

Poverty Reduction Efforts in the Socio-economic Development Process of Nepal

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Abstract

Poverty reduction has become the first priority of the world with the start of the 21st century. Regional associations and nation states have accepted this global challenge and embodied in their development initiatives with operational strategies. Nepal has also been trying its best to reduce the menace that is predominant among the women, ethnic minorities, dalits and the indigenous mass of different parts of the country, particularly in the remote rural regions. Consistent efforts were being made in the past and the current Tenth plan has come up with full swing to tackle the curse more vigorously. Only a little success was realized with the past efforts mainly owing to the institutional weaknesses. This paper attempts to review the past efforts along with the inherent factors of poverty in Nepal. Poverty reduction strategies have also been devised in order to cope with the distress.

Introduction

Economic growth with social equity has become the main theme of development with the beginning of the 21st century. The world is now concentrating on the poverty reduction agenda by widening its dimensions. Today, poverty not only incorporates income, consumption and human development- education, health and sanitation- but also empowerment and social security against vulnerability (WDR, 2000-01). The ever-multiplying population, however, has become a greater challenge to the humanity for co-existence. More recently, terrorism has become the subject of global concern, which is somewhat flourished due to the poverty and inequality persisting in the developing world. As the UN millennium Summit 2000 decided to reduce the world poverty in half by 2015, several regional organizations and different countries have joined this bandwagon.

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Poverty in rural areas is widespread and more persistent, which accounts nearly four fifths of the world's poor (IFAD, 2002). In the developing countries about 69 percent of the rural populace subsists below nationally defined minimum levels of income and consumption. Asia holds about one-third commonality of the rural area in a state of poverty. Nearly half of the world's poor live in South-Asia, a region that accounts for roughly 30 percent of the world's population. Cognizant to the fact poverty eradication has been placed high on the social agenda of South Asian Association for Regional Cooperation (SAARC) since its Sixth summit, Colombo 1991. The summit had accorded highest priority to poverty alleviation in South Asia and established an Independent South Asian Commission on Poverty Alleviation (ISACPA). The successive summits expressed commitment to eradicate poverty from the region by 2002. The Eleventh SAARC summit held in Kathmandu in January 2002 reviewed the countrywide poverty alleviation activities and decided to reinvigorate them. The Twelfth Islamabad summit 2004 declared poverty alleviation as the overarching goal of all SAARC activities. Having approved an action plan the Summit assigned responsibility to its Secretariat to update and submit regional poverty profiles.

Although embarked in the process of development planning since 1956, Nepal has remained one of the poorest countries of the world and is still encountering the problems of low economic growth and inequality. Development efforts in the past focused mainly on building technical infrastructures and stronger bureaucracies. After the restoration of multiparty democracy in 1990, the country adopted a policy of economic liberalization for swift socio-economic transformation. The Ninth plan (1997-2002) was initiated with a view of reducing the absolute poverty line at 32 percent from the prevailing 42 percent, which has been realized only at 38 percent by the year 2003 (NPC, 2003). Again, the absolute poverty level is anticipated to contain at 10 percent by the year 2017 with the completion of the 12th plan (APROSC, 1995).

In this context, this paper aims at identifying the nature and incidence of poverty along with the key factors impinging on the rural mass that has posed unfair severity to their livelihood. Besides, it attempts to review the development efforts made in the past with emphasis on rural poverty reduction. Operational strategies have also been put forward to cope with the persisting challenges of rural poverty in the context of Nepal.

Nature and Incidence of Poverty

Poverty in Nepal is both endemic and acute that has generally been argued as stemmed up from strong inequality of income and distribution. More than four-fifths of Nepalese people rely on agriculture. Inadequate cultivable land, low productivity, rugged topographic conditions leading to fertile soil loss, low intensity of rainfall etc. have made it rather wretched sector. Food insecurity has been a regular phenomenon across the hills. Although the per capita income of Nepalese people has increased over the years¹, yet Nepal remains one of the poorest countries of the world.

¹ The per capita income estimates of Nepal was US\$ 43 in 1961 and reached to US\$ 180 in 1990 and US \$240 by 2002 and US \$269 in 2004.

