. The preliminary work has been completed. If this initiative is successful and replicated in other districts, it will be a milestone not only achieving MDGs but also attaining universal coverage. An example of a village with full sanitation coverage is Karkin Danda in Dhading district.

Source: NEWAH 2005

CHALLENGES

The increasing demand for water for drinking, industry, and irrigation have outstripped the improvement rates in water supply and sanitation facilities. As a result, major towns and cities in the hills are facing acute shortages. The CBS study (2005) carried out in Kathmandu shows that 59 % of the surveyed households do not have an adequate water supply from the piped water line, and on average, water is available only four days a week. In many cases, water quality deteriorated due to a lack of treatment plants and poor supply network. There are no proper sewerage networks in the rural areas or even in the municipalities except in core areas of the municipalities in the Kathmandu Valley. Existing as well as newly-emerging towns are likely to face a scarcity in drinking water and sanitation.

Ensuring water quality is also a major challenge in Nepal. As indicated earlier, because of source contamination, even piped drinking water is unsafe in many areas almost throughout the year. Nationally, 30 % of the households reported incidences of diarrhoea, dysentery, jaundice, and typhoid or cholera. Among children under five years of age, the prevalence of diarrhoea was 20.4 % (MoH/New ERA ORC MACRO 2002). Nearly 3 % of the groundwater supply of drinking water in the Terai is contaminated with unacceptable levels of arsenic and some contamination has been found in groundwater in Kathmandu as well. Even if the water source is not contaminated, drinking water is often contaminated at the household level, for example because unclean con-

tainers are used or water becomes contaminated during storage. Improving the management and treatment of drinking water at the household level is an appropriate option for the country.

Kathmandu lacks a planned wastewater management infrastructure. The CBS study (2005) also states that two-thirds of the households in the Kathmandu Valley have access to a sewage facility. Almost all domestic wastewater and industrial wastes are discharged directly into the Bagmati and Bishnumati rivers without treatment throughout the year. Essentially, the rivers are turned into open sewers during the dry season. Sewerage service coverage of these plants is limited, considering the population of Kathmandu, and its operation cost is high and difficult to sustain.

While experience with rural water supply indicates that community participation helps to make drinking water and sanitation initiatives cost effective, the situation in the urban areas has been almost the reverse. The water supply systems in the urban areas have not even been able to recover the costs. In addition, they suffer from both an inefficient distribution system and a high level of leakage.

Sanitation has always been a low priority programme area, never receiving the attention and resources to make any significant improvements, although there are indications this is changing. During the past two to three years the NCSA, under the leadership of DWSS, has been effective in raising awareness about the importance of sanitation and facilitating a collaborative effort among a large number of agencies. Promoting sanitation through schools is an emerging strategy that has the potential to significantly increase coverage. The major challenge is to convince the various agencies to adopt a common approach and allocate adequate resources to reach the MDG targets.

The MDG Needs Assessment Study has identified the intervention packages that would enable the fulfillment of the MDG. The study estimated a resource gap of Rs. 137.398 billion (US \$ 1962.83 million) in investment from 2005 to 2015 for drinking water and sanitation. It is certain that drinking water will require the largest amount of resources. At the same time, the stress will have to be not only on increasing coverage but also on improving the quality of coverage. The solid waste management and sanitation sub-sector has not received adequate attention, in resources and institutional reforms, as it is overshadowed by the needs of water supply.

RECOMMENDATIONS

Community participation is vital to increasing sustainable access to basic drinking water in rural areas and basic sanitation in both rural and urban areas, in addition to upgrading drinking water infrastructures and services in urban and semi-urban areas. The schemes supported by RWSSFDB are recognised for community involvement. In order to enhance such involvement, policies and strategies that facilitate community involvement must be further strengthened. This effort needs to be complemented by capacity building at the departmental and district levels with a focus on technical and management skills.

Drinking water and sanitation services are crucial for achieving health sector goals, and child health in particular. Reprioritisation

is required in terms of the allocation of internal and external resources to address the needs in the sector. This will partially address the need to strengthen the implementation of the National Rural Water Supply and Sanitation Policy. Furthermore, impact monitoring by reliable institutions on a regular basis would help to ensure the protection of local water sources.

Decentralisation and localisation may help to raise the quality of services provided locally by various donor agencies and NGOs. As per Water Aid Nepal (2004) estimates, if each VDC out of the total 3913 VDCs in Nepal provided additional water and sanitation services to only five households every month, the water and sanitation MDG Targets would be within reach. To meet the MDG target, therefore, local bodies must continue its key role in responding to community demands for drinking water facilities and for sustained institutional strengthening of user groups in rural areas.

A participatory approach is necessary for promoting the federation of user groups. A gender-balanced consumer committee should participate in planning, implementing, operating, and maintaining the water supply project. Additionally, the management of community/village water supplies can be handed over to socially excluded groups and rural women, who traditionally fetch water, provided livelihood schemes are integrated into water supply projects.



G O A L



Develop a Global Partnership for Development

BACKGROUND

Goal 8 reflects the principle of shared responsibility and aims to strengthen the partnership for development between developed and developing countries. Work on this goal has underscored the fact that action at the national level is not enough for poor countries to meet the other seven MDGs. There are many areas that require international action – especially by developed countries – to facilitate the poor countries to meet the first seven MDGs. An increased focus on debt relief and development cooperation through more effective aid are part of the story. Of equal importance are actions in other areas – trade, agriculture, food security, health, employment, technology transfer, and digital divides.

Nepal has undertaken various measures to achieve the MDGs. However, the country is not being able to meet them on its own, particularly because it is an LDC with underdeveloped infrastructure, a weak industrial base, and is highly dependent on foreign assistance for investing in development sectors. In addition, being landlocked, it is faced with unique development challenges with limited possibilities for economic diversification and vulnerability to environmental risks. The country also faces various institutional and supply-side constraints relating to human resources, communications, technologies, and transportation along with

increasing social disruption, economic strife, and political uncertainty. These constraints seriously affect the domestic development strategies for meeting the MDGs and demand a huge amount of financial and technical resources and reforms at the political, social, and economic levels.

A recent study of NPC indicates that for attaining select MDGs relating to hunger, agriculture, education, health and rural infrastructure in the country, the total financial requirement for the period 2005–2015 is US\$ 16.1 billion at 2004/05 prices. Out of this, US\$ 12.4 billion is the public sector investment, and the rest will be from sources other than the public sector (e.g., households, private sector, communities etc.). Of the total public sector investment, US\$ 4.8 billion is expected to be covered by the domestic resources (revenues and borrowings) of the government. For the remaining US\$ 7.6 billion, Nepal will have to rely on its external development partners.

This financing gap implies almost doubling of present level of financial support by Nepal's external development partners. Therefore, Nepal sees a tremendous potential in Goal 8 and urges the international community to further mobilise their part of the commitment under Goal 8 and make more efforts to help the country meet the first seven MDGs.

TARGET 12

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development and poverty reduction - both nationally and internationally

STATUS AND TRENDS

Nepal has shown strong commitment to good governance, development, and poverty reduction – more intensely after the restoration of democracy in 1990, which is apparent from the objectives and strategies of the past two periodic plans – the Eighth Plan (1992-97) and the Ninth Plan (1997-02). The Tenth Plan/PRSP, 2002-07 has also focused on these aspects.

The country has been undertaking wide-ranging trade and financial reforms since the last two decades. The reform measures included reduction, restructuring and rationalisation of import duties, elimination of most quantitative restrictions (QRs) and import licensing requirements, and introduction of full convertibility for current account transactions. In addition, interest rates were deregulated and the operation of joint venture banks was permitted. Due to these reforms, the unweighted average rate of protection declined from 111 % in 1989 to 22 % in 1993, and to 14 % in 2002. Most rates now fall at 5 % to 25 % compared to more than 70 % of the rates exceeding 25 % in 1990. If openness is measured in terms of trade to GDP ratio (31.9 % in 1984/85 to 50 % in 2003/04), Nepal is now among South Asia's most open and trade dependant economies (MOICS 2003).

Further, Nepal became a member of the World Trade Organisation (WTO) in April 2004. The implementation of WTO commitments is likely to lock-in the ongoing trade and financial reforms. Under WTO's principle of predictability (through binding and transparency), Nepal has bound 99.3 % of its industrial tariff lines. With regard to agricultural products, all the tariff lines are tariffed and bound with a transition period of three years

for implementation. The country has negotiated an average tariff binding of around 24 % on industrial goods and 42 % on agricultural products. It has also committed to the legislative and institutional reforms required to comply with WTO rules such as intellectual property rights (IPRs), customs valuations, sanitary and phytosanitary (SPS), and technical barriers to trade (TBT). Nepal is also obliged to follow the WTO's principles of non-discrimination, i.e., most favoured treatment and national treatment (WTO 2003).

CHALLENGES

Nepal faces two types of challenges in the post-WTO accession era. The first relates to the country's limited resource capacity and supply-side and institutional constraints to implement the WTO agreements (e.g., to comply with international standards, harmonise with global IPR rules, etc.); and the second relates to the challenges that are likely to emerge after the implementation of the WTO agreements (e.g., implications for health, employment, food security, rural livelihood, etc.). Since the WTO agreements such as the Agreement on Agriculture (AoA), SPS, TBT, and Trade Related Aspects of Intellectual Property Rights (TRIPS) have the potential to negatively affect the development areas (such as agriculture, industrial activities, employment, food security, public health and the environment), it will be a daunting task for the government to interface WTO commitments with its national (development) interests.

Nepal also has to strengthen its export competitiveness to benefit from international trade. With limited items and destinations to

export, Nepal faces a serious threat of vulnerability in the international market. For example, the removal of textiles quota after the WTO's Agreement on Textiles and Clothing (ATC) expired in December 2004 has not only adversely affected the garment exports and the producers but also the people (around 100,000) employed in the sector.

INTERNATIONAL RESPONSE

Nepal requires significant investments in administrative capacity, legal reforms, and institution building to undertake further reforms and implement WTO commitments. However, the country lacks the technical and financial resources to make such investments, and therefore, requires more effective and meaningful technical assistance. Further, trade liberalisation at the national and global level would generate adjustment costs for the private sector, for example, by exposing firms to world competition (MOICS 2003). Thus, the Nepalese private sector should also be involved in the partnership and provided with technical assistance. Technical assistance alone will not help, however. International action to develop a more open, rules-based, predictable, and non-discriminatory trading and financial system also matters. However, the international response towards developing such a system – as envisaged under Goal 8 – is still lacking and demands more commitment and action.

