

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 82

NEPAL

BEST AVAILABLE

JUNE 1980

**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523**

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Table of Contents

	<u>Page</u>
1. Table I - Long Range Plan & Narrative	1
2. Table IV - Project Budget Data	5
3. Decision Package Narrative	
A. Minimum	7
B. Current	12
C. AAPL	16
4. Table V - Proposed Program Ranking	19
5. Workforce and Operating Expenses	
A. Table VI - Project Summary	22
B. Table VII - Operating Expense Funded Personnel	23
C. Table VIIA - Program and OE Funded Personnel	25
D. Table VIII - Operating Expense Summary	26
E. Table IX - Position Requirements	28
6. Table X - Special Concerns	33
7. PL 480	35
8. New Project Narratives	
A. Hill Agricultural Production Systems	36
B. Rural Credit	38
C. General Training and Consulting Services	40

D. Private Voluntary Organization Co-Financing	42
E. Remote Area Development	44
F. Community Based Integrated Rural Development	46

FY 1982 ANNUAL BUDGET SUBMISSION

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Development Assistance	FY 1980 EST.	FY 1981 EST.	Decision Unit			PLANNING PERIOD			
			FY 1982 REQUEST*			1983	1984	1985	1986
			MIN**	CURR	AARL				
Agriculture, Rural Dev. & Nutrition Grants	6.7	11.7	8.8	11.7	18.1	22.9	25.8	30.0	35.0
Population Grants	1.9	2.2	1.8	2.4	2.6	2.7	4.7	4.8	6.0
Health Grants	2.9	3.3	2.8	3.6	3.9	4.0	6.5	7.2	9.0
Education Grants	-	.5	-	-	.4	.4	-	-	-
Selected Dev. Activities Grants	-	-	-	-	-	-	-	-	-
SUBTOTAL FUNCTIONAL ACCOUNTS Grants	11.5	17.7	13.4	17.7	25.0	30.0	37.0	42.0	50.0
Other DA Accounts Grants	-	-	-	-	-	-	-	-	-
<u>Security Supporting Assistance Grants</u>	-	-	-	-	-	-	-	-	-
TOTAL DA and SSA	11.5	17.7	13.4	17.7	25.0	30.0	37.0	42.0	50.0
TOTAL PERSONNEL									
USDH	25**	29	28	29	29	29	29	29	29
FNDH	64	64	64	64	64	64	64	64	64

*The FY 1982 program can not be managed at the personnel planning level prepared by AID/W. See Table I Narrative.

**Even the minimum package can not be managed at AID/W's personnel planning level of 90 (26 USDH and 64 FNDH). A program that would be manageable without high risk to AID at the personnel planning level would require that either project 367-0129 or 367-0135 be dropped from the minimum package or that we stop project planning or CDSS preparation. None of these options is feasible.

TABLE I NARRATIVE

FY 1982 Program and DH Planning Level

USAID/Nepal requires a workforce level of 92 at the minimum and 93 (29 USDH and 64 FNDH) at the current and AAPL levels for FY 1982. Enforcement by AID/W of the proposed workforce (planning level) of 90 (26 USDH and 64 FNDH) would substantially reduce USAID/N's ability to carry out necessary tasks to effectively implement the U.S. assistance program in Nepal. Risks for AID in project implementation would be raised too high if USAID/N's projected staffing levels are not met.

USAID/Nepal recently launched three major program initiatives in Nepal during FY 1980. These initiatives have begun following over three years of project design and dialogue that have resulted in keen expectations on the part of the Government and the people of Nepal. The three initiatives result in USAID commitments to Nepal of nearly \$90 million over the next five years, close to half the total US assistance to this country over the last thirty years. Moreover, two of the three projects are the first stages of initiatives that require the GON's, and undoubtedly external donors', continued commitment over the next fifteen to twenty years in order to have any real hope of achieving the necessary development goals. The third project, with respect to rural health and family planning services, may have a slightly shorter horizon -- perhaps ten to fifteen years -- before the Government's long-term objectives in this area begin to be realized. We have clearly and decisively entered into a new phase of US-Nepal economic cooperation. In addressing these three fundamental problems, Nepal has taken bold policy initiatives. The Nepalese look to us for sustained advice and strong support in these efforts. We must have the staff to carry out our responsibilities.

USAID/N needs 29 USDH at the current and AAPL. At first glance, this looks like an increase of 4 over the FY 1980 on-board level, but it is an actual increase of 2 since 2 USDH-PASA staff are being replaced by AID staff. The following shows how the staffing must increase in FY 1982 over FY 1980:

- 2 USDH will be required for the \$27 million RCU project.
- In 1980 there are no AID staff assigned to this project. There are 2 PASA on-board for most of FY 1980 serving as project officer and assistant project officer.
- 1 of the PASA's will be replaced by an AID project officer per an AID/W decision. The other will not be available after FY 1980.
- 1 USDH who is an IDI during FY 1980 will convert in FY 1981 and assume functions of assistant project officer for RCU.

- 1 additional USDH is required for implementation of the RAD (\$26.7 million) project. This person will concentrate on education and training, responding in part to concerns raised by AID/W in the FY 1982 CDSS review cable (State 71482).
- 1 additional USDH is required to increase our IDI trainees from 1 to 2.