Nepal obtained only 0.466 in human development index at 2000. Nepal Human Development Report 2001 mentions, "although the country has made significant strides in education, health and other social services, particularly after the restoration of democracy in 1990 the level of human development remains among the lowest in the world" (UNDP, 2001:1). In spite of gratifying progress in various aspects, the country faces a challenge of significant regional disparities in human development. As the country is divided in three ecological zones, urban and rural locations as well as five development regions, the state of poverty should be viewed with these perspectives in order to understand its nature and incidence. The human development indicator illustrates that the rural areas, mid-west and far-western regions and the mountain districts of the country have been lagging far behind in terms of human development (Table 1).

Table 1 Human Development Indicators (HDI) of Nepal

Indicators	Adult literacy rate (above 15 years)		Average life expectancy		Percentage of population having drinking water		Human development indicator (index 1.00)	
	1996	2000	1996	2000	1996	2000	1996	2000
Years	1996	2000	1996	2000	1996	2000	1996	2000
Nepal	36.7	50.7	55.0	59.5	61.0	79.9	0.325	0.466
A. Ecological zones								
● Mountain	27.5	44.5	52.7	49.8	-	79.2	0.271	0.378
● Hills	40.2	55.5	58.0	65.1	-	76.2	0.357	0.510
● Terai	35.9	46.8	59.5	62.4	-	83.4	0.344	0.474
B. Location								
● Urban	63.5	69.0	55.0	71.1	62.0	92.3	0.518	0.616
● Rural	34.5	48.0	53.7	58.7	61.0	78.1	0.306	0.446
C. Development regions								
● Eastern	-	43.4	-	62.0	-	77.7	-	0.484
● Central	-	47.1	-	61.3	-	85.1	-	0.493
● Western	-	48.3	-	62.8	-	83.8	-	0.479
● Mid-western	-	50.4	-	53.2	-	65.5	-	0.402
● Far-western	-	42.6	-	52.1	-	82.3	-	0.385

Source: Quoted and reconstructed from NPC, 2003, P.26 and UNDP, 2001, P. 131.

Although there materializes a considerable improvements in human development indicators between 1996 and 2000, yet there is still an eye-catching disparity among the ecological zones, rural-urban localities and the development regions. Performance in adult literacy

rate in rural areas is far below the urban one. Similar is the case with the mountainous and Terai zones.

Likewise, human poverty in general is greater among the occupational castes and some ethnic minorities. Similarly, the poverty level among the upper social castes such as Brahmin, Chhetri, Yadav, Newar seems much lower than that of the so-called lower caste groups (Table 2).

Table 2 Human Developments by Caste and Ethnicity, 1996

Human Development Indicators	Income in Rs.								
	Nepal	Brahmin	Chhetri	Newar	Hill ethnicity	Terai people	Hill dalits ¹	Muslim	Others
• Per capita income	7,673	9,921	7,744	11,953	6,606	6,911	4,940	6,336	7,312
• Life expectancy in years	55	60.8	56.3	62.2	53.0	58.4	50.3	48.7	54.4
• Adult literacy in percentage	36.7	58.0	42.0	54.8	35.2	27.5	23.8	22.1	27.6
• Mean years schooling	2.3	4.7	2.8	4.4	2.0	1.7	1.2	1.4	1.9
HDI indices									
• Income index	0.179	0.237	0.181	0.289	0.152	0.160	0.110	0.145	0.170
• Life expectancy index	0.500	0.597	0.522	0.620	0.467	0.557	0.422	0.395	0.490
• Educational attainment index	0.295	0.490	0.342	0.462	0.280	0.221	0.186	0.178	0.226
• HDI	0.325	0.441	0.348	0.457	0.299	0.313	0.239	0.239	0.295
• Ratio of National HDI	100	135.9	107.3	140.7	92.2	96.3	73.6	73.7	90.9

Source: NPC, 2003, P.29.

For every indicator, ethnic minorities fall below the national average and well below that for the Brahmins, Chhetris and Newars. The situation with the dalits is even worse. Taking the average HDI as 100, the ratio of Brahmins and Newars is 135.9 and 140.7 respectively compared with 92.2 and 73.6 for ethnic minorities and the dalits of the hills while the Muslims are far below the national average. Although Newar is officially classified as one of the ethnic minorities among the 61 nationalities of Nepal, it is mostly in better-off

position in all aspects of human development. The incidence of poverty seems more prevalent in rural areas than in urban ones, more in the hills than in the Terai, more in mid-west and far-west than in other regions, more in women and vulnerable groups-disadvantaged ethnic and caste groups- than in upper caste ones.