The fourth WTO Ministerial in Doha in 2001 took a bold initiative to strengthen the international trading system through the Doha Development Agenda (DDA). Bringing 'development' to the centre stage of the multilateral trading system, WTO members placed "development issues and the interests of poorer members at the heart of the WTO's work programme". The effort to address, 'public health concerns' and 'implementation related issues' through two separate declarations was a step followed to halt the marginalisation of poor countries and help them benefit from international trade.

However, the continued failure to reach consensus on and meet deadlines of different issues under DDA and ultimately, the fiasco of the fifth WTO Ministerial in Cancun in 2003 disappointed many. WTO members then brought the DDA back on track by adopting the July Package (JP) in 2004, which has undertaken five major issues – agriculture, non-agricultural market access, services, trade facilitation and the 'development dimension' – for further negotiations. The ongoing negotiations under JP hold tremendous potential to help countries like Nepal to benefit from international trade and meet their development objectives, in particular, the Millennium Targets (poverty, employment, food security, market access, and access to medicines).

If negotiations on these issues are completed, "...taking into consideration the development issues and the interests of poorer members", including the 'development dimension' and Mode 4 services liberalisation (movement of natural persons) under the General Agreement on Trade in Services (GATS), Nepal would also benefit from them. Similarly, further negotiations on other issues of DDA, including trade and environment; trade, debt and finance; and trade and technology transfer, should also be carried out taking into consideration the interests of countries like Nepal. Therefore, if WTO members – including developed members – are committed to Target 12, ongoing negotiations under JP and the forthcoming WTO Ministerial in Hong Kong to be held in December 2005 provide them with an opportunity to establish a global partnership for development.

Besides the WTO, the Monterrey Consensus of the International Conference on Financing for Development also provides a framework for international cooperation for development. It covers the full spectrum of issues relating to financing for development, comprising the mobilisation of domestic resources for development, trade as an instrument of development financing, private capital flows, official development financing, debt and development, and questions relating to the international financial system as a whole (UN 2005).

TARGET 13

Address the special needs of the LDCs. Includes: tariff and quota-free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.

MARKET ACCESS

STATUS AND TRENDS

Nepal is among the world's 50 LDCs. Sluggish economic growth, low level of industrialisation, underdeveloped production structure with limited commodities to export, unbridled population growth, high concentration of labour force in agriculture etc. are some of the specific characteristics that indicate Nepal's underdeveloped economic structure.

Nepal's export trade is still highly concentrated – both product-wise and destination-wise. Carpet, textiles, and agricultural produce are three major exports. More than 80 % of total exports go to India, Germany, and the United States (US). A narrow export basket and a concentration of exports to only a few countries make Nepal susceptible to global economic volatility.

Nepal's trade with India is governed by the bilateral trade treaty signed in 2002 between these two countries. Notwithstanding duty free access to the Indian market, the renewed Nepal-India Trade Treaty is more restrictive than its 1996 predecessor. It imposes more stringent rules of origin (RoO); tariff rate quotas; clear specification of safeguard clauses; and submission of information regarding the basis of calculating RoO to the Indian government on an annual basis (MOICS 2004). Such market access barriers, including non-tariff barriers (NTBs), imposed by India also erode the competitiveness of Nepalese products (Box 8.1).

Garments are one of Nepal's major exports to countries other than India. However, in 2001, two treaties came into effect in the US affecting garment exports. Due to the Africa Growth and Opportunity Act (AGOA) and the Caribbean Basin Trade Partnership (CBTPA), which grant producers in Sub-Saharan Africa and the Caribbean preferential access to the US market, Nepalese garments have to compete with supplies from these producers, who enjoy duty free market access. According to the Garment Association of Nepal, due to a 15 % duty to which Nepalese garments are subject in the US market (EIU 2004), it is being difficult for Nepalese producers to compete.

In addition, Nepal's garment industry is facing tougher competition after the expiry of WTO's ATC Agreement in 2004. The garment sector has witnessed a significant fall in exports: a 41 % drop in the first 4 months of 2005. Out of the country's five major gar-

BOX 8.1: EXPORT BARRIERS ON VEGETABLE SEEDS

Nepalese vegetable seeds have a great export potential and India alone is a huge market for vegetable seeds, estimated at between 12,000 to 16,000 tonnes a year. However, India, under the Prevention of Destructive, Insects and Pests Act, permits the import of Nepalese vegetable seeds from only five points, namely Amritsar, Mumbai, Kolkata, Chennai, and New Delhi, all of them accessible to Nepal only by air. Exporting seeds to India by air, that also through distant airports, erodes price competitiveness considerably. Although there are some cases of exports through border points, they are illegal and could substantially increase the transaction costs. Similarly, following the notification of 14 June 2002 of the Government of India, the quarantine fee imposed on the export of vegetable seeds has been increased. Moreover, such fees are charged on the basis of the volume of a consignment. The Nepalese exporters complain that it has also eroded the price competitiveness of vegetable seeds.

Source: FAO, UNDP and MoAC 2004.

ment export industries, three have been closed (Kantipur 2005).

CHALLENGES

Diversification of export basket and destination markets is a major challenge for Nepal. This not only makes the country susceptible to global economic volatility but also restricts market access in the post-WTO accession era. Besides this, the country also faces various institutional and supply-side constraints. Without addressing these constraints, it will be difficult to convert 'market access opportunities' into 'meaningful market access entries'.

Small and Medium-sized Enterprises (SMEs) – the largest employer in Nepal after agriculture – will also be significantly challenged since they lack productivity, capital assets, and marketing capacities. They would also find it hard to bear the adjustment costs and would be subjected to stiff competition in the market. Since most Nepalese SMEs are agro-based and have backward linkage, the country's potential to export agricultural products such as tea, natural honey, vegetable seeds, floriculture, and medicinal plants must be harnessed.

However, given the fact that various tariff barriers and NTBs exist in the international market, it would not be easy for Nepal to benefit from agricultural exports. For example, with the standards far higher than required by the standard-setting institutions like the Codex Alimentarius Commission (CAC), the European Union (EU) uses stringent criteria that are constantly updated as new contaminants are discovered in honey on the world market, and that too on the 'precautionary principle'. For a country to be eligible to export honey to the EU, it is essential for its name to be added to the EU's list of 'third countries'. To achieve this, exporting countries need to show that administrative procedures are in place for the analysis

of honey for residues of antibiotics, sulphonamides, pesticides, and heavy metals. The laboratory used has to satisfy EU accreditation legislation (see www.fao.org). Such a requirement has created a problem for Nepal to export honey to Norway in the past (Box 8.2).

While WTO members (or the EU in this case) might have scientific basis to argue that such measures are in compliance with WTO rules and were taken to protect human, plant, or animal life, it is a challenge for Nepal to fulfill such criteria, given its existing financial, human, and technical capabilities and resources.

It has been increasingly emphasised that an enhanced global partnership for trade and development would not be complete without an enhanced partnership at the regional level. South-South Cooperation provides a platform for countries like Nepal to expand and strengthen regional partnership for trade and development. Nepal has taken some initiatives towards this direction through South Asian Free Trade Area (SAFTA) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation Free Trade Area (BIMSTEC FTA). It is, however, a challenge for Nepal to enhance its trade capacity and harmonise its national trade policies with these regional trading arrangements in a manner that also helps the country meet its development objectives.

BOX 8.2: HONEY EXPORTS TO NORWAY

According to EU directives, keeping track of and monitoring the quality and chemical residue in honey is mandatory for any country to secure the EU market for the product. As Nepal lacks such programme, the EU delisted Nepal from its list of countries allowed to export honey some years back. As a result, after its decision to join the EU, Norway was prevented from acquiring the Nepali honey due to stringent EU rules. However, following it, a Norwegian team came to Nepal to look over the matter and took samples of local honey for investigation. Then Norway stepped forward with a support package for laboratory strengthening and pesticide and antibiotic residue monitoring programmes. The support package is still under discussion at the government level and no decision has been made.

It is also a challenge for Nepal to sustain in the US garment market. In the meantime, strengthening the competitiveness of the domestic garment industry remains another major challenge because the domestic garment industry must compete with other international players to sustain in the international market in the long run.

A number of other Generalised System of Preferences (GSP) schemes have been implemented over the years to enable greater exports from LDCs. Such GSP schemes could be beneficial for Nepal too. However, these schemes have only partially solved the market access problems of the LDCs due mainly to restrictive RoO as contained in GSP schemes. This has resulted into low utilisation rates, defined as the ratio of imports actually receiving preference to imports covered by a preferential scheme (ESCAP and UNDP 2005). Nepal has to make an alliance with other like-minded LDCs and then negotiate with the countries providing GSP schemes to make trade terms under such schemes more flexible and favourable to the LDCs.

INTERNATIONAL RESPONSE

Without removing trade restrictions on Nepalese exports in the international market, trade openness at the domestic level alone will not help Nepal to raise incomes, boost long-term economic growth, and expand the scope of development policy to reduce poverty. Nepal should not be subject to any type of tariff and non-tariff barriers – be it at the bilateral, regional, or multilateral level. Nepal must be granted duty free access to the markets of developed and developing countries, and without any quota restrictions. Furthermore, the international community, including developed and developing countries, should realise that Nepal lacks the technical and financial resources and institutional capacity to enhance the competitiveness of its products, which if not addressed, would cause the country to lose out in the international market.

Special and differential treatments (S&DTs) for developing countries have been provisioned in different WTO agreements to help WTO members like Nepal enhance their trade capacity and competitiveness. However, not all S&DTs are binding. There is a growing concern that these treatments have not been effective in solving the problems of the developing countries and LDCs. Therefore, WTO members must ensure the full implementation of S&DT provisions, and must make them more precise, effective, and operational. They should also adopt the new S&D measures to take into account the problems encountered by LDCs (Livingstone LDC Declaration 2005).

One crucial form of S&DT is technical assistance. The international agencies, including the developed countries, should provide Nepal 'effective and meaningful technical assistance' to comply with and implement WTO rules and to enhance trade competitiveness. There is a paragraph in the Working Party Report of Nepal's Accession to the WTO that demands that the international community help Nepal with technical assistance to implement some of the resource-demanding WTO agreements (customs valuation, TRIPS, SPS, and TBT). This reads (emphasis added):

*"...as a least developed country with limited resources, infrastructure, and institutional and technical capabilities, Nepal would face serious difficulties to implement the WTO Agreements expeditiously by its own means... In the view of Nepal it was of the utmost importance, that *individual WTO Members, bilateral donors, international agencies and the WTO Secretariat coordinate their responses to the technical assistance requested as soon as possible*. From Nepal's perspective, WTO Members clearly had an interest in working with Nepal to ensure that action plan timetables were met..." (WTO 2003).*

In this regard, Nepal seeks partnership for development through technical assistance

from not only individual WTO members and the WTO Secretariat, but also from bilateral and regional donors and international agencies. The initiative taken by Norway is a welcome move. After it stopped honey exports from Nepal, it provided technical assistance to address the problem.