In addition to sector office increases, support office staff will need to be maintained at the FY 1980 level. This is because the implementation load expands substantially from FY 1981 through FY 1985 and staff offices play vital roles in implementation support of sector offices. Annual project amounts in each sector are scheduled to increase faster than inflation. Workload will increase concurrently. The only reason there is no major increase in overall staff to handle the increase in workload is because (1) the decline in planning workload permits shift of personnel assignments to beef up implementation and (2) two USDH staff positions have been replaced during FY 80 by assistant project officer positions. Also the 1979 RIF of FNDH employees was used to restructure the FNDH staff around the skills required to implement USAID/Nepal's "new direction" portfolio. Thus USAID/Nepal has prepared itself to manage effectively a monetarily larger but numerically smaller project portfolio.

Nepal is one of Asia's few Least Developed Countries. In Nepal's situation a personnel-intensive approach is essential for AID. This is because:

- Nepal's need for sustained advice and strong support requires many U.S. contract experts and a substantial number of USDH project officers plus supporting staff officers.
- Most AID-supported projects, and all of the new ones, are being undertaken in remote locations, requiring much time getting there, moving about on foot in the areas and returning to Kathmandu.
- Major projects are multi-faceted, requiring a great deal of close coordination between many actors, both in Kathmandu and in the field. We must have enough USDH to permit concurrent USAID/N implementation activities in both places.
- Good GON project managers are few and need reinforcement at all levels. In Nepal USDH employees serve as experts and advisors as well as project/contractor monitors. They work more like traditional USDH technicians of half a generation ago than like today's preferred model in AID. Without this dual role of advisor/monitor, projects will fail in Nepal.

DH Personnel Requirements Beyond FY 1982

USAID/N has projected a continuing level of 93 (29 USDH and 64 FNDH) through the out years, FY 1983-1986, even though the program is projected to double (in current dollars) from an annual level of \$25 million in FY 1982 to \$50 million in FY 1986. This projected workforce level is possible only because of the effects of (1) the shift of the perponderance of staff attention from planning to implementation noted above, and (2) the efficiency measures spelled out in the FY 1982 CDSS.

USAID/Nepal has moved decisively to reduce the number of projects and to focus those fewer, larger projects more sharply on specific objectives within a limited number of sectors. This re-direction was largely completed during FY 1980, with a sharp drop in the number of high management intensity projects. As was pointed out in the CDSS, there will be a lag of one or two years before the last expenditures take place for several largely completed -- low management intensity -- projects. Following that, there will be a drastic reduction in the overall number of on-going USAID/Nepal projects.

In addition, USAID/Nepal has strengthened links with intermediaries such as Peace Corps and private voluntary agencies (PVOs). Cooperation with Peace Corps is at an all-time high in Nepal. Peace Corps involvement in Nepal is currently more broadly dispersed over a larger number of sectors than are USAID programs. In this way, the Peace Corps efforts are supplementary to ours. In many efforts, also, Peace Corps programs parallel ours. In these cases the programs are complementary, with the Peace Corps providing volunteers to specifically assist the Government in several USAID-supported projects.

With respect to PVOs, USAID is working with an increasing number of PVOs through OPGs and plans to expand this cooperation through a new Co-Financing project expected to begin during FY 1982.

Another "efficiency" measure which USAID/Nepal expects to explore more fully during coming months is that of joint financing with multi-lateral or other bi-lateral donors. To date, the concept has only been discussed in a preliminary way with a few multi-lateral and bi-lateral donors operating in Nepal.

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	O/L	OBLIGATION DATE		DATE OF NEXT PLANNED NORMAL ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/79	FY 1980			FY 1981			FY 1982 APPL. OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS	
			INITIAL	FINAL			OBLIG.	EXPEND.	CUM. PIPELINE	OBLIG.	EXPEND.	CUM. PIPELINE			FY 1983	FY 1984 & BEYOND
367-0102	Agriculture, Rural Development & Nutrition	G	1974	1983	-	1,727	-	583	1,144	1,200	840	1,504	-	9/84	-	-
367-0129	Rural Area Development - Rapati Zone	G	1980	1984	3/83	-	2,500	25	2,475	5,000	6,300	1,175	4,900	4/83	7,500	6,800
367-0132	Resource Conservation and Utilization	G	1980	1984	-	-	1,800	600	1,200	5,500	4,300	2,400	5,400	6/85	7,400	7,900
367-0134	Agriculture Resource Inventory-Nepal	G	1980	1980	-	-	2,400	491	1,909	-	715	1,194	-	9/84	-	-
367-0137	Hill Agriculture Production Systems	G	1982	1984	-	-	-	-	-	-	-	-	4,300	6/85	5,000	2,700
367-0143	Rural Credit	G	1982	1984	-	-	-	-	-	-	-	-	3,500	6/83	3,000	5,500
498-0249	PD&S (Rural Credit)	G	1981	1981	-	-	-	-	-	26	26	-	-	-	-	-
498-0251	Training Nepalese in Agricultural Research and Development Planning (ADC OPC)	G	1976	1981	-	364	150	180	334	108	250	192	-	9/81	-	-
498-0251	Bio-Gas Research (UMN OPC)	G	1979	1980	-	75	75	73	77	-	72	5	-	9/82	-	-
498-0251	Remote Area Development (CARE OPC)	G	1981	1983	-	-	-	-	-	200	160	40	200	9/82	200	-
498-0251	Community Based Integrated Rural Development (SCF OPC)	G	1981	1983	-	-	-	-	-	106	85	21	129	9/82	112	-