By and large, rural poverty in Nepal is often reflected in a state of high illiteracy rate, lower educational attainment, use of unsafe drinking water, low expectancy of life at birth in addition to inadequate food consumption and poor nutritional level. More indicators such as the condition of housing, access to basic facilities, infant mortality rate, childcare etc. determine the higher magnitude of poverty generally in the rural regions and particularly of mid-west and far-west as well as on the dalits and ethnic minorities. Nepal Standard of Living Survey 1996 (NSLS) found that more than one-third of the households in the rural areas of Nepal live in poorly constructed housing units i.e., with walls of wood, branches and other structurally not acceptable walling materials. One-half of the total households live in the buildings and structures roofed over with straw or thatch (CBS, 1996: 24-26).

Bio-physical Peculiarities

Given the nature, complexity and diversity of the poverty, it is rather difficult to endow with a plain vindication for the causes of rural poverty in Nepal. However, the views put forward by the academia and development practitioners imply that biophysical, socio-cultural and politico-economic (institutional) factors could be attributed to the incidence of poverty across the rural regions of Nepal.

The regional disparities often observed in Nepal's poverty maps can be attributed to its rugged terrain. Chambers (1983:109-10) mentions that geographical isolation or the remoteness of living is one of the factors causing poverty. The remote is almost removed from the centers of trading, discussion and information with a lack of education. Landlocked and rugged topography with the century-old isolation from external world has severely restricted Nepal from moving forward in the process of economic progress. NPC (2003:34) also admits that continual isolation of a region not only leads to lack of integration with the national economy but also poses severe threats to the markets for the farmers' limited products. Little economic activities indeed, cause poor infrastructures, education and health facilities, drugs and medicines, and even to ensure food security. The people of the mid-western region have been living in a continued isolation without integrating into national economy eventually leading to poverty and deprivation.

In contrast, the eastern region of Nepal seems accessible with better road links facilitating supply of consumables, trade, education, health provisions etc. No other transport facilities except few airports are available in the mountain regions and remote areas of mid-west and far-western development regions.

The land use pattern, elevation, soil quality and climatic conditions also matter in a country like Nepal where agriculture is the mainstay of the economy. Out of the 147,181 square kilometers of Nepal's landmass only 52 percent (only 2 percent of the mountains, 10

percent of the hills and 40 percent of Terai) is suitable for cultivation (NPC, 2003:I-II). Limited land holdings and its fragmentation further inhibit modernization of agriculture. Nepal has 27,36,050 number of holdings for an area of 25,98,970.9 hectares and 108,31,202 parcels of land realizing an average holding of nearly 0.9 hectares (CBS, 2000:50; CBS, 2001:75). This fragmentation of farms has contributed for the decreased agricultural productivity. Farmers are hindered from adopting productivity enhancing technologies that are otherwise readily available for them to benefit from. Cropping intensity decreases with increased number of land parcels, which results in a state of reduced food supply.

In the monsoon seasons, the fertile soil of the sloppy hills is vulnerable to accelerating erosion restricting the agricultural production. Likewise, the temperature and intensity of rainfall determine crop diversity and the yields. The northern regions of the mid-west and far-western Nepal encounter relatively unfair climatic conditions. Low supply and use of agricultural inputs routine technology, poor extension/support service, skewed land distribution, low irrigation facilities, lack of agricultural credit and marketing facilities further exacerbate the natural disadvantages.

Similarly, natural resource endowments such as waters, minerals and forests play vital role to shape the economic destiny of a region. For water, Nepal has been considered as the second richest country in the world possessing about 2.27 percent of the world water resources with a potential of producing 83,000 megawatts of power. Koshi, Gandaki and Karnali are the major river systems with more than 6,000 rivers, rivulets and tributaries having about 45,000 kilometers of length. The river system in general is evenly distributed in the development regions running from north to the southern plains. Minerals like iron, copper, mica, gold, lead and zinc, limestone, slate, mineral oil and gas, coal, nickel, sulphur, graphite, dolomite etc. are said to have been available in Nepal in different parts of the country, which are not mined yet. However, they have not yet been utilized for the upliftment of the poor people.