Similarly, there is another way through which international agencies can provide technical assistance to Nepal, i.e., through the Integrated Framework for Trade Related Technical Assistance (IF). To date, under IF, assistance to Nepal has been provided for a Trade and Competitiveness Study, organising workshops and forums, and institution building and human resource development. However, Nepal needs more action under IF. The international agencies¹ coordinating the IF should strengthen its effectiveness, *inter alia*, by a significant resource increase, including through other initiatives, with a view to building up supply-side capacity, and technological and physical infrastructure that would support diversification of production and the export base of LDCs like Nepal (Livingstone LDC Declaration 2005).

With regard to textiles, the US should extend the facilities it has provided to Sub Saharan and the Caribbean countries to Nepal also (Box 8.3).

While providing such facilities to the LDCs or other countries, the developed and developing countries alike should not create any kind of discriminatory scheme, which on the one hand, facilitates one group of countries and on the other, affects the other group. The textiles sector is a major source of foreign exchange earnings (40 %) and employment (50,000 direct and 50,000 indirect) in Nepal. Fifty per cent of the people employed are women and more than 350,000 are dependent on this sector for their livelihood (Bajaj 2004). If the international community does

BOX 8.3: US TRADE BILL FOR 14 LDCS

Readymade garment manufacturers of 14 LDCs in the Asia-Pacific region have urged the US for early endorsement of a trade bill, seeking duty free access for export from these poor countries. Representatives of leading business chambers from seven Asian-Pacific LDCs held a two-day conference in the context of the US Tariff Relief Assistance for Developing Economies Act (TRADE Act 2005) in Dhaka from June 21-22 and adopted the 'Dhaka Declaration'. The Declaration reads: "Large-scale loss of employment and widespread poverty continue to pose huge challenges to the region. Indeed, the situation is urgent and needs urgent attention." Four US senators have sponsored the bill in the US Congress. The bill has not only sought duty free access for apparel products but has also expanded preference for other items currently prohibited under the Generalised System of Preferences. The bill will provide duty free market access to 3677 LDC products.

Source: The Himalayan Times 2005.

not respond to this problem, it will affect Nepal's effort to meet the MDGs.

At the same time, countries offering GSP schemes to the LDCs should not impose restrictive RoO or any other measures that become an export barrier for countries like Nepal. Currently, there are many preferential schemes meant for ensuring market access to LDC products in the markets of both the developed and developing countries. However, since most of these schemes are unilateral in nature, which can be reversed at the will of the GSP providing country, there is hardly any element of predictability in such offers. It is important that these schemes are made binding at the WTO level (Adhikari and Adhikari 2005).

OFFICIAL DEVELOPMENT ASSISTANCE

STATUS AND TRENDS

Socioeconomic development and sustained growth require a steadily growing savings-investment situation. In Nepal, consumption is high, and savings are comparatively very low. Compared to domestic savings, investment also remains relatively high. The savings-investment gap was as high as 10 % of

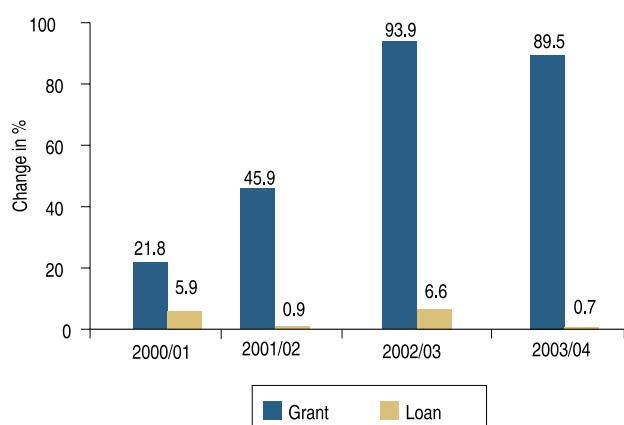
¹ IMF, ITC, UNCTAD, UNDP, World Bank and the WTO

TABLE 8.1: Consumption, investment and savings (as % of GDP)

Year	2002	2003	2004
Total consumption	87.90	88.10	87.53
Total investment	24.1	26.0	27.3
Gross domestic savings	12.1	11.9	12.5
Savings-investment gap	12.0	14.1	14.8

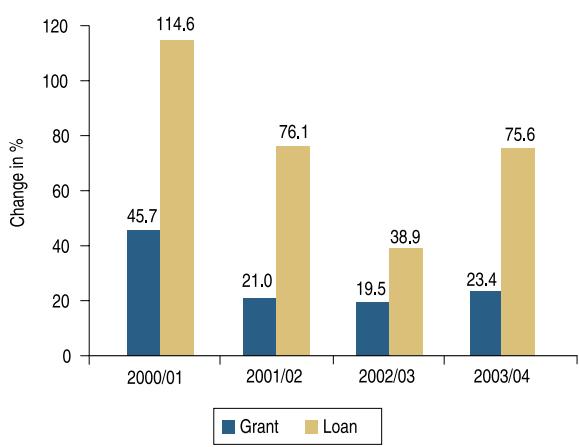
Source: NRB, Economic Report 2003/04

FIGURE 8.1: Foreign Aid Disbursement by Major Sources (Bilateral) Rs. in million



Source: MoF 2005.

FIGURE 8.2: Foreign Aid Disbursement by Major Sources (Multilateral) Rs. in million



Source: MoF 2005.

the GDP during 1996-00; the same gap was only 4.4 % during 1976-80 (Ghimire and Sharma 2002). The savings-investment gap is still about 15 % (Table 8.1). Such a huge gap implies that Nepal has to depend on foreign assistance to meet its investment requirements.

External assistance mainly comes in the form of grants and loans through multilateral and bilateral donors and I/NGOs. One important thing to be noted here is that in order to enable Nepal to achieve its development objectives, grants are more important than loans.

With regard to assistance from bilateral donors, Figure 8.1 shows four-fold increase in grant whereas loans have decreased substantially during 2001-04. The multilateral grants and loans, however, have decreased by almost half and one-third respectively during the same period (Figure 8.2).

CHALLENGES

Nepal has to increase domestic savings to reduce the savings-investment gap. Otherwise, the increasing savings-investment gap will further reduce the scope for making investments in areas such as human capital (health, education, nutrition); infrastructure (roads, power, water and sanitation, environmental conservation); natural capital (conservation of biodiversity and ecosystems); public institutional capital (a well-run public administration, and judicial system); and knowledge capital (scientific research for health, energy, agriculture, climate, ecology) (See Sachs 2005). This would, in turn, create further challenges to achieve MDGs. Therefore, domestic savings must be increased. Increasing domestic savings requires better employment opportunities, private sector promotion and an enabling policy environment. However, it is a daunting task for Nepal to increase domestic savings in the present context, or to attract Foreign Direct Investment (FDI), which is critical to reducing the savings-investment gap. The deteriorating political condition would also

affect the effective use of Official Development Assistance (ODA) in sectors concerned with MDGs.

In terms of attracting FDI, the country has some potential in different sectors. Nepal's advantages in attracting FDI include: privileged access to the large Indian market; a low wage and a trainable workforce; a flourishing local entrepreneurial culture in both small and large business; and attractive international tourist destinations. Nepal's temperate climate is also ideal for cultivating medicinal herbs, whose market has seen phenomenal expansion in recent years (UNCTAD 2003).

However, FDI inflow to Nepal is relatively low compared to other countries, including other countries in South Asia. A small domestic market, underdeveloped infrastructure, low level of human resource development, remoteness, and lack of direct access to seaports, among others, seem to have largely affected the FDI inflow. Moreover, FDI is highly concentrated at its source, with seven countries accounting for four-fifths of cumulative inward FDI. India alone accounts for one-third of cumulative FDI flows (Ibid).

INTERNATIONAL RESPONSE

Target 13 has called on the international community to provide, "more generous ODA for countries committed to poverty reduction". Therefore, the international community should consider Nepal's commitment to poverty reduction and provide it more generous ODA.

Moreover, there is a need for all development partners to assist Nepal in attaining the MDGs, by making concrete efforts to achieve the targets on ODA with respect to LDCs as contained in the Brussels Programme of Action and the Monterrey Consensus, in particular to address the trade concerns of LDCs. Nepal considers 'Aid for Trade' to be an additional, substantial, and predictable financial mechanism to strengthen supply-side and infrastructure capacity, diversify trade, and enhance competitiveness. Such type of aid would also help to address adjustment challenges and meet the costs of Nepal's effective integration into the international trading system. Furthermore, such aid is important for improving the technical negotiating skills and enhancing the depth of expertise of Nepalese negotiators (ESCAP & UNDP 2005).

At the same time, Nepal urges the international community to increase ODA to development sectors while providing more assistance under the 'Aid for Trade' programme.

TARGET 14**Address the special needs of landlocked developing countries and small island developing states****STATUS AND TRENDS**

Nepal is one of four landlocked LDCs in Asia. The predominance of difficult terrain and mountainous topography are not conducive to the movement of people and the creation of infrastructure and settlement. The presence of difficult mountainous terrain and the longer distance to Chinese seaports do not allow Nepal to consider China to be a transit country. India is the only transit country for Nepal.

Valid upto 2006, the transit transport arrangement between India and Nepal is governed by the treaty of transit signed in 1999 by HMG/N and the Government of India. The major provisions of the treaty deal with: export procedures for goods going from Nepal to a third country; import procedures of goods coming from a third country to Nepal; transit port facilities at Kolkata and Haldia (Haldia is located 120 km southwest of Kolkata); 15 specified entry and exit points for traffic in transit; and a storage facility for transit cargo at Kolkata and Haldia ports. In addition, India has allowed a transit route for Nepal's trade with and through Bangladesh from the eastern border of Nepal. This road route provides the shortest connection to Bangladesh, i.e., 55 km. However, Nepal has not been able to capitalise on this route. The volume of trade through this route is insignificant because of inadequate infrastructure such as warehousing, parking, bad road conditions and procedural problems. For example, vehicles must be escorted by Indian officials from the entry to the exit point, and complicated custom formalities and permits are required for entering the territory. The facilities offered at the seaport by Bangladesh are also not adequate, particularly for third country trade (Wagle 2004).