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE		DATE OF NEXT PLANNED NON-ROUTINE EVAL.	STMT PIPELINE AS OF 9/30/79	FY 1980			FY 1981			FY 1982 APPL OBLG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS		
			INITIAL	FINAL			UPLG.	EXPEND.	STMT PIPELINE	OBLG.	EXPEND.	CENT PIPELINE			FY 1983	FY 1984 & BEYOND	
	<u>Population</u>																
*367-0135	Integrated Rural Health/Family Planning Services	G	1980	1984	1/82	-	1,900	500	1,400	2,000	2,000	2,400	8/83	2,400	3,200		
*367-0144	Co-Financing	G	1981	1984	-	-	-	-	-	200	150	200	9/82	300	1,200		
	<u>Health</u>																
*367-0135	Integrated Rural Health/Family Planning Services	G	1980	1984	1/82	-	2,900	1,200	1,700	3,000	3,016	3,600	8/83	3,600	5,000		
*367-0144	Co-Financing	G	1981	1984	-	-	-	-	-	300	250	300	9/82	400	1,800		
	<u>Education</u>																
367-0142	General Training and Consulting Services	G	1981	1984	-	-	-	-	-	500	300	400	9/82	400	-		
498-0251	Non-Formal Education (WEI OPG)	G	1977	1980	-	66	33	52	47	-	47	-	-	-	-		
	Other Projects with unliquidated balance as of 9/30/79 and no projected future obligations					22,421											
	* Split funded.																

Decision Package - Minimum

DECISION PACKAGE NARRATIVE

USAID/Nepal's long range goal is to help the Government of Nepal give special attention to the development problems of the previously bypassed population in the Middle Hills of the country. In order to do this our overall strategy focuses on three broad sectors: health/family planning, natural resource management, and rural area development. In addition, an underlying assumption of our strategy is that problems of rapid population growth cut across the three sectors of focus. Our minimum package addresses the basic elements of the three sectors, while giving appropriate weight to overriding population growth problems. The inputs in this package are such that USAID/Nepal believes that any further reduction would result in a program that would not effectively help to achieve the long range goal as articulated in the Country Development Strategy Statement. The minimum package does not completely abandon any of the objectives set forth in the CDSS. It does, however, severely curtail AID's efforts to achieve several important objectives. At this level we will fail to make a meaningful impact on improving village health, increasing per capita food production, increasing employment opportunities, and labor productivity. Nor would this level of funding have the desired impact on curtailing the process of environmental degradation in Nepal. Moreover, this failure to make a significant impact on important development problems the country faces, would come at a key moment in Nepal's history when it is undergoing fundamental political evolution that will determine how it will deal with development and other issues in the future.

With the launching of three major projects, one in each of the three sectors we are addressing, USAID/Nepal has entered full force into the strategy set forth in the CDSS. Having recently begun implementation of these projects (Integrated Rural Health and Family Planning Services - 367-0135, Resource Conservation and Utilization - 367-0132, and Rural Area Development Rapati Zone - 367-0129) USAID/N remains confident that implementation will proceed as described in the Project Papers for the projects, if funds are available. One cardinal principle we have adopted is that we should complete all projects that we have begun, assuming that progress is reasonably according to plan.

We have developed a tightly woven minimum package by assuming painful delay of certain elements of two of the new projects until 1983. We also assume continuing implementation of ongoing projects that form the rest of the minimum package. There are, of course, costs to this approach. The costs are political, developmental and financial. On the political side, this level of funding would project a negative signal of the USG view of Nepal, despite the process of orderly change that is underway in this country. One goal of U.S. assistance in this region is to help countries like Nepal to maintain stability while pursuing development during times of turbulence such as those being experienced in South West

Asia today. This funding package is inconsistent with that goal. Developmentally, several new initiatives would be slowed down, which would add to the already heavy burden of development problems that must be addressed in the next five or so years if Nepal is ever to control its economic development process. For example, at this level we would not be able to honor our important commitment to undertake a comprehensive joint review at the end of the third year of the Resource Conservation and Utilization project (367-0132) with an eye toward expansion; progress in this crucial area simply would not have progressed far enough. Moreover, key elements of the Integrated Rural Health/Family Planning Services project (367-0135) would be delayed by a minimum of one year which would result, inter alia, in slowing the delivery of health and family planning services to villages. Financially, minimum package level funding would have the effect of stretching out implementation by a year or two leading to increased costs over the life of two major projects, costs which Nepal and AID can ill afford.

The CDSS concluded that addressing the rapid population growth problems is central to USAID/Nepal's development assistance strategy in Nepal. The objective of our efforts is to decrease population growth. A key element of the minimum package in addressing this problem is the Population Policy Development Project (367-0130) which focuses on reducing Nepal's population growth rate through its assistance to GON efforts to energize all government actions which impact upon the determinants of fertility. The project supports the Population Commission, recently revitalized with the Prime Minister as Chairman, as the prime entity within Government to inject the project's research findings into the decision-making process that will result in new laws, policies and programs that can impact on population growth. No FY 1982 funding is required.

Health and Family Planning

The Integrated Rural Health/Family Planning Services project (367-0135) was designed to continue the population/family planning activities begun several years ago. It not only addresses the objective of decreasing population growth, but it also seeks to improve village health and curtail malaria. While project 367-0135 continues to emphasize the development of more efficient administrative, managerial and supervisory capabilities within the Ministry of Health, its basic thrust is to expand the provision of family planning and MCH services and to integrate them into an effective basic health services delivery system. The project specifically addresses the need to increase village level coverage of basic health and FP services and supplies and to increase district level coverage of surgical family planning services, which have a high probability of significantly reducing fertility and improving health. At the minimum funding level the objective of improving village health will be seriously delayed because the supply of medicines and health post construction will have to be put off.