The forests of Nepal are the major resource supplying 90 percent of the fuel consumption and 50 percent of the fodder to the livestock in addition to other advantages including the environments. Main national forest system falls in Terai and far western region while the community forests are unevenly distributed. The poor people make their living out of these common property resources. The state of poverty has resulted in a state of natural resource degradation like land degradation, deforestation (for food, fodder and fuel wood), and depletion and pollution of water resources and so on. Often associated with the massive level of poverty the poor are considered the main users of natural resources beyond the limits.

The sporadic settlement patterns of Nepal particularly of the hills and mountains have made the basic provisions like drinking water, roads, electricity, schools, health posts etc. rather costly to offer. This hardship of their lives at the hills and the facilities at the Terai and urban areas played a role of push-pull factors for disproportionate demographic structure. Extra-geographical factors have exacerbated the plight of the rural poor people as follows.

Socio-cultural Stigma

The extra-geographical incidence of poverty has been emanated from the socio-cultural distinctiveness that Nepal has been sustaining over the generations and centuries. These forces are still active in rural areas, though in a descending order.

Chambers (1983) views social suppression and oppression as one of the major factors of rural poverty. UNDP (2001:11) finds the cultural and social systems much prohibiting against women's greater participation outside the subsistence sector and more severely in the rural areas. It has led them to run a miserable life over the generations and centuries. The continuing exclusion of women and the disadvantaged groups from governance and mainstream development is reflected in the limitations of their capabilities and their low levels of achievement.

In the same manner, social stratification plays significant role in the process of socio-economic transformation of a community. In the traditional societies like that of Nepal, especially to those in the upper rungs of the social ladder had better access to social and economic infrastructure and opportunities for economic advancement. The lower castes particularly the dalits have been left far behind. When the modernization process began in the 1950s the urban centered development pattern that emerged let the isolated regions and the socially disadvantaged communities further behind (NPC, 2003:35).

Institutional Flaws

Institutions are the key instruments of development at different levels of management ranging from grass root level to the national and international level. The institutional structures, norms, purposes, procedures, and linkages play vital role in the process of socio-economic transformation of the humanity. To UNDP (2001:11) "weak institutions and inefficient delivery systems obstruct effective implementation of development policies and programs", which eventually leads to a poor livelihood.

While getting on the dimensions of poverty one has to know how it is planned in order to avert from it. Anti-poverty planning essentially requires proper identification having analyzed the situation along with its incidence and magnitude followed by formulation of policies and programs, implementing and realizing the same. In the context of Nepal, the planning process is traditionally top-down where the problems are identified at the ivory towers of the capital city. The Tenth Plan (2002-07) admits that the past plans were rather prepared with a top-down process with little involvements of local governments, beneficiaries, civil society or development partners; there was a little participation of and feedback from the key stakeholders and wider social ownership was lacking (NPC, 2003:5).

The HDR (2001) of Nepal adds, continual exclusion of women and disadvantaged groups from the governance and mainstream development has limited their capabilities. The institutions should be able to promote ownership, participation, equity, equality, transparency, accountability and efficiency in order to avoid the state of poverty. These features are the determinants of good governance. The community through the process of participation, can

define development problems, devise solutions, establish the degree and methods of involvement, and determine the linkages. Community ownership paves the way for wider mobilization of the groups for their common destination and targets. Decentralization of authority is the mode of assigning responsibility at the local level, which is much talked than done.

What the country realized was the weakened administration, increased corruption, leakages, and lack of accountability, undermining the effective implementation of the poverty reduction programs. 'Inefficiency, corruption, and waste in the public sector significantly caused to reduce the resources available to support social services and targeted programs' (UNDP, 2001:35). Gurugharana (1996:107-08) rightly observes that governance has been lacking in effective implementation of policies, for which none is held accountable... The people at the higher positions have misused public resources.... Corruption is an inverted tree with roots higher up that remain untouched... Transparency is lacking in procurement, recruitment, awarding contracts, appointments, hiring, firing or even selling public enterprises... The government's attitude seems to rule the people, not to serve them." The democratic governments could not be made much accountable to the cause of the people.

Indeed the exponential growth of population outpaced the efforts of socio-economic development posing threat to the quality of life of the people. The population growth has been very swift over the years, which caused to reduce income level with lower attainment in human developments.