Nepal has taken some bold initiatives to streamline its trade procedures. With a view

to reducing the trade transaction cost the government, with World Bank assistance under the Nepal Multimodal Transport Project, has developed Inland Clearance Depots (ICDs) at three border points – Birgunj ICD at the centre, Bhairahawa in the west, and Biratnagar in the east. Bhairahawa and Biratnagar ICDs handle road-based containers, and Birgunj ICD is rail-based, and has a connection with the broad-gauge railway network of India. Birgunj ICD, that came into operation from July 2004, is being managed by a Nepal-India joint venture company. It is expected that with the efficient operation of the Birgunj ICD, the transit overhead cost will be reduced by about 30 % to 40 %. However, given the limited use of these facilities so far, it would be a little premature to make conclusions about the effect of these facilities. Besides the ICD, the government is contemplating the establishment of Export Processing Zones or Special Economic Zones. Nepal has also implemented an Automated System for Customs Data (ASYCUDA) (Dabadi 2005).

CHALLENGES

Nepal has only one transit neighbour, India. Due to cumbersome transit and documentation procedures, the Nepalese trade has been adversely affected.

The infrastructure for transit transport, including port facilities and road conditions, is inadequate. It takes 3-5 days to get goods cleared in Kolkata port, and it may take even longer if there are strikes and other industrial actions by various groups of workers in Kolkata. The need to comply with the quarantine regulations, SPS, and other standards, coupled with the expense associated with such certification is a major problem. The cost associated with transport and transit makes up to 25 % more expensive compared

to similar operators from countries competing with Nepal in the international market. Furthermore, the cost associated with import and export seems to have increased as Nepal uses the Kolkata port for international trade. This port is not a deep-sea port and only feeder vessels service it. This means the import and export from Nepal require transhipment, thus adding to the cost and time of transport (Dabadi 2005).

These challenges reveal that Nepal has to make significant efforts to reduce transportation costs. Nepal has to make efforts to 'establish transit right' at the multilateral level. Perhaps Nepal, in partnership with its neighbouring countries, can also make an effort to develop and implement a regional transport mechanism, which would secure its transit right with more flexible and favourable terms of trade at the regional level.

INTERNATIONAL RESPONSE

The special problems and constraints to the economic and social development of a landlocked LDC like Nepal have been recognised by the international community. The special needs of landlocked LDCs have gained wider recognition in the Brussels Declaration and the Programme of Action for the Least Developed Countries. The Special Body on Least Developed and Landlocked Developing Countries also provides a platform for addressing the special issues and problems facing these groups of countries.

The Almaty Programme of Action – endorsed by the International Ministerial Conference on Transit Transport Cooperation, held in Almaty, Kazakhstan in 2003 – has recognised that a major reason for the marginalisation of landlocked LDCs is the difficulty in accessing markets because of geographic constraints. The Programme provides a comprehensive framework for closer partnerships to enhance the efficiency of transit transport. The Almaty Declaration

calls on landlocked countries and their transit partners to improve transit-transport infrastructure, to simplify and standardise procedures, to mobilise all stakeholders in individual countries and across the world, and to scale up bilateral, sub-regional, and regional cooperation for synergy and speedy shared progress. There is also an obligation on the part of the international community to assist and support these processes by providing greater assistance and better market access to landlocked countries.

Nepal can benefit from the outcomes of future trade facilitation negotiations under JP adopted by WTO members in 2004. Annex D of the General Council Decision (Modalities for Negotiations on Trade Facilitation) establishes that the focus of the negotiations should be, among others, on clarifying and improving relevant aspects of Article V (freedom of transit) of the General Agreement on Tariffs and Trade (GATT). Nepal, therefore, urges WTO members and the institutions like the International Monetary Fund (IMF) and the World Bank, as well as other international organisations such as Organisation for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), and World Customs Organisation (WCO) to seriously consider its needs in terms of transit right and cost of transportation and make efforts to help it.

BOX 8.4: WTO/GATT ARTICLE V (FREEDOM OF TRANSIT)

- "There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit...No distinction shall be made which is based on flag of vessels, place of origin..." (para 2)
- "...traffic in transit...shall not be subjected to unnecessary delays or restrictions..." (para 3)
- "All charges and regulations imposed...shall be reasonable, having regard to the conditions of the traffic." (para 4)
- "...each contracting party shall accord to traffic in transit to or from the territory of any other contracting party treatment no less favourable than the treatment accorded to ...any third party" (para 5)

TARGET 15

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

DEBT SUSTAINABILITY

STATUS AND TRENDS

Public debt, which was 5.7 % of GDP in 1975, has risen to about 66 % (Rs. 330 billion) in 2004. The rapid growth of the debt-GDP ratio is a major concern, although the current level of public debt is not yet conceived as being unsustainable. External debt has been financed at concessionary low interest rates (1.38 %). Given the large size of the public

debt, it is time for Nepal to engage in a sound debt management strategy, which can reduce the vulnerability of the economy and control the adverse economic and financial shocks in the future.

CHALLENGES

Treasury bills have been the major instruments for domestic debt financing, with less than one year maturity. The other debt instruments such as development bonds, special bonds, and savings certificates with maturity of one to five years are yet to be well-exploited. As of 2003, they accounted for less than 23 % of the total domestic debt. The underdevelopment of Nepalese domestic debt market fails to provide alternative options for savings.



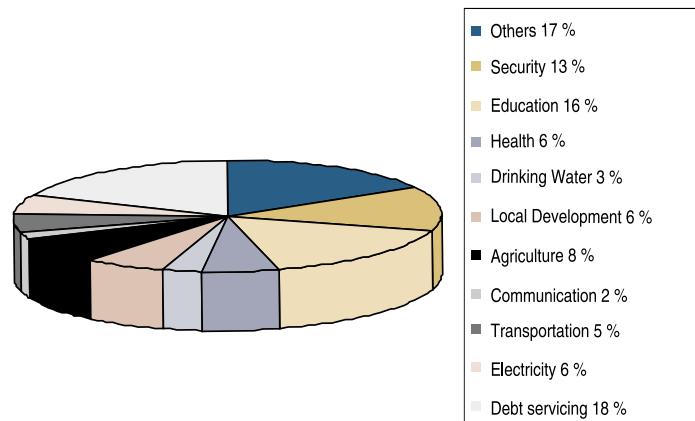
The government recognises the urgent need to develop an efficient domestic debt market. The creation of an efficient and liquid bond market requires a long-term government commitment to improve the market environment. The government has shown its commitment to implementing key principles in developing an efficient government bond market in the near future such as through: (i) enhanced liquidity; and (ii) transparency and time consistency in debt management policy.

All in all, Nepal has a major challenge to increase domestic savings. There will not be any increment in such savings unless there are increments in opportunities for employment and export because these are important for increasing the incomes of the people and sustaining economic growth in the long run.

INTERNATIONAL RESPONSE

As a large portion of the revenue has to be allocated for external debt servicing, the resources required for investing in development sectors are scattered. The graph here is an example showing that while debt servicing holds a major portion (18 %) in the country's budget plan (Figure 8.3), other important sectors, with which the MDGs are directly concerned, get little portion. Repayment of debt between 1985 and 2004 indi-

FIGURE 8.3: FY 2005 budget allocations



Source: Ministry of Finance 2005.

cates that Nepal has been progressively paying the debt back (MoF 2005). Therefore, the increasing trend of repayment of debt needs to be addressed by the international community because this has a direct bearing on resources required for the achievement of MDGS.

Similarly, it is also important for the international community to consider including Nepal in the Heavily Indebted Poor Countries (HIPC) group. The international community should note the fact that Nepal should not be penalised for its good record in debt servicing. Since Target 15 also mentions the cancellation of official debt, Nepal urges its development partners to seriously consider this issue.

TARGET 16

In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

STATUS AND TRENDS

The job creation has not kept pace with the increase in the labour force. The rapid growth of the labour force, about 300,000 per year, puts a tremendous pressure to create employment opportunities. The increase in overseas employment, following the insurgency, has absorbed a sizeable portion of the existing labour force. The total migrant workers exceed half a million and a majority of them are in India. The remittance these workers send was about Rs. 46.37 billion in 2003/04, which is almost a four-fold increase from 1995/96.

In terms of ensuring decent and productive work for youth, Nepal's performance is poor, mainly because its macroeconomic policies have focused much on market-opening measures without giving priority to goals such as enterprise development and social protection. Also the macroeconomic policies have failed to support sustained and balanced growth in the agricultural and non-agricultural sectors.

Wages in Nepal are still significantly low. The minimum agricultural daily wage is Rs. 70 (around 90 US cents), which provides a basis for determining the minimum for other sectors. The minimum daily wage in industry is Rs. 74 for adults and Rs. 60 for workers under 18 years of age. In order to deal

with industrial disputes, Nepal has had a labour court since 1996. There are more than 2000 registered trade unions in Nepal, of which 1759 are active (EIU 2004).

On 24 November 2004, Nepal issued an ordinance banning child labour. The law bars the employment of anyone under 14 and prohibits the employment of those under 16 in hazardous work. On 29 November 2004, the government decided to allow Nepalese to seek employment in a further 83 countries, adding to its existing list of 25. The government requires employment agencies sending Nepalese workers to all countries to produce proof of labour demand and category. The government bars agencies from sending workers to take jobs that pay less than US\$ 125 per month (EIU 2005).

CHALLENGES

The regulation of employment companies has not been satisfactory. The implications are that migrant workers often go through illegal processes without safety and security and get victimised (with high incidences of fake contracts and travel documents).

The predominance of unskilled workers in the labour market remains a barrier to enhancing productivity and competitiveness. Employment opportunities are largely confined to the low-paid, low-skilled, informal sector without any social security. With the existing low levels of employment elasticity, economic growth, and the current sectoral composition of growth, the new entrants in the labour force are unlikely to be absorbed in the labour market. Because this dearth of employment opportunities inhibits the empowerment process, a critical development

TABLE 8.2: Unemployment rate of age 15-24 (in percent)

NLSS (1995/96)	NLFS (1998/99)	NLSS (2003/04)	Change in %
Male	Na	8.0	-0.433
Female	Na	4.3	+0.40
Total	7.3	6.0	-0.1625
Urban	21.5	23.7	-0.304
Rural	6.5	3.9	-0.2375

Source: CBS 1995 and 2004; NLFS 1998/99.

challenge is the creation of new job opportunities and the promotion of decent work (UNDP 2004).

Nepal has to adopt a strategy to prepare itself to take maximum benefits from WTO membership so that it could generate decent and productive employment opportunities. Product diversification and the promotion of SMEs are also important, which requires, *inter alia*, incentive structures for private sector support, the promotion of export, and a re-training and re-integration policy in the labour market.