Natural Resource Management

Continuing pressure from rapid population growth upsets the highly delicate and vulnerable balance between the agricultural economy and the physical

environment. The increasing population forces marginal land into production and contributes to over-utilization of forest and pasture land. The result has been removal of ground cover over large areas of Nepal, which has led to accelerated soil erosion and sedimentation that has damaged land under production and degraded water catchment areas. While natural phenomena account for many changes in river flows, erosion and landslides of the geologically young and unstable soils of Nepal's hills and mountains are occurring at an accelerating pace due to human and animal pressures on the land.

Through the Resource Conservation and Utilization project (367-0132), USAID/N will assist the Government in the protection and restoration of the soil, water and plant base upon which the rural population is almost totally dependent. A key element of this project is to strengthen the Government's and local communities' abilities to coordinate and mount resource conservation programs in rural areas. With this objective in mind, the project will train a cadre of Governmental personnel and help to develop an Institute of Renewable Natural Resources in order to train more Nepalis in resource conservation and utilization. It is exceedingly important that funding be available so that this project can proceed as planned. AID and US Government credibility are at stake in this regard since we have agreed to review this project after the third year of implementation to determine if its scope should be expanded to its original design. In fact, during review of the original Project Paper, AID/W made a commitment to the GON to fully support the project through the initial three years of implementation. The GON, in anticipation of the review, is determined to succeed and there would be widespread repercussions as a result of any slowing of planning implementation, which would be required at this funding level.

Also included in the minimum decision package is the Agriculture Resource Inventory project (367-0134). Nepal's rough terrain makes it expensive and slow to determine with accuracy from ground investigations alone information regarding the country's agricultural and natural resources and conditions under which these resources might be most effectively utilized. Establishment of a Remote Sensing Center (RSC) in Nepal, through this project, will permit the use of LANDSAT satellite imagery, aerial photography and other remote sensing techniques combined with on-site investigation to accurately and rapidly determine the quantity, location, conditions, and possible uses of Nepal's agricultural and natural resources. No FY 1982 funding is required.

Rural Area Development (Emphasis on Food Production)

The third and final sector of the Mission's strategy, also addressed in this minimum package, is rural area development. The burden of population pressure on the productivity of physical and human resources has not only furthered a decline in per capita food availability but has also led to a severe strain both on national delivery systems and on the

capacity of village and district governments and other local groups to deal with development efforts in a period of rapidly increasing local expectations. A rural area development approach is important because (1) the isolated nature of many districts in Nepal makes it extremely difficult to provide effective direction from the capital, and (2) the fragmented nature of the country's economy requires that underdevelopment and low consumption problems be addressed concurrently by local efforts in a number of sectors in order to increase production, marketing and employment and to meet other basic human needs.

The Rural Area Development - Rapati Zone project (367-0129), the most comprehensive element in this sector supports a balanced regional development scheme in a five-district area in the Far Western Development region of Nepal. This project is consistent with the Government's strategy to support large area-specific rural development projects in poor and primarily hill regions of Nepal. The three primary objectives of this project are:

1. to improve food production and consumption quantitatively and qualitatively by households in the zone;
2. to improve and increase income generating opportunities within the zone which are accessible to poor farmers, landless laborers, occupational castes, and women; and
3. to strengthen the capacity of panchayats and other local organizations to plan, implement and sustain local development efforts.

This project also depends upon previously mentioned USAID/N - assisted development efforts, in renewable resource management (367-0132), village health improvement (367-0135) and population growth reduction (367-0135), plus seed production and storage (367-0118) mentioned below and the Integrated Cereals project completed in FY 1981. Because of the political and developmental prominence of this project, all of the objectives must be dealt with under the minimum decision package. However, although risky for the U.S. - the credibility question again - it may be possible to delay activities by an across-the-board implementation slow-down during FY 1982. However, key elements of the project would be left out completely. Among the elements that would not be available are technology improvement, agricultural production increase activities, and credit inputs.

With regard to USAID/Nepal efforts to assist Government to improve agricultural production technologies for the major food grains (corn, rice, and wheat) and to begin to effectively transfer the improved technologies to Nepalese farmers, earlier projects have broken new ground and provided a strong base for follow-up activities that are part of our minimum package. The Seed Production and Input Storage

project (367-0118) is one example. Intrinsic to the success of the Government's agricultural development strategy is provision of high quality seeds and other inputs, especially to farms in the highly populated hill region. Project 367-0118 is assisting the Government, through the Agricultural Inputs Corporation, to establish district seed houses and warehouses for distribution of improved varieties of seed and other production inputs. Also, assistance is being provided to communities to improve local storage facilities for seed and other inputs. No FY 1982 funding is required.

USAID/N has also included the Institute of Agriculture and Animal Sciences (IAAS) project in the minimum package. USAID has abandoned the idea of providing additional funding for construction of campus facilities at IAAS, preferring to leave this to other interested donors. However, the commitment USAID made in 1974 to assist Government in meeting manpower and skill shortages in the agriculture field must remain firm. The minimum package, therefore, would continue support to training and advisory services. This element of the project is largely on schedule. No FY 1982 funding is required.

The rural area development component of the minimum package also includes the Trail Suspension Bridges project (367-0119), an effort to assist the Government to improve transportation networks in remote areas. The bridges provide villagers with access to seeds and other technology, health and family planning services, off-farm employment opportunities, and increased contact and trade where frequent outside contact has been severely limited. No FY 1982 funding is required.

The minimum decision package includes one valuable project which falls completely outside our CDSS strategy. It is the Radio Education Teacher Training project (367-0123). In accordance with our policy of completing projects already committed under different (earlier) strategy guidance, USAID/N believes this project should be included in the minimum package. No FY 1982 funding is required.