The population has been growing significantly with reduced undesirable fallouts on health frontage. The crude birth rate is 33.1 per thousand; crude death rate is 9.6 per thousand; total fertility rate is 4.1 per women; infant mortality rate has reduced to 64.4; child mortality to 91.2 per thousand while life expectancy has gone up to 61.9 years (NPC, 2003).

The pattern of growth could not be found pro-poor, which rather took place out of the agriculture, and outside rural areas where 86 percent of the populace and over 90 percent of the poor live. The agricultural sector achieved only 2.3 percent annual growth rate against 6.0 percent of the non-agricultural sector on an average. Thus, there was no perceptible improvement in rural per capita incomes for a long period to make a difference in reducing rural poverty (NPC, 2003:31). Similarly, the program budget jointly prepared by NPC and the Ministry of Finance could not address the plight of the rural poor. While allocating the resources, there are stable flip-flops from the part of these central level institutions responsible for poverty reduction planning.

Neither the ministries of HMG nor the NPC seem much serious to equalize the allocation although they have been advocating for reducing regional disparities on development since early 1970s. Eastern and Western Development regions have been able to clutch relatively higher amount. While transparency and accountability are much advocated on all the development discourses to control potential misuse of the resources, no appropriate mechanisms have been yet developed to cause to proportionately share the benefits of development. In spite of the growth in annual income by an average rate of about 2.7

percent during the 1990s, the incidence of poverty remained high, largely because of disparities in the ownership of productive resources and access to them (UNDP, 2001:1).

Table 3 Resources Spent for Poverty Reduction across the Development Regions

Figures in Rs. '000'

Development Regions	Fiscal years				
	1997/98	1998/99	1999/2000	2000/01	2001/02
Eastern	2,37,48,93	2,53,53,01	2,89,10,73	4,25,18,89	3,33,90,97
Central	21,03,65,17	20,69,90,94	22,93,13,80	24,85,60,32	32,83,68,70
Western	2,25,60,24	2,33,98,54	2,44,49,87	3,39,46,83	3,11,43,35
Mid-western	1,69,55,88	1,62,58,13	1,95,41,45	2,52,61,26	2,06,90,22
Far-western	1,58,08,93	1,33,12,71	1,52,75,97	2,03,71,72	1,36,54,71

Source: FCGO, 2003, P. 103-04.

Besides, there are serious defects on the part of implementing institutions. Whatever the resources are being allocated, they hardly reach to the poor people attributing to the weaknesses of support services or delivery mechanisms of the government. The Tenth Plan (NPC, 2003:5) confesses, "while the plans and programs contained overall development and broad sectoral strategies, they are not often well integrated. They were ambitious and tried to do too much without adequately recognizing implementation capacity of the institutions. They did not adequately focus on implementation, monitoring or evaluation mechanisms."

UNDP (2001:3) states, "inefficient administration, ineffective governance mechanisms, and an inadequate service delivery system, weak institutions ... poor governance pervades development efforts in Nepal."

Most government parasitical and private sector programs and campaign are either designed intentionally for the elites or so designed and implemented that they are likely to be intercepted by them. The subsidies provided on tractors, tube wells, irrigation water, fertilizers, cheap credit etc. destined for the poor are easily snatched by the richer. The existing institutions have not been found able to address these serious concerns of the rural poor. Rather, the employees of the parastatal institutions harass the poor while they approach them for fair favor.

Poverty Reduction Attempts after the Restoration of Multi-party Democracy

The Eighth plan brought about by the newly elected government in 1992, set three main objectives: sustainable economic growth; alleviation of poverty; and reduction of regional imbalances (NPC, 1992:19). To Sharma (2000:2) the new government encouraged for

maximum private sector participation (both domestic and foreign) with no or negligible governmental intervention. Most of the sectors of Nepalese economy were made open for foreign investments. Poverty alleviation policies for the first time were categorically proposed. The poverty alleviation policy aimed at developing a simple and uniform procedure to identify undeveloped areas and poor families; carrying out self-targeted and targeted program for poor people; increasing the access of poor to the means of production; making arrangements for awarding contracts of technically simple construction works to groups of poor people; making legal provisions for elimination of social evils and awareness creation; making effective legal provisions against the exploitation of the poor; initiating dialogue to provide employment in abroad to the poor people; arranging employment in non-agricultural sector; taking environmental balance into consideration while designing a program; and making institutional arrangements to support poverty alleviation programs.