INTERNATIONAL RESPONSE

The Ninth and the Tenth Plans both sought to promote overseas employment through various means, including the use of diplomatic missions in potential countries. Now there are a few bilateral agreements for labour migration, and Nepal is seeking more. However, efforts should be made to reach more agreements that help to ensure the rights of labourers in the countries they migrate to. In this regard, other countries should also cooperate with Nepal and establish partnerships for providing opportunities to the Nepalese people, including the youth, to work abroad in a decent and productive environment.

Today, countries cannot achieve employment goals on their own. Patterns of inter-

national investment, the growth of trade, and the cross-border movement of workers all affect jobs, incomes, security, and the rights of workers. International policies should, therefore, be supportive of growth, enterprise development, poverty reduction, and the creation of decent work for all. The International Labour Organisation's (ILO) Global Employment Agenda – the employment pillar of the decent work concept – should serve as a useful guide to develop sound, long-term employment strategies (ILO 2004). In all these processes, the ILO has a major role to play, working in greater cooperation with other international organisations, including the international financial institutions (IFIs) and the WTO, national governments, and employers' and workers' organisations.

The ongoing services negotiations under JP can help countries like Nepal tremendously in generating employment opportunities. In this regard, the LDCs, including Nepal, want temporary movement of natural persons as provided for under Mode 4 of the GATS Agreement be liberalised by WTO members without excluding any skill category and sector/sub-sectors.

The LDCs also take the view that the ongoing negotiations under GATS should ensure that administrative and visa procedures and other barriers in developed countries do not impede the movement of people.

TARGET 17

In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

STATUS AND TRENDS

Malaria is a major vector-borne disease prevalent in 65 districts. Diarrhoea, acute respiratory infections (ARI), and measles are other major diseases. Infectious diseases and nutritional deficiencies are major causes of child morbidity, disability, and mortality. More than 20,000 children die of diarrhoea-related disease every year. ARI is a great health problem among children under-five, and is responsible for many deaths. Some polio and typhoid infections are common but not severe. Heart disease could be another major killer in the next 15 years; with 50 % of the total number of deaths being from heart ailments (DDA, APPON, Matrix and Cygnus 2004). Although the estimated prevalence rate of HIV infection is 0.5% in the age group 15-49, with a male to female ratio of 3 to 1, epidemiological data suggests that Nepal has entered the stage of a concentrated epidemic. This means that the HIV/AIDS prevalence consistently exceeds 5% in some sub-populations such as FSW and IDU. Among high-risk groups, seasonal labour migrants make up 40 % of the nation's HIV-infected population, followed by clients of sex workers (18 %). The number of children orphaned by HIV/AIDS is estimated to be 13,000. Many Nepalese are also infected with tuberculosis (TB).

The Nepal pharmaceutical market was worth Rs. 6 billion in 2004, of which domestic manufacturers had a 25 % to 27 % market share, with the remainder being dominated by imported Indian medicines. The country is importing medicines from nearly 250 pharmaceutical companies, out of which 170 are Indian companies. Countries such as China, Belgium, South Korea, Australia, Denmark, Holland, and Switzerland are also pharma-

ceutical exporters to Nepal. Currently, a total of 39 allopathic pharmaceutical companies, 26 homeopathic companies, 2350 medical wholesalers, and 18,255 pharmacies are operating in the country (DDA, APPON, Matrix, and Cygnus 2004).

The annual increment of drug consumption has been recorded at 18.8 %. Amoxycillin is the highest selling drug from the domestic industries and vitamins are the highest selling imported drug. The top 15 selling drugs from domestic manufacturers constitute 52.8 % share in total drug consumption. Similarly, the top 15 selling imported drugs account for 35.7 % share in total drug consumption from international manufacturers (Multilateral Trade Integration and Human Development Project 2004).

CHALLENGES

One of the major problems in providing health facilities is financial: hospitals and clinics charge on a fee-for-service basis, and most Nepalese have neither the insurance nor the funds to pay for healthcare. The government spends about 5 % of its budget on healthcare, amounting to about US\$ 5 per head annually. Nepal also has privately-run hospitals, but most of them are located in urban centres, and the cost of seeking treatment there is beyond the reach of the majority of the population (EIU 2004).

Despite a massive upgrade in production quality based on WHO standards, the local pharmaceutical industries have failed to expand their market share. Moreover, around half a dozen domestic industries have been able to acquire Good Manufacturing Practice (GMP) certificates but these

industries still need to improve their image in terms of the quality of their products (DDA, APPON, Matrix, and Cygnus 2004).

Nepal has committed itself to the implementation of TRIPS by the end of 2006. As an LDC WTO member, Nepal will have to grant patent protection to pharmaceutical products by 2016. There is a growing concern that the monopoly created by patents on pharmaceutical products would lead to an increase in drug prices. Since over 90 % of the drugs on the WHO's essential drugs list are off-patent and 86 % of prescribed drugs in Nepal are from the essential drugs list (Multilateral Trade Integration and Human Development Project. 2004), it cannot be concluded that the patenting of pharmaceutical products would result in an increase in the price of all medicines.

However, a few points are important here and must not be ignored. First, there is a greater chance of an increment in the price of the remaining 14 % of pharmaceutical products, which are not in the essential drugs list. Secondly, while drug prices for the new and existing (known) diseases such as HIV/AIDS are already higher, there is every possibility that the drug prices for the new and emerging (unknown) diseases will also be high due to intellectual property protection. Thirdly, even in the case of 86 % of the drugs prescribed under the essential drugs list, there can be an increase in drug price if more effective and improved drugs enter the market replacing the drugs under the essential drugs list.

Therefore, the global negotiations dealing with pharmaceutical product patents and public health at the WTO level are a matter of concern for Nepal too. While enacting intellectual property laws at the domestic level, as required by TRIPS, Nepal has to make maximum use of TRIPS' flexibilities to minimise the harm of intellectual property protection on pharmaceutical products.

Focus should also be given to research and development (R&D). This would not only strengthen the capacity of the domestic industries to manufacture more effective drugs but would also be instrumental in capitalising on the vast amount of medicinal plants that the country possesses. The financial and technical resources required for R&D are, however, a concern for the country.

INTERNATIONAL RESPONSE

Internationally, the concept of 'health for all' has been an important factor in making medicines more affordable. The 2001 WHO-supported Commission on Macroeconomics and Health argued for large-scale financial commitment by rich countries to scaling up the access of the world's poor to essential health services. There have been some important initiatives in this direction, however, only half-heartedly. For example, multilateral institutions and programmes, such as United Nations Programme on HIV/AIDS (UNAIDS), the Global Fund to Fight AIDS, Tuberculosis and Malaria and the WHO '3 by 5' strategy to deliver antiretroviral therapy to 3 million people by 2005, remain underfunded. There is a need to strengthen such programmes and further develop and implement other programmes to tackle the health problems that affect MDGs.

In the case of IPRs and public health, some initiatives have been taken at the WTO. In 2001, WTO members adopted a separate declaration on 'TRIPS and Public Health' and agreed that TRIPS does not and should not prevent members from taking measures to protect public health. They underscored countries' ability to use the flexibilities that are built into TRIPS, including 'compulsory licensing' and 'parallel importing'. They also agreed to extend exemptions on pharmaceutical patent protection for LDCs until 2016. In order to provide extra flexibility, so that countries unable to produce pharmaceuticals domestically can obtain supplies

of copies of patented drugs from other countries, members assigned further work to the TRIPS Council (which is explicitly mentioned in the 'Paragraph 6' of the separate Declaration on TRIPS and Public Health) (www.wto.org).

On 30 August 2003 through a 'Decision on the Implementation of Paragraph 6', WTO members agreed on legal changes to make it easier for countries without manufacturing capacity to import cheaper generics made under compulsory licensing. The Decision also allows any member country to export generic pharmaceutical products made under compulsory licences to meet the needs of import-

ing countries, 'provided certain conditions are met'. The waiver is interim, the ultimate goal was to amend TRIPS itself within the first half of 2004. However, this deadline has been missed and countries without manufacturing capacity are still not sure whether they would be able to utilise such flexibility.

In this respect, there is a need to urgently amend TRIPS to incorporate the '30th August 2003 Decision on the Implementation of Paragraph 6 of the Declaration of TRIPS and Public Health' as a permanent solution to the problems of LDCs with insufficient or no manufacturing capacity (Livingstone LDC Declaration 2005).

TARGET 18

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

STATUS AND TRENDS

With the spread of internet, email, low cost international phone services, mobile phones and electronic conferencing, the world has become interconnected. But Nepal still lags behind in accessing and using these technologies. Despite its increased openness to the international trading and financial system, its limited ability to benefit from trade and financial flows and attract FDI has restricted its access to new and emerging technologies.

The Information Technology (IT) Policy was formulated in 2000. Considering the important role of telecommunications in advancing technological development, the Telecommunications Policy 2004 stressed the importance of improving the accessibility of reliable telecom services at reasonable cost. In order to improve the accessibility of telecom facilities, the Telecommunications Act 1997 paved way for competition in this sector. As a result, there are now two operators providing basic telecommunications service in the country: Nepal Telecom (Nepal Telecommunication Corporation till 2004), and United Telecom Limited (UTL). Further, STM Telecom Sanchar Pvt. Limited is providing rural telecommunications service in the Eastern Development Region of Nepal. Regarding mobile services, Nepal Telecom has been operating this service since 2000 and the second operator Spice Nepal Pvt. Ltd. has recently begun its service (NTA 2005).

Figure 8.4 indicates that telecommunications services have been growing at an annual average rate of 11.8 %. However, there are still 312,533 people waiting for fixed lines and the telecommunications service only meets 58 % of demand. Demand has also been partially met by the privately-run UTL

telecommunication service, which had served 30,000 customers till mid-2005 (UTL Nepal Database 2005).

Nepal Telecom started a special rural telecom programme from the FY 1999-2000 (2056-2057) to provide at least two telephone lines in each VDC. There are 3,913 VDCs in the country, and 1,963 VDCs have access to telephone services (Figure 8.4).

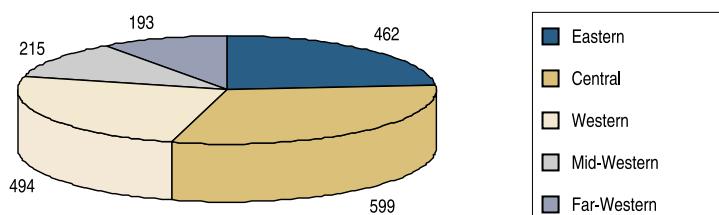
In terms of Internet access, there are 31 Internet services providers (ISPs). The number of Internet users is estimated to be about 120,000 although there are only 40,000 Internet accounts (Table 8.3).