The minimum decision package would enable USAID/N to focus on a core of ongoing projects. The projects address each of the critical sectors of health/family planning, natural resource management, and rural area development. These three sectors and the interwoven pressures of rapid population growth must all be addressed in order to maintain a viable U.S. contribution in terms of the goals set forth in the CDSS. However, as pointed out above, several important objectives addressed in the CDSS are going to be seriously delayed at this funding level. Given that this level of funding would create political problems by moving much more slowly than we have agreed, involve a high development cost to Nepal by stretching out project implementation, and not make a significant impact on important development objectives we set in the CDSS, it is clearly an unacceptable level.

Decision Package - Current

DECISION PACKAGE NARRATIVE

The current level decision package would permit USAID/Nepal to broaden the scope of the three new initiatives in sectors in which we are focusing and to initiate a vital follow-on agriculture activity. At the minimum level the three major projects begun in FY 1980 must be curtailed. At the current level these constraints would be removed so that implementation could proceed as recently approved -- after a long project design period -- by AID/W.

Health Delivery Systems

In the case of the Integrated Rural Health/Family Planning Services Project (367-0135), the current decision package would allow the project to proceed as planned in the Project Paper. Construction of rural health centers, health posts, regional warehouses, and rehabilitation of existing facilities would be undertaken, whereas, at the minimum funding level no construction would be possible. As originally envisioned, construction work is scheduled to be completed in mid-1985, thus allowing orderly phasing as other elements of the project are implemented. Delay of this element would certainly stretch implementation of the project by at least a year. It would also throw out of phase the various elements of the rural health operations which would mean slowing down ultimate delivery of rural health and family planning services. Failure to begin the construction activities as planned at the current level would invariably result in price escalation when the activities were finally started.

The current level decision package also would permit funding of the contractor through December 1983 which would fall some nine months after scheduled completion of the first USAID evaluation of the project. Thus, as scheduled in the Project Paper, funding through 1983 would permit orderly actions on evaluation findings prior to making further commitments to the contractor.

Also, within the current decision package, procurement of malaria insecticides, not possible at the minimum level, would be restored. This is an extremely important element of the project in that Nepal -- alone in the South Asia Region -- has been able to contain to a trickle resurgence of malaria over the last several years while neighboring countries have experienced rapid increases in incidence of the disease. At the current level, the malaria component of project 367-0135, which ensures that adequate supplies of malaria insecticides are available to maintain the advantage Nepal has earned over the years, would be carried out as contemplated in the Project Paper. At the minimum level, adequate supplies would not be available.

Participant training and provision of short-term contractors, both important to ensure the Ministry of Health's ability to effectively bring under integrated management all health and family planning services, would be resumed within the current decision package. This is a particularly important element of the project in that the participants who would be funded under this package are expected to serve as the key central and district administrative staff for the project once the contractor's work is completed. Also, the short-term consultants in this package would be expected to train additional local staff in health education, health planning and evaluation, and in administration of family planning activities.

Natural Resource Management

At the current level decision package, USAID/N would be able to restore to full force the elements of the Resource Conservation and Utilization project that would have to be delayed at the minimum level. These include initiatives that are crucial to the timely and successful implementation of the undertaking in five of the six major components of the project. In effect, a reduction of U.S. inputs would risk an "unraveling" of closely knit inter-agency agreements if the U.S. "reneges" on its commitment to support the project at the agreed level. Morale would drop, the current level of enthusiasm for the project would decline, and many of the GON's best people - now committed to work on this project - might be reassigned to other priorities. Thus, restoration of planned inputs, possible at this funding level, is essential.

First, within the current decision package, a key element of the institution building focus of the project could be restored by continuing to provide five technical experts to assist with development of an Institute of Renewable Natural Resources. At the current funding level the five long-term experts (Curriculum Development, Soil Engineer, Soil/Water Conservationist, Silviculturist, and Economist) would be available to provide assistance at the Pokhara and Birtamod campuses which will eventually become a part of the new Institute. The presence of these experts would permit adherence to the original schedule of providing the in-country training that will serve as the basis for preparing the Institute to assume its full training role.

Also, with regard to the forest management component of the RCU project, construction of buildings to house and provide office space for field staff could be undertaken as planned. The construction would support and speed development of new categories of forests mandated by the National Forestry Plan of 1976 which calls for the development of new forests as well as the scientific management of existing ones. The early construction of housing and office facilities for field staff will support the decentralization of sub-project decision making and programming resulting in a more rapid involvement of local people in project

activities. It will allow trained foresters, soil and water conservationists, agriculturists, livestock specialists and other professionals to be based in the local communities where their expertise is most crucially needed.

The range management component of the project would also be restored to full funding at this level. Livestock is an important contributor to the economy of rural Nepal. Animal husbandry is therefore an important part of the comprehensive and balanced approach taken by this project. Balance of feed supplies with the number of animals must be taken into account. In order to maintain a healthy animal population, feeding and breeding practices, regular disease control programs, and introduction of new and improved stock must be undertaken. This important element of overall range management is restored in the current decision package.

Agricultural improvement would be undertaken as a part of the RCU project within the current decision package. Both of the initial catchment areas are food deficit. To address this problem and enhance the expected impact in the catchment areas, the project envisions applying agronomic and horticultural improvements, as well as support for repair and upgrading of existing irrigation systems in the project area. This component would be restored to the project in the current decision package.