Programs for the backward communities were initiated for the aboriginal race² in 21 districts; program for the upliftment of the deprived, oppressed and the downtrodden community in 22 districts; national program for the upliftment of scheduled caste followed by the establishment of National Dalit Commission; vocational development and rehabilitation program for the Kamaiya in five districts³ and Kamaiya women skill development program (NPC, 1997:201). Several village development programs were initiated in 1994 under Local Trust Fund Board. Besides, other cadre based schemes such as sustainable community development, rural energy development, rural-urban partnership, parks and people were also launched in addition to other social mobilization programs organizing several beneficiary groups from different gender, castes and creeds. This model significantly helped bottom-up planning process spurring visible social integration in addition to empowering the beneficiaries.

The Plan also stipulated social security scholarship scheme to the orphans from backward and disadvantaged communities, rural self-help employment development program through training and technical skills, literacy and vocational training to the bonded labors, and special program for disadvantaged ethnic communities. Moreover, the government through Landless Settlers Problem Resolution Commission since 1992 launched a resettlement scheme. The nine-month long Communist government in 1995 introduced a build our own village program. Under this program central grants were directly transferred to the grass-root level political institution to carry out small development projects. In spite of the implementation of eight periodic plans, poverty was persisting as a formidable challenge as population growth could not be taken under control and increase in the income of the people remained minimal. In this context, a 20-year long agriculture perspective plan (APP) was prepared in

² The districts holding the Kamaiyas were Dang, Banke, Bardia, Kailali and Kanchanpur (NPC, 1997:201).

³ The targeted programs included: construction and expansion of roads to connect district headquarters along with development of rural and agricultural roads to provide access to the backward and remote areas; establish an Ethnicity Academy; provide credit facilities for self employment opportunities to the landless rural family; provide agric-credit programs to the families with small landholdings; create self employment opportunities to the urban based and unemployed poor persons; rehabilitate to nearly 9,000 bonded laborers; social mobilization of the target groups etc.

1997, which attempted to give clear direction to national development programs to be undertaken in future particularly with the active cooperation of the private sector. HMG prepared the Ninth plan in conformity with the APP.

As a ritual the Ninth plan also aimed at gearing plans, policies and programs towards poverty alleviation, employment promotion, and regional balance. The plan adopted a policy of good governance and better development management by establishing a clean, transparent, responsible, competent, and people oriented administration. Non-governmental and private sector participation was also to be enhanced (NPC, 1997:70-71).

Along with the holistic approach of development, the Plan aimed at raising the living standard of the people below the poverty line by launching area specific and targeted programs³. Meanwhile, two important national program women empowerment and income generating program and Bishweshwor with the poor were launched focusing on the 17 percent ultra-poor from all the parliamentary constituencies. Similarly, the Plan pledged to form Poverty Alleviation Commission/ Fund in order to carry out research on various dimensions of poverty (NPC, 1997:209). HMG developed the I-PRSP as early as 2001, which later become the Tenth Plan or the PRSP itself⁴. MTEF and the Tenth Plan were produced at the same time. Besides, the government also initiated Economic Reform Program (ERP) and Immediate Action Plan (IAP) in 2002⁵. The IAP urged to prioritize public expenditures, measures to be taken for improving service delivery, and measures to fight corruption and improve accountability. The Tenth plan (NPC, 2003:37) admits that poverty is widespread particularly in rural areas; and that is deeper and more severe among women, ethnic groups and dalits and those living in backward areas of mid-western and far-western regions and of the northern ecological zone.

Recent Trends of Social Disorder

The state of rampant poverty prevailing across the country has been further exacerbated by the Maoist violence that started since 1996 now radiated to almost all parts of the kingdom. By now it has claimed more than 10,000 lives in addition to destructions of several technical infrastructures. The people in the rural regions are being terrorized attributing to perpetual extortion, abduction and threat to the lives of common people. Presence of government is limited only to the district headquarters. In essence, the Maoist violence has severely disrupted economic activity and development works in many districts. The

⁴ The PRSP was prepared with the participation of civil society, including the poor and the development partners. Based on the objectives and procedures of PRSP, the annual meeting of IMF held in September 1999, decided to broaden its concessional lending objectives in order to integrate poverty reduction with economic growth. Eventually, Poverty Reduction and Growth Facility (PRGF) replaced the erstwhile policy of Enhanced Structural Adjustment Facility (ESAF).