FDI is considered to be an important medium for technology transfer. Altogether there are 991 approved foreign investment projects in Nepal. However, not all these projects have been instrumental in technology transfer. Of them, only 5 % projects are either for 'technology only' or for 'technology and equity category' (DoI/MoICS 2005).

CHALLENGES

While most telecommunications lines have been installed in the Kathmandu Valley and other urban centres, services elsewhere are scattered (EIU 2004). As a result, a majority of Nepalese do not have access to telecom services and are disconnected from the IT world – 1.61 main telephones lines per 100 inhabitants (in rural areas, there are only 1.64 telephone lines per 1000 inhabitants); and 0.09 cellular mobile subscribers per 1000 inhabitants (Vaidya 2003). Besides, domestic and international telephone links are reliable but expensive. To ensure access to the cheapest telecom services is, therefore, a major challenge. The government needs to work

FIGURE 8.4: Number of VDCs with access to telephone services



Source: MoF, Economic Survey 2004/2005.

with the private sector to make available the benefits of technologies.

It is an incontrovertible fact that increased access to telecom services is important for the advancement of the IT sector. In addition, the role that IT plays in the development process is also vital. The far-reaching effects of IT are not only limited to industrial production – all economic sectors including agriculture, mining, banking, commerce, health-care, education, publishing, environment-management, energy conservation, and transportation are becoming fast, flexible, and information-intensive. If properly used, IT can be the main factor in increasing productivity in public administration, communications infrastructure, industry, and agriculture. Furthermore, IT can be useful for education purposes, geographical applications, financial applications, health systems, water resources management, tourism and other sectors of the economy (Pradhan 2002).

However, despite having an IT Policy since 2000, the country has been slow in promoting IT for development. Rural populations are still disconnected from the IT world. This

has limited the country's potential to achieve the MDGs because without proper application of technologies in rural areas where development has to take place, it is hard to make progress on MDGs. Nepal has to implement strategies that bring investments in education, training, and the diffusion of knowledge. Proper courses for the application of IT should be designed at the school and university level. The government ministries/departments and the private sector should also be trained in the use of IT. E-commerce, e-governance, and online education concepts should be applied at the local and national levels. However, these efforts require a huge amount of financial and technical resources, which the country might not be able to manage alone. Nepal has to seek support from the private sector at the national and global level and should seek assistance from the international community to help invest in the IT sector.

Similarly, since FDI plays a significant role in technology transfer, Nepal should make efforts to attract FDI that has the potential to bring technologies too. It is also a challenge to attract FDI in sectors where rural people are involved and wherefrom they could benefit.

INTERNATIONAL RESPONSE

The willingness of developed countries to facilitate access to and transfer of technologies to developing countries is reflected in a number of international agreements. For instance, there are some important WTO agreements that call for technology transfer to developing and least developed countries. The WTO/GATS acknowledges that the increased participation of developing country members in world trade shall be facilitated through, *inter alia*, access to technology on a commercial basis and further calls on members to encourage foreign suppliers of telecommunications services to 'assist' in the transfer of technology, training and other activities that support the development of

TABLE 8.3: Growth of Internet subscribers

Year	2000	2001	2002	2003	2004
No of ISP licensees	15	-	20	-	31
No of Internet accounts	9000	-	15,000	-	40,000
Internet users estimated	27,000	-	45,000	-	120,000
Increment in Internet accounts (%)		-	66.7	-	166.67

Source: Telecommunication Authority 2004

their telecommunications infrastructure and expansion of their telecommunications services trade. The TRIPS Agreement calls upon developed countries to "provide incentives to enterprises and institutions" in their territories to transfer technologies to LDCs. Although the nature of such incentives is not defined, the measures are supposed to enable LDCs "to create a sound and viable technological base" (UNCTAD 2004).

Similarly, the Doha Declaration has introduced a binding mandate for WTO members to examine the relationship between trade and technology transfer. To this end, ministers have established a Working Group on Trade and Transfer of Technology (WGTtT). However, despite these initiatives, some developed countries tend to perceive the Doha mandate as an academic exercise and are reluctant to deepen the work towards the implementation of technology transfer clauses in WTO agreements or to initiate negotiations for increasing technology transfer flows (ICTSD and IISD 2003).

BOX 8.5: ACTIONS BY DEVELOPMENT PARTNERS FOR TECHNOLOGY TRANSFER

- a) Through financial, technical and/or other assistance, supporting LDCs' efforts to achieve levels of investment in infrastructure for education and training that are consistent with building local technological capabilities, including through innovative private partnerships;
- b) Assisting LDC firms to link up with firms in developed countries in ways that would play a catalytic role in LDC technological development;
- c) Considering innovative mechanisms with a view to accord LDCs special treatment in facilitating acquisition, transfer and development of technology to help LDCs gain access to technology;
- d) Fostering concerted international partnership to bring the benefits of ICT to LDCs so as to improve connectivity and reduce the "digital divide";
- e) Promoting linkages between research and development institutions in the LDCs and their development partners;
- f) Complying fully with already existing multilateral commitments in the area of technology transfer, particularly by providing incentives as provided for and agreed in article 66.2 of the TRIPS Agreement;
- g) Taking concrete measures to facilitate access to or provide technology and equipment *inter alia* as part of ODA.

Source: Brussels Programme of Action for the Least Developed Countries. 2001.

In this context, Nepal urges WTO members and the development partners to realise the importance of transfer and diffusion of technologies for Nepal, and act as stipulated in the Brussels Programme of Action for the Least Developed Countries (Box 8.5).

MONITORING ENVIRONMENT FOR TRACKING PROGRESS IN ACHIEVING THE MDGs

STATUS OF THE MONITORING FRAMEWORK

HMG/N is committed to the effective monitoring of the MDGs through institutionalising the Poverty Monitoring and Analysis System (PMAS) – a framework developed to effectively monitor the PRSP of the country. As the PRSP has incorporated interventions that contribute to achieve the MDGs, most of the outcome and impact level PRSP indicators are drawn from the MDGs, which make it possible for the PMAS to contribute tracking the MDGs as well.

The primary objective of the PMAS is to coordinate, consolidate, harmonise, and analyse data from the existing poverty monitoring system and to communicate results in ways which provide effective feedback to the policy change. It seeks to accomplish this through five functions which are in essence its five components: (i) implementation monitoring; (ii) outcome monitoring; (iii) impact analysis; (iv) poverty management information system; and (v) communication and advocacy.

Monitoring progress towards MDGs including poverty reduction remains the mandate of the National Planning Commission (NPC). A Poverty Monitoring Division (PMD) has been established in the NPC, with the mandate of monitoring and analysing poverty trends; tracking progress towards key human development and MDG indicators and the implementation of measures to ensure social inclusion; and undertaking periodic reviews. The PMD prepares an annual poverty progress report, which tracks the indicators outlined in the PMAS,

based on the information generated from various types of M and E as mentioned above.

The information on implementation monitoring is mainly collected from routine data system and management information systems such as the Health Management Information System (HMIS) and the Education Management Information System (EMIS) of the sectoral ministries. The outcome indicators under the outcome monitoring component of PMAS are monitored based on the information collected from national household surveys. Before the development of the PMAS national household surveys were conducted without proper planning and sequencing. Therefore, following a process of consultations among the key stakeholders household surveys were streamlined and sequenced. Currently, the national household survey system consists of five major surveys under the PMAS, of which Nepal Living Standards Survey (NLSS) and Nepal Demographic and Health Survey (NDHS) are the two major surveys. Furthermore, some key education-related indicators have already been identified to include in the upcoming NDHS 2006 to fill the data gap on the outcome-related indicators of the education sector.

In order to link the implementation and outcome monitoring, an impact assessment of relevant policies and programmes are conducted annually. It is important that the information generated from the three major components of the monitoring and evaluation be stored in an management information system to promote easy access of data

for different stakeholders and thus provide a basis for enhanced communication and advocacy – a critical function in Least Developed Countries (LDCs). However, as a prelude to this major function, currently efforts have been directed to store data in Nepal Info, a database software tool available in CD ROM, which includes most of the PRS and MDG indicators. Nepal Info 3 was released in mid-2005.

The development of the PMAS is a milestone which offers an opportunity to harmonise donors in the field of poverty monitoring and MDG tracking. The PMAS has been widely appreciated by different corners of society, including donors in Nepal. The PMAS has become an integral component of the PRSP, and is a lively and dynamic framework to understanding and monitoring MDGs and poverty, using both quantitative and qualitative methods.

MAIN MONITORING ISSUES EMERGING DURING THE REPORT PREPARATION

Some issues have been encountered during the preparation of this MDG Progress Report 2005, which are briefly outlined below, with some concrete examples to illustrate the point. These issues call for further coordination, standardisation, and streamlining among various surveys and between surveys and routine data systems, as well as capacity enhancement for data collection and analysis. As one of the primary objectives of a MDG Progress Report is to contribute to improvements in progress monitoring mechanisms, these issues will have to be discussed among the concerned actors for devising follow-up actions for future improvements.

Unavailability of data on the MDG indicators

As a starting point for strengthening the monitoring environment as well as initial inputs for customising the indicators to better reflect the Nepalese context, an attempt was made to report on as many global MDG

indicators as possible. In the process, it was realised that there was lack of data on certain indicators, and therefore either these indicators are not reported or they are reported by adapting them based on the nature of data available. These areas follows.

- Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years.
- Carbon dioxide emissions (per capita) and consumption of ozone-depleting CFCs (ODP tonnes).
- HIV prevalence among 15-24-year-old pregnant women: 'HIV prevalence among 15-49 years of age' was used instead.
- Proportion of population in malaria risk areas using effective malaria prevention and treatment measures: 'Proportion of population in malaria risk areas using effective prevention measures' was used instead.
- Proportion of population using solid fuels: 'Proportion of population using wood as the main fuel' was used instead.

Unavailability of updated data

For some indicators, there was no updated data available from the national-level household surveys since the last Progress Report 2002. Especially, many of the health-related indicators are expected to be covered by the upcoming NDHS planned in 2006. In some cases, the 2005 updates were left blank for accurate reporting to be made next year, rather than presenting estimated figures. The indicators for which updated data were not available are prevalence of underweight children under-five years of age, infant mortality rate, under-five mortality rate, maternal mortality ratio, contraceptive prevalence rate including condom use and area under forest.

Different definitions and survey methodology

As data for a particular indicator often comes from different surveys and censuses carried out at different points in time, and due to differences in the indicator definitions as well as in survey methodologies, a temporal

comparison required a cautious approach. A few prime examples are presented below.