The final component of the RCU project that would be enhanced at this level of funding is watershed management. Construction of pipelines to deliver community water supplies would compensate in part for diminishing water availabilities caused by rapidly disappearing vegetation and pressures of the expanding human and animal population. Also in the area of watershed management, development of fisheries as a source of food would be undertaken. The establishment of fisheries would include construction of a fish hatchery to ensure adequate suitable stocks.

Restoration of these five RCU components to full force, as envisioned in the Project Paper, would provide the inputs to make a strong impact on addressing the many diverse problems that adversely affect Nepal's environment. At this level of funding, the project would have a reasonable chance, as called for in our CDSS, of beginning to curtail the process of environmental degradation.

Rural Area Development

At the current level decision package, USAID/N would be able to restore the Rural Area Development Project (367-0129) to full force. Within this funding package, each of the five project clusters (farming systems, rural works and construction, roads, renewable resource management, and local institutional development) would proceed according to the pace set

forth in the Project Paper. In order to maintain the level of local participation envisioned, the project must be able to convince people in the Rapati Zone that with AID's material help, they can make a quantum jump in progress. In order to so convince people who have been consistently bypassed for years by the development process that the project will bring more than rhetoric and is indeed worth their serious involvement, it is important that project inputs be in and continue to move into the project area on schedule. The effect will be two-fold: (1) it will help to demonstrate to rural people in Rapati that progress can take place under the project, and (2) provide a fast response capability so that local participation efforts can be quickly mobilized and not lose momentum.

A new follow-on project that is essential to increase food production is the Hill Agriculture Production Systems project (367-0137). This project will focus primarily on utilizing a farming systems approach -- based largely on the cropping systems work conducted under earlier USAID projects -- to increase food production and improve consumption patterns in two hill districts. It will continue essential support to research on farming systems and related food grains. At the reduced level in the current package, this project will only maintain the momentum of past projects in developing better hill agriculture technology. It will not impact importantly on actually raising per capita food production, nor will it have direct impact on increasing either employment opportunities or labor productivity.

The current decision package would permit USAID/N to pursue vigorously, at the funding levels already approved by AID/W, the three major projects just begun in our three key strategy areas. It would also include modest funding to continue vital hill agriculture research. It would not, however, adequately support the CDSS goals of increasing per capita food production and consumption or of increasing employment opportunities and labor productivity.

Decision Package - AAPL

DECISION PACKAGE NARRATIVE

At the AAPL level, USAID/Nepal will be able to make a reasonable impact on the goals set forth in the CDSS. It should be pointed out, however, that even this level does not represent, in our view, an optimum funding level. In the CDSS, the mission put forth an analysis which was then related to optimum funding levels to achieve the objectives described. The AAPL represents a 22% overall reduction below levels the mission set forth in that document and which we believe to offer optimum impact given existing and projected personnel constraints.

Within the AAPL decision package, the Hill Agriculture Production Systems project (367-0137) would be funded so as to be more than just a holding operation, which it would be at the current level. Also, three new activities, Rural Credit (367-0143), General Training and Consulting Services (367-0142) and PVO Co-Financing (367-0144) would be initiated. The results at this funding level would be a unified, comprehensive approach to addressing the six objectives in three sectors outlined in the Mission's CDSS. We believe that such an approach, possible only at the AAPL, is central to the development process in which Nepal is engaged.

It is important to note that the program which will be undertaken at this funding level does not represent new directions for USAID/N, nor are there implications of increased personnel requirements to implement the program effectively. As pointed out in the Table I Narrative, personnel requirements at the current and AAPL levels are the same.

While at the current funding level the Hill Agriculture Production Systems project (367-0137) merely maintains the momentum of technology research begun under earlier projects, the project will make a significant impact on increased food production within the AAPL decision package. It also will impact favorably on increasing employment opportunities and on labor productivity. In addition to support for the national research/extension network, the project will initiate district operations and focus on production sub-centers throughout the project area. The introduction and instruction in use of intensified cropping patterns, inter-cropping techniques, use of improved seed varieties and efficient use of fertilizers (organic and chemical) will be provided at the panchayat and production sub-center levels, directly to the farmer. The main thrust of the project in this decision package will be to bring to bear at the district and local level the required inputs (including credit, irrigation, technical assistance, and commodities) to increase cereal crop yields and to involve small farmers in the establishment of research objectives and priorities. At the current level, the focus of the project could be little more than a

holding operation at the national level with minimal attention to strengthening the district mechanism for mounting production campaigns at some point beyond FY 1982. Within this decision package, USAID/N's long-standing assistance to the GON in the agriculture field will move forward progressively from research to production in the middle hills without break and at a time when this step is critically needed.

The AAPL decision package will also include initiation of a new Rural Credit project (367-0143). Recent studies show that less than 25% of total rural credit requirements are being met from modern institutional credit sources. The remainder comes primarily from private money lenders at high, often exorbitant, rates. Many of these farmers, through formal surveys, have expressed a desire for government assistance with credit, particularly with respect to livestock. Although some farmers have received loans through the Agricultural Development Bank (ADB/N), this assistance has been insufficient to meet present demand. This project will help to alleviate the lack of rural credit in selected areas of the country. Much of the credit made available will be channeled through small farmer groups that offer group liability in lieu of normal collateral.

One area of focus will be the Rapati Zone so as to complement the efforts of the integrated rural development project (367-0129) in that area. These funds will be used as investment capital for small rural industries - e.g. oil extraction, livestock product processing, and other cottage industries. Also, funds will cover the costs of purchasing livestock, seed, fertilizers, farm implements, pesticides, and costs associated with operating either rural industries or small farms. In addition to the Rapati Zone, the project areas of the Resource Conservation and Utilization project (367-0137) will be specifically covered. The impact of each of these project will be greatly enhanced by the availability of a reliable and accessible source of credit in their project areas. Other middle hill areas may also be selected.