⁵ The ERP is an effort of the government to revitalize a flagging economy and to get the Tenth plan off the ground. And closely related to it, the IAP reflects the governmental emphasis on quick and effective implementation of the Plan. The IAP also provides a monitorable checklist for the Plan's implementation, which would be updated on an annual basis as an effective operational tool (NPC, 2003:8, 117).

persistence of the violence has also discredited the poverty reduction efforts made by the government and partner organizations. NPC acknowledges, "there are social and economic grievances contributing to the present situation of disorder, caused by far more complex factors." To NPC, persistent poverty and inequalities were the breeding grounds refueled by weak impact of various development activities on some areas of the country; inadequate delivery of social services in some of the remote and isolated areas; the slow pace of decentralization and inadequate community involvement; and inadequate resource allocation for the remote areas and the regions (NPC, 2003:35). Besides, the past plans could not address the concerns of the backward areas and the local communities like the ethnic minorities and the dalits. Rather, they have been adversely affected more than the others (NPC, 2003:37).

Conclusion and Poverty Reduction Strategies

In the late 18th century, the unification campaign called for the consolidation of the annexed region along with the territorial expansion. However, the process ended up with the signing up of the Treaty of Sugauli in 1816 with the British forces. In the subsequent years, the voracious courtiers paved the way for the rise of century-old Rana regime as early as 1846. Economic development could not get priority during the Rana oligarchies. It was only in 1950s while rural development efforts were started with the initiation of Tribhuvan Gram Vikas Program. The partyless Panchayat polity attempted to intensify it after 1960 however, with little success. Nevertheless, significant achievements were made during the Panchayat regime in reducing rural poverty.

The post-1990's democratic governments attempted to accelerate poverty reduction programs with the implementation of Eighth and Ninth periodic plans. However, only a little success was realized to this end. The current Tenth plan (2002-07) attempts to achieve higher, sustained and broad based economic growth particularly in rural areas addressing the social under-currents like the concerns of ethnicity, dalit and the indigenous people. More sensible and realistic strategies should be adopted for reducing poverty in a massive scale. Following strategies can be devised in order to address the geographical nuisance, socio-cultural snags and the institutional imperfections in the Nepalese context.

Education and awareness is a must to make people known to their actual condition. The program should be conducted as a campaign massively across the countryside but focusing the target groups like women, ethnic minorities, dalits and the Muslims. Group formation and mobilizing the community through the same could be effective since top-down approach could not produce sensible results. Awareness on health, hygiene, sanitation and family planning technique is badly needed. Likewise, education is a key to reorient people, which may change one's improvident behavior; alter fooding and drinking habits; cause to replace routine dirty jobs by table works; motivate and encourage to earn, save and create assets; liberate one's own personality from traditional dominance; avoid laziness and rebuff fatalism and so on. Organizing of or participating in the workshops, seminars, training programs bring people together from different castes, gender and so-called social hierarchy facilitating

towards egalitarian culture.

As the country's topography cannot be altered, the misfortune of remoteness and isolation can be addressed by intensifying the construction of road networks at the earliest. Reinvigoration of the 'growth axis' seems urgent at the moment in order to facilitate those people to uplift their standard of living. The roads would facilitate for creating awareness among the rural mass, integrating national economy by easing selling and buying of the commodities, secure food security and so on.

The land use policy of the government should be readjusted so as to facilitate land consolidation against fragmentation in order to modernize agriculture for increased productivity as well as its commercialization. Agricultural extension through the farmers groups instead of the bureaucratic agents should be promoted.

The cropping pattern of different geographical regions should be revamped to reconcile environment and the development. Perhaps the idea of livestock in the mountains, horticulture in the hills and food grains and cash crops in the Terai could be instrumental to make a fresh start focusing on the target groups. Herbs and high valued crops in the mountainous region; herbs, cash crops like tea, coffee, spices and high value crops should be promoted in the hills; and Terai can produce more food grains and cash crops. Utilization of vast natural resources like water, mines etc. should be worked out in detail. Wise use of water resources for power and irrigation; adoption of solar energy and biogas across the rural regions would cause to mitigate the incidence of poverty.