- Proportion of population with sustainable access to an improved water source
- Proportion of population with sustainable access to improved sanitation

Lack of disaggregated data

While efforts have been undertaken, there is still absence of many relevant data at the sub-national level, as well as data disaggregated by different social groups. Therefore, some difficulty was encountered to present inequalities within the country by reliable data.

Need for 'localising' targets and indicators

Given the fact that Nepal's first MDG Progress Report (2002) had been compiled before the official UN guidelines were produced, this second Report is the first attempt to cover as extensively as possible all the MDG indicators agreed upon at the global level. This approach has been adopted with a view to identifying the monitoring gaps as well as paving the way for MDG contextualisation through adapting certain indicators to better reflect the Nepalese context.

In Nepal, national targets for many indicators are yet to be set for the year 2015, which include the following.

- Share of women in wage employment in the non-agriculture sector
- Proportion of seats held by women in national parliament
- All indicators related to the Target 7 on HIV/AIDS
- All indicators related to the Target 8 on malaria and tuberculosis
- All indicators related to the Target 9 on environmental sustainability.

At the same time, the need to modify the MDG indicators or adopt new indicators to better capture the situation has been realised. Some of the suggested changes and/or additions for regular monitoring of the MDG targets for some of the goals are outlined below. These issues would require in-depth discussion among various stakeholders in the country.

- Goal 3: While the global MDG indicator to measure gender equality in education is 'ratio of girls to boys in primary, secondary, and tertiary education', the enrolment figures include all under-aged and over-aged children. Therefore, net enrolment rate, which is specific to the school-attending ages, may be a better indicator to adequately reflect the actual differences between girls' and boys' enrolment. This limitation is also acknowledged in the UN report, *Indicators for Monitoring the Millennium Development Goals: Definitions, Rationale, Concepts and Sources* (UN 2003).

Apart from the global indicators, additional indicators with concerns in issues such as gender-based violence, trafficking of girls and women, property entitlement, incidence of anaemia amongst pregnant women, and reproductive health could be considered for future monitoring.

- Goal 4: In addition to the Under-5 and Infant Mortality Rates, the Neonatal Mortality Rate may be worth considering for inclusion in the regular monitoring mechanism.
- Goal 5: Considering the difficulty in accurately measuring the maternal mortality ratio, several supporting indicators could be utilised as proxy. For instance, Coverage of Emergency Obstetric Service, Adolescent Fertility Rate, Coverage of Antenatal Care, and proportion of Induced Abortion to Birth have been suggested by the UN Millennium Project Task Force on Child Health and Maternal Health. These indicators could be incorporated into the existing regular monitoring mechanisms.
- Goal 6: In order to get a clear picture of HIV/AIDS, issues such as children orphaned by HIV/AIDS, access to dual protection/ prevention methods, and free voluntary screening/ counselling

and treatment services for STI/RTI, HIV/AIDS might be considered for future progress reporting.

RECOMMENDATIONS

There are differences in the values of indicators between some surveys on the one hand, and between the survey and MIS on the other, mainly due to differences in their methodology including differences in sample design, definition of indicators, and method of collecting information. While there is need to improve the data quality as measured in the government MIS, streamlining, integrating, consolidating the government MIS and household surveys is necessary.

The PMAS was prepared mainly keeping in view the monitoring of the PRS. While the majority of the MDG indicators are included in the PRSP and thus in the PMAS, there are some indicators which are yet to be incorporated in the PMAS. There is need to make the subsequent periodic plan further MDGs-based and thus incorporate additional MDG indicators in the PMAS. However, this also requires for localising some of the global MDG indicators and their targets.

There are several indicators whose raw data are available but the values are not computed and reported. In case of such indicators, it is necessary to compute the indicators well in advance before the preparation of the MDG progress report by the concerned stakeholders. This needs to be sorted with a process of consultation among the stakeholders.

MONITORING AND EVALUATION CAPACITY FOR TRACKING MDGS: STATUS AT GLANCE

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APPENDIX- A

PREPARATION OF NEPAL's MDG PROGRESS REPORT 2005

With the aim of making this Second MDG Progress Report truly a 'national report', much emphasis was given to ensuring its preparation process to be as participatory and broad-based as possible. It is from this perspective that sincere efforts were made to ensure the involvement of the government, civil society organizations including the private sector, as well as external development partners including the UN agencies at all stages of report preparation. With the leadership of the NPC, a number of organizations provided critical inputs in terms of data, information and in providing additional perspective on the technical papers and the subsequent draft report chapters. These inputs were extremely useful for filling in the gaps in the draft papers and for improving the analyses in the report.

The preparation process of MDG Progress Report 2005 started with discussions on a concept paper initially developed by the NPC and UNDP, and a series of meetings were organized involving the government, UN agencies and donors, and I/NGOs. In particular, efforts were made to represent diverse views of civil society and incorporate their perspectives in the Report properly. Intensive discussions were held with the NGO Federation of Nepal which represents over 2000 member organizations throughout the country. Discussion was also held with the Action Aid which plays a coordinating role among the major international NGOs in the country. As a result, it was agreed that the NGO Federation would function as the co-ordinating body of the civil society organi-

zations to facilitate participation of relevant member organizations in all consultative meetings during the draft preparation phase. The UN Nepal assigned a focal point in each UN agency whose responsibilities was to ensure consistent and significant contributions from the respective agency. Similarly, in each relevant line ministry, a few officials especially in the planning and monitoring sections played the coordinator role. The concept paper was finalized after the approval of the Steering Committee meeting held on 16 March 2005.

A team of five national consultants – sectoral and thematic experts on (1) poverty and hunger (2) education (3) gender (4) health and (5) environment and global partnership 8 – was recruited to draft the report and facilitate the consultation process. They were responsible particularly for collecting data and information, making the necessary analyses and facilitating the consultation meetings.

To support the consultants in obtaining data and information as well as providing comments on draft papers periodically, subgroups were formed on poverty and hunger (Goal 1), education (Goal 2), gender (Goal 3), health (Goals 4, 5 and 6), environment (Goal 7), and global partnership (Goal 8). These groups were composed of representatives of relevant line ministries, UN and donor agencies, and civil society organizations including the private sector. The subgroup members participated regularly in consultative meetings to discuss draft papers and further provided assistance for the experts

List of Major Meetings organized during the Preparation Process

DATE	ACTIVITIES
3 May 2005	National introductory workshop
27 May	First sectoral meeting on draft 1 - Education (Goal 2)
31 May	First sectoral meeting on draft 1 - Gender (Goal 3)
1 June	First sectoral meeting on draft 1 - Health (Goals 4, 5 and 6)
2 June	First sectoral meeting on draft 1 - Poverty and Hunger (Goal 1)
6 June	First sectoral meeting on draft 1 - Drinking Water and Sanitation (Goal 7)
	First sectoral meeting on draft 1 - Environment (Goal 7)
12 June	Follow-up meeting on forestry 1 - Environment (Goal 7)
29 June	First sectoral meeting on draft 1 – Global Partnership (Goal 8)
30 June–18 July	Technical small group meetings
30 June–18 July	Circulation of revised draft papers for soliciting comments
19 July	Second sectoral meeting on draft 2 - Education (Goal 2)
	Second sectoral meeting on draft 2 - Health (Goals 4, 5 and 6)
20 July	Second sectoral meeting on draft 2 - Poverty and Hunger (Goal 1)
	Second sectoral meeting on draft 2 - Global Partnership (Goal 8)
22 July	Second sectoral meeting on draft 2 - Gender (Goal 3)
	Second sectoral meeting on draft 2 - Environment (Goal 7)
12 August	Circulation of the edited final draft report among the key stakeholders
24 August	Finalization of the report
5 September	National Launch of the second MDG Progress Report

bilaterally outside the meetings. In addition, several meetings were organized at the policy level under the leadership of the Vice-Chairman of the NPC for overall guidance, and inputs for the Report.

On 3 May 2005, a national level introductory meeting was held to share the concept note and draft outlines of report chapters. More than 90 people were present in the meeting including all the members and the Member Secretary of the NPC and important representatives from UN system, external development partners, international non-governmental organizations, civil society and private sector. The draft chapters were discussed at various stages in sectoral meetings, and a wide variety of comments were received from the participants of these consultation meetings. In addition, numerous small-scale technical discussion meetings were repeatedly held with key experts in the respective fields. Technical papers as well as draft report chapters were also circulated among a number of stakeholders to solicit written comments, especially among relevant ministries. Efforts were made to capture regional and local level perspectives through I/NGOs. The final round of stakeholders meeting was carried out during 19 through 22 July, 2005. Comments, data and information received from intensive discussions held with various experts from the respective areas were extremely helpful in filling data and indicator gaps and strengthening the analysis in the report.

APPENDIX- B

UNITED NATIONS MILLENNIUM DECLARATION

I. VALUES AND PRINCIPLES

1. We, heads of State and Government, have gathered at United Nations Headquarters in New York from 6 to 8 September 2000, at the dawn of a new millennium, to reaffirm our faith in the Organization and its Charter as indispensable foundations of a more peaceful, prosperous and just world.
2. We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.
3. We reaffirm our commitment to the purposes and principles of the Charter of the United Nations, which have proved timeless and universal. Indeed, their relevance and capacity to inspire have increased, as nations and peoples have become increasingly interconnected and interdependent.
4. We are determined to establish a just and lasting peace all over the world in accordance with the purposes and principles of the Charter. We rededicate ourselves to support all efforts to uphold the sovereign equality of all States, respect for their territorial integrity and political independence, resolution of disputes by peaceful means and in conformity with the principles of justice and international law, the right to self-deter-
- mination of peoples which remain under colonial domination and foreign occupation, non-interference in the internal affairs of States, respect for human rights and fundamental freedoms, respect for the equal rights of all without distinction as to race, sex, language or religion and international cooperation in solving international problems of an economic, social, cultural or humanitarian character.
5. We believe that the central challenge we face today is to ensure that globalisation becomes a positive force for all the world's people. While globalisation offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. We recognize that developing countries and countries with economies in transition face special difficulties in responding to this central challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalisation be made fully inclusive and equitable. These efforts must include policies and measures, at the global level, which correspond to the needs of developing countries and economies in transition and are formulated and implemented with their effective participation.
6. We consider certain fundamental values to be essential to international relations in the twenty-first century. These include:
 - Freedom: Men and women have the right to live their lives and raise their

children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.

- Equality: No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.
- Solidarity: Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.
- Tolerance: Human beings must respect one other, in all their diversity of belief, culture and language. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilizations should be actively promoted.
- Respect for nature: Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.
- Shared responsibility: Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organization in the world, the United Nations must play the central role.

- 7. In order to translate these shared values into actions, we have identified key objectives to which we assign special significance.