The third component of the AAPL level package is a new project, General Training and Consulting Services (367-0142). This project will greatly increase the USAID's flexibility to support the three broad development sectors being addressed under the CDSS strategy when provision is not specifically made in other projects for special types of training or consultants. This project will provide funding for short-term and long-term training, short-term consultants and other training and/or consultative sessions that support the USAID's overall strategy, but for which funding will not otherwise be available. The project will improve Government's ability to manage and administer development projects that fall within USAID strategy guidance.

The final component of the AAPL decision package is a PVO Co-financing project (367-0144). Several PVOs are working in Nepal or have expressed an interest in initiating programs in the areas of focus of USAID/Nepal's programs. We recognize that PVOs can make effective delivery of inputs

to the rural poor where other donors, often including USAID, find it difficult or impossible to operate. The Co-Financing project is an effort to strengthen private voluntary programs in Nepal and to provide a mechanism for funding such programs where they are consistent with USAID's development strategy. From our experience with PVOs in Nepal we are convinced of the utility in Nepal of PVO - administered activities that (1) generate important practical knowledge that feeds into and improves more comprehensive USAID projects or (2) provide services in the rural areas at a level and with an intensity that USAID can not. The Co-Financing project will expand such PVO activities in Nepal.

Within the AAPL decision package, USAID/Nepal believes that considerable impact will be made on our objectives to assist Nepal in its development efforts. It cannot be overstated, however, that the program at this funding level is well below what we believe would be an optimum package, given our current management capabilities, the receptivity and readiness of the Government to participate in implementing USAID assisted projects and the development needs and expectations of the Nepalese people.

Bureau Code: Decision Code:

DECISION UNIT 367 NEPAL

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

RANK	DECISION PACKAGES/PROGRAM ACTIVITY DESCRIPTION	PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)		
					INCR	CUM	INCR	CUM	INCR
	<u>DECISION PACKAGE MINIMUM</u>								
	<u>Pipeline Projects</u>								
	367-0130 Population Policy Development	P	G	PN	(1,530)	(1,530)			
	367-0118 Seed Production and Input Storage	P	G	FN	(3,081)	(4,611)			
	367-0134 Agriculture Resource Inventory - Nepal	P	G	FN	(1,194)	(5,805)			
	367-0102 Institute of Agriculture & Animal Sciences	P	G	FN	(2,256)	(8,061)			
	367-0119 Trail Suspension Bridges	P	G	FN	(1,000)	(9,061)			
	367-0123 Radio Education Teacher Training	P	G	EH	(76)	(9,137)			
	Sub-total (Non-Add)						28	64	
	<u>New and Continuing Projects</u>								
1	367-0135 Integrated Rural Health/Family Planning Services	O	G	HE/PN	4,600	4,600	-	28	64
2	367-0132 Resource Conservation & Utilization	O	G	FN	4,400	9,000	-	28	64
3	367-0129 Rural Area Development - Rapati Zone	O	G	FN	4,400	13,400	-	28	64

Bureau Code: Decision Code:

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

DECISION UNIT 367 NEPAL

RANK	DESCRIPTION	PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)		
					INCR	CUM	INCR	CUM	
	(L/C projects, excluding Nepal generated PL 480 funded: No. of projects - 2; \$ value - 3,981)				-	13,400		28	64
4	Basic Workforce								
5	(Centrally-funded projects requiring USAID management inputs: No. of projects - 17; \$ value - 6,936) <u>Workforce Increment for Project Design</u>				13,400	13,400		28	64
	Total Minimum Package and Related Workforce						28		64
	<u>DECISION PACKAGE CURRENT</u>								
6	367-0135 Integrated Rural Health/Family Planning Services	0	G	HE/PN	1,400	14,800		28	64
7	367-0132 Resource Conservation & Utilization	0	G	FN	1,000	15,800		28	64
8	367-0129 Rural Area Development - Rapati Zone	0	G	FN	1,000	16,800		28	64
9	367-0137 Hill Agriculture Production Systems	N	G	FN	900	17,700	1	29	64
10	Workforce Increment Current Package				-	17,700		29	64
	Total Current Package & Related Workforce				4,300		1		

Bureau Code: Decision Code:

TABLE V - FY 1982 PROPOSED PROGRAM RANKING

DECISION UNIT 367 NEPAL

RANK	DESCRIPTION	PIPELINE/ ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		WORKFORCE (Number of Positions)		
					INCR	CUM	INCR	CUM	
	<u>DECISION PACKAGE AAPL</u>								
11	367-0137 Hill Agriculture Production Systems	N	G	FN	3,400	21,100	-	29	64
12	367-0143 Rural Credit	N	G	FN	3,000	24,100	-	29	64
13	367-0142 General Training & Consultant Services	N	G	EH	400	24,500	-	29	64
14	367-0144 PVO Co-Financing	N	G	HE/PN	500	25,000	-	29	64
	Total AAPL Package and Related Workforce				7,300				

**TABLE VI
PROJECT SUMMARY**

NUMBER OF PROJECTS

	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
IMPLEMENTATION AT BEGINNING OF YEAR.....	20	23	24	19	19	19
MOVING FROM DESIGN TO IMPLEMENTATION DURING YEAR.....	5	7	2		1	2
DESIGN FOR FUTURE YEAR IMPLEMENTATION.....	8	2	2	2	1	
SUBTOTAL.....	33	32	28	21	21	21
NUMBER OF NON-PROJECT ACTIVITIES.....	33	32	28	21	21	21
TOTAL.....						