Application of clean technology leads to more egalitarian family, community and the society at large. Promotion of clean technology among the social groups helps to mitigate the erstwhile socio-cultural disorders. Technological changes facilitate other caste groups to join a salaried work in the tanneries, which otherwise only the Sarkis had been doing customarily. The occupational prescriptions have been altered over time. For instance, tailoring is no more a monopoly of the Damai in which a good number of Brahmins have also embarked on. Similarly, use of rice cooker, supply of drinking water up to the kitchen has modified gender roles in the family, traveling together in the same vehicle eluded untouchability to a greater extent and so on.

Environmental education to the farmers' groups preferably through their resource persons could lead to intelligent use of forests and other common property resources in order to mitigate soil loss in the rugged hills so as to increase productivity. The concept of community forestry should be promoted particularly among the women, dalits and the ethnic minorities.

The groups should be formed in conjunction and with close cooperation of the local bodies. In the absence of indigenous institutions induced beneficiaries' groups may be the best alternates to create awareness among the backward mass and get them transformed. Women, dalits, ethnicity and the indigenous people should be mobilized and taken into the mainstream of development so as to obtain desired results.

The political organizations formed under different ideologies could not correctly address the concerns of the poor people so far. The majoritocracy at the decision-making forums doesn't permit regional matters to consider. For instance, the representatives of mid-western

and far-western regions of the country are not much assertive, due to their socio-cultural immaturity attributing to the facilities and opportunities they had availed. UNDP (2001:35) therefore claims, "achieving the goal of poverty reduction involves a diversified range of stakeholders, namely the government, the private sector, and civil society institutions. In Nepal, where government resources are limited where civil society organizations may be the only entities serving poor people in remote backward areas, government requires mobilization of such organizations to benefit from their experiences and perspectives to take advantage of their closeness to the poor and vulnerable." More civil society organizations should be formed, activated and promoted for mobilizing the local people particularly the poor ones.

The traditionally practiced top-down planning process should be replaced by the bottom-up ones. The professionals from the government side should remain catalyst, simply providing basic techniques of planning without imposing any decision on the beneficiaries'. Authority should be decentralized down to the grassroots level so as to empower the poor people and exercise their authorities.

Macro economic policy measures to be taken by the central government institutions should be tailored so as to address the concerns of the poor people. Pricing policies may facilitate the poor producers'; favorable taxing policies may relieve them from additional liability; better employment opportunities in non-farm segment may cause to provide security against risks and vulnerability; initiatives for the improvement of indigenous skills may enhance their level of confidence; expanded opportunities for the youth and youth farmers may reassure them from their apprehension.

Similarly, the government avowed for pro-poor growth strategy in the Ninth plan. At the end of the day, only 2.3 percent growth was realized in the agriculture sector, where the majority of the poor have been insisting on. On the contrary, the industrial growth remained 6.0 percent. Besides, there is politicization in plan formulation and implementation; coordination is substantially lacking; similar projects have been repeating without tangible results; feedback mechanism has not been introduced to adjust and while re-planning. One may argue that the predominance of the central development region in economic and political sphere of the nation demands for higher budgetary allocations from the central treasury. The investments on infrastructures in this region may require huge amount to maintain the same.

Weaknesses in support services led to the poor implementation of the projects. For instance, each technical office of the district has its own technician who takes care of the projects under its budgetary jurisdiction. Looking at the credit facilities for the poor, informal sector is still more active in the rural areas while the formal ones have several official formalities to be fulfilled along with other bureaucratic hassles. Loan portfolios, targets, corruption practices have further aggravated the difficulty. Elites take benefit than the poor ones. So, the support service should be reoriented so as to make it pro-poor in reality. Public hearing at various levels is advisable to avoid such unwanted circumstances.

A strong linkage between the plan goals/ policies and programs/ activities and targets

should be developed in a logical framework along with indicators facilitating for smooth program monitoring and impact evaluation. Ojha (1987:127) mentions, the annual development plans prepared in the districts turned out to be just shopping lists designed to attract as much resources as possible. Provisions of safety nets should be made for the beneficiary groups. Insurance of crops, livestock against risks like natural and health hazards should be provided with the active involvement of the poor beneficiaries. They may be happy to contribute if designed in a transparent manner with their participation.

Under-representation of the ethnic minorities, dalits and the women in each level of decision-making should be rectified. The insurgency that is plaguing Nepal since last decade could also be addressed to some extent with such approaches. Amendments of Acts and Rules should be made so as to respect the 'voice' of the beneficiary groups' who don't have power and voice in the system.

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