II. PEACE, SECURITY AND DISARMAMENT

- 8. We will spare no effort to free our peoples from the scourge of war, whether within or between States, which has claimed more than 5 million lives in the past decade. We will also seek to eliminate the dangers posed by weapons of mass destruction.
- 9. We resolve therefore:
 - To strengthen respect for the rule of law in international as in national affairs and, in particular, to ensure compliance by Member States with the decisions of the International Court of Justice, in compliance with the Charter of the United Nations, in cases to which they are parties.
 - To make the United Nations more effective in maintaining peace and security by giving it the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction. In this context, we take note of the report of the Panel on United Nations Peace Operations¹ and request the General Assembly to consider its recommendations expeditiously.
 - To strengthen cooperation between the United Nations and regional organizations, in accordance with the provisions of Chapter VIII of the Charter.
 - To ensure the implementation, by States Parties, of treaties in areas such as arms control and disarmament and of international humanitarian law and human rights law, and call upon all States to consider signing and ratifying the Rome Statute of the International Criminal Court.²
 - To take concerted action against international terrorism, and to accede as

¹ A/55/305-S/2000/809; see Official Records of the Security Council, Fifty-fifth Year, Supplement for July, August and September 2000, document S/2000/809.

² A/CONF.183/9.

soon as possible to all the relevant international conventions.

- To redouble our efforts to implement our commitment to counter the world drug problem.
- To intensify our efforts to fight transnational crime in all its dimensions, including trafficking as well as smuggling in human beings and money laundering.
- To minimize the adverse effects of United Nations economic sanctions on innocent populations, to subject such sanctions regimes to regular reviews and to eliminate the adverse effects of sanctions on third parties.
- To strive for the elimination of weapons of mass destruction, particularly nuclear weapons, and to keep all options open for achieving this aim, including the possibility of convening an international conference to identify ways of eliminating nuclear dangers.
- To take concerted action to end illicit traffic in small arms and light weapons, especially by making arms transfers more transparent and supporting regional disarmament measures, taking account of all the recommendations of the forthcoming United Nations Conference on Illicit Trade in Small Arms and Light Weapons.
- To call on all States to consider acceding to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction,³ as well as the amended mines protocol to the Convention on conventional weapons.⁴
- 10. We urge Member States to observe the Olympic Truce, individually and collectively, now and in the future, and to support the International Olympic Committee in its efforts to promote peace and human understanding through sport and the Olympic Ideal.

III. DEVELOPMENT AND POVERTY ERADICATION

- 11. We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.
- 12. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.
- 13. Success in meeting these objective depends, *inter alia*, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems. We are committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.
- 14. We are concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development. We will therefore make every effort to ensure the success of the High-level International and Intergovernmental Event on Financing for Development, to be held in 2001.
- 15. We also undertake to address the special needs of the least developed countries. In this context, we welcome the Third United Nations Conference on the Least Developed Countries to be held in May 2001 and will endeavour to ensure its success. We call on the industrialized countries:
 - To adopt, preferably by the time of that Conference, a policy of duty- and quota-free access for essentially all exports from the least developed countries;
 - To implement the enhanced programme of debt relief for the heavily indebted

³ CD/1478.

⁴ Amended protocol on prohibitions or restrictions on the use of mines, body-traps and other devices (CCW/CONF/16 (Part I), annex B).

- poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and
- To grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction.
16. We are also determined to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term.
17. We also resolve to address the special needs of small island developing States, by implementing the Barbados Programme of Action⁵ and the outcome of the twenty-second special session of the General Assembly rapidly and in full. We urge the international community to ensure that, in the development of a vulnerability index, the special needs of small island developing States are taken into account.
18. We recognize the special needs and problems of the landlocked developing countries, and urge both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special development needs and to help them overcome the impediments of geography by improving their transit transport systems.
19. We resolve further:
- To halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
 - To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
 - By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
 - To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
 - To provide special assistance to children orphaned by HIV/AIDS.
 - By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the "Cities Without Slums" initiative.
20. We also resolve:
- To promote gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.
 - To develop and implement strategies that give young people everywhere a real chance to find decent and productive work.
 - To encourage the pharmaceutical industry to make essential drugs more widely available and affordable by all who need them in developing countries.
 - To develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication.
 - To ensure that the benefits of new technologies, especially information and communication technologies, in conformity with recommendations contained in the ECOSOC 2000 Ministerial Declaration,⁶ are available to all.

IV. PROTECTING OUR COMMON ENVIRONMENT

21. We must spare no effort to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs.

⁵ Programme of Action for the Sustainable Development of Small Island Developing States (*Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II).

⁶ E/2000/L.9.

22. We reaffirm our support for the principles of sustainable development, including those set out in Agenda 21,⁷ agreed upon at the United Nations Conference on Environment and Development.
23. We resolve therefore to adopt in all our environmental actions a new ethic of conservation and stewardship and, as first steps, we resolve:
- To make every effort to ensure the entry into force of the Kyoto Protocol, preferably by the tenth anniversary of the United Nations Conference on Environment and Development in 2002, and to embark on the required reduction in emissions of greenhouse gases.
 - To intensify our collective efforts for the management, conservation and sustainable development of all types of forests.
 - To press for the full implementation of the Convention on Biological Diversity⁸ and the Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, particularly in Africa.⁹
 - To stop the unsustainable exploitation of water resources by developing water management strategies at the regional, national and local levels, which promote both equitable access and adequate supplies.
 - To intensify cooperation to reduce the number and effects of natural and man-made disasters.
 - To ensure free access to information on the human genome sequence.
 - To respect fully and uphold the Universal Declaration of Human Rights.¹⁰
 - To strive for the full protection and promotion in all our countries of civil, political, economic, social and cultural rights for all.
 - To strengthen the capacity of all our countries to implement the principles and practices of democracy and respect for human rights, including minority rights.
 - To combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women.¹¹
 - To take measures to ensure respect for and protection of the human rights of migrants, migrant workers and their families, to eliminate the increasing acts of racism and xenophobia in many societies and to promote greater harmony and tolerance in all societies.
 - To work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries.
 - To ensure the freedom of the media to perform their essential role and the right of the public to have access to information.

V. HUMAN RIGHTS, DEMOCRACY AND GOOD GOVERNANCE

24. We will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development.
25. We resolve therefore:

VI. PROTECTING THE VULNERABLE

26. We will spare no effort to ensure that children and all civilian populations that suffer disproportionately the consequences of natural disasters, genocide, armed conflicts and other humanitarian emergencies are given every assistance and protection so that they can resume normal life as soon as possible. We resolve therefore:

- To expand and strengthen the protection of civilians in complex emergencies, in conformity with international humanitarian law.
- To strengthen international cooperation, including burden sharing in, and the coordination of humanitarian assis-

⁷ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions adopted by the Conference, resolution 1, annex II.

⁸ United Nations Environment Programme, Convention on Biological Diversity (Environmental Law and Institution Programme Activity Centre), June 1992.

⁹ A/49/84/Add.2, annex, appendix II.

¹⁰ Resolution 217 A (III).

¹¹ Resolution 34/180, annex.

tance to, countries hosting refugees and to help all refugees and displaced persons to return voluntarily to their homes, in safety and dignity and to be smoothly reintegrated into their societies.

- To encourage the ratification and full implementation of the Convention on the Rights of the Child¹² and its optional protocols on the involvement of children in armed conflict and on the sale of children, child prostitution and child pornography.¹³

VII. MEETING THE SPECIAL NEEDS OF AFRICA

27. We will support the consolidation of democracy in Africa and assist Africans in their struggle for lasting peace, poverty eradication and sustainable development, thereby bringing Africa into the mainstream of the world economy.

28. We resolve therefore:

- To give full support to the political and institutional structures of emerging democracies in Africa.
- To encourage and sustain regional and sub-regional mechanisms for preventing conflict and promoting political stability, and to ensure a reliable flow of resources for peacekeeping operations on the continent.
- To take special measures to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation, improved market access, enhanced Official Development Assistance and increased flows of Foreign Direct Investment, as well as transfers of technology.
- To help Africa build up its capacity to tackle the spread of the HIV/AIDS pandemic and other infectious diseases.

VIII. STRENGTHENING THE UNITED NATIONS

29. We will spare no effort to make the United Nations a more effective instrument for pursuing all of these priorities:

the fight for development for all the peoples of the world, the fight against poverty, ignorance and disease; the fight against injustice; the fight against violence, terror and crime; and the fight against the degradation and destruction of our common home.

30. We resolve therefore:

- To reaffirm the central position of the General Assembly as the chief deliberative, policy-making and representative organ of the United Nations, and to enable it to play that role effectively.
- To intensify our efforts to achieve a comprehensive reform of the Security Council in all its aspects.
- To strengthen further the Economic and Social Council, building on its recent achievements, to help it fulfill the role ascribed to it in the Charter.
- To strengthen the International Court of Justice, in order to ensure justice and the rule of law in international affairs.
- To encourage regular consultations and coordination among the principal organs of the United Nations in pursuit of their functions.
- To ensure that the Organization is provided on a timely and predictable basis with the resources it needs to carry out its mandates.
- To urge the Secretariat to make the best use of those resources, in accordance with clear rules and procedures agreed by the General Assembly, in the interests of all Member States, by adopting the best management practices and technologies available and by concentrating on those tasks that reflect the agreed priorities of Member States.
- To promote adherence to the Convention on the Safety of United Nations and Associated Personnel.¹⁴
- To ensure greater policy coherence and better cooperation between the United Nations, its agencies, the Bretton Woods Institutions and the World Trade Organization, as well as other multilateral

¹² Resolution 44/25, annex.

¹³ Resolution 54/263, annexes I and II.

¹⁴ Resolution 49/59, annex.

- bodies, with a view to achieving a fully coordinated approach to the problems of peace and development.
- To strengthen further cooperation between the United Nations and national parliaments through their world organization, the Inter-Parliamentary Union, in various fields, including peace and security, economic and social development, international law and human rights and democracy and gender issues.
 - To give greater opportunities to the private sector, non-governmental organizations and civil society, in general, to contribute to the realization of the Organization's goals and programmes.
31. We request the General Assembly to review on a regular basis the progress made in implementing the provisions of this Declaration, and ask the Secretary General to issue periodic reports for consideration by the General Assembly and as a basis for further action.
32. We solemnly reaffirm, on this historic occasion, that the United Nations in the indispensable common house of the entire human family, through which we will seek to realize our universal aspirations for peace, cooperation and development. We therefore pledge our unstinting support for these common objectives and our determination to achieve them.

8th plenary meeting
8 September 2000



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