IMPLEMENTATION AT BEGINNING OF YEAR.....
 MOVING FROM DESIGN TO IMPLEMENTATION DURING YEAR.....
 DESIGN FOR FUTURE YEAR IMPLEMENTATION.....
SUBTOTAL.....
 NUMBER OF NON-PROJECT ACTIVITIES.....
TOTAL.....

NUMBER OF PROJECTS MOVING FROM DESIGN TO IMPLEMENTATION BY PROJECT SIZE

AID'S CONTRIBUTION TO LIFE OF PROJECT COST

	FY 79	FY 80	FY 81	FY 82 MIN	FY 82 CURR	FY 82 AAPL
LESS THAN \$1 MILLION.....	3	1				
\$1 TO \$5 MILLION.....	2	3	2			
\$5 TO \$15 MILLION.....					1	2
\$15 TO \$25 MILLION.....						
MORE THAN \$25 MILLION.....		3				

LESS THAN \$1 MILLION.....
 \$1 TO \$5 MILLION.....
 \$5 TO \$15 MILLION.....
 \$15 TO \$25 MILLION.....
 MORE THAN \$25 MILLION.....

**TABLE VII
OPERATING EXPENSE FUNDED PERSONNEL
YEAR END POSITIONS**

FUNCTIONS	FY 79				FY 80				FY 81			
	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT	USDH	FNDH	US CONT	FN CONT
Executive Direction	4				3	1			3	1		
Program Planning	6	6	1		4	6			4	6		
Project Design	4	5			3			3	2			3
Project Implementation	8	17		6	12	20		2	17	20		2
Financial Management	1	11			1	12			1	12		
Mission Support	2	25		14	2	25	1 TCN	15	2	25		18
Non Mission Specific												
TOTAL.....	25	64	1	20	25	64	1 TCN	20	29	64		23
PLUS: PASAs (OE & Program)	1				1							
LESS: JAO Details												
MODE Required	26	2			26	1			29	2		

IDs included in USDH totals

TABLE VII A

	FY 79		FY 80		FY 81		FY 82	
	US	FN	US	FN	US	FN	US	FN
<u>Program Funded Personnel</u>	17	66	24	91	35	80	31	52
1. Personal Services Contracts	3	-	2	1	-	-	-	-
2. Institutional Contracts	14	66	22	90	35	80	31	52
A. Host Country	3	40	4	46	4	46	1	6
B. AID Direct	11	26	18	44	31	34	30	46
C. Other	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
<u>Operating Expense Funded</u>	-	171	-	185	-	185	-	185
1. Institutional*	-	171	-	185	-	185	-	185
2. Other	-	-	-	-	-	-	-	-
<u>TOTAL</u>	17	237	24	276	35	265	31	237

* The institutional contract covering drivers and mechanics specifies hours of service to be provided; in order to include these personnel, this table uses the number of equivalent full-time positions as of September 30.

TABLE VIII

OPERATING EXPENSE SUMMARY

	FY 1979			FY 1980			FY 1981		
	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost
US Direct Hire	1123.0	19.8	56.7	1407.0	25.3	55.6	1645.0	29.0	56.7
PN Direct Hire	176.8	76.1	2.3	138.0	64.0	2.2	160.0	64.0	2.5
US Contract Pers.	85.0	1.3	65.4	71.5	1.0	71.5	-	-	-
PN Contract Pers.	55.4	28.0	2.0	62.0	20.6	3.0	41.0	23.0	1.8
Housing Expense	159.7	20.6	7.8	207.6	21.7	9.6	242.0	28.0	8.6
Office Operations	809.2	xx	xx	937.9	xx	xx	985.0	xx	xx
Total Budget	2409.1	xxx	xxx	2824.0	xx	xx	3073.0	xx	xx
* Mission Allotment	1362.9	xxx	xxx	1220.0	xx	xx	1625.0	xx	xx
FAAS	68.8	xxx	xxx	83.8	xx	xx	88.4	xx	xx
Trust Fund	184.9	xxx	xxx	364.0	xx	xx	200.0	xx	xx

COST SUMMARIES

US Direct Hire

PN Direct Hire

US Contract Pers.

PN Contract Pers.

Housing Expense

Office Operations

Total Budget

* Mission Allotment

FAAS

Trust Fund

* Dollars Only

TABLE VIII

	FY 1982 MINIMUM		FY 1982 CURRENT		FY 1982 AAPL				
	(\$000's)	Related Workyear	Unit Cost	(000's)	Related Workyear	Unit Cost	(\$000's)	Related Workyear	Unit Cost
US Direct Hire	1670.3	28.0	59.7	1730.0	29.0	59.7	1730.0	29.0	59.7
FN Direct Hire	176.0	64.0	2.8	176.0	64.0	2.8	176.0	64.0	2.8
US Contract Pers.	-	-	-	-	-	-	-	-	-
FN Contract Pers.	48.9	23.0	2.1	48.0	23.0	2.1	48.0	23.0	2.1
Housing Expense	255.5	27.0	9.5	265.0	28.0	9.5	265.0	28.0	9.5
Office Operations	1039.0	xx	xx	1044.0	xx	xx	1044.0	xx	xx
Total Budget	3263.0	xx	xx	3263.0	xx	xx	3263.0	xx	xx
* Mission Allotment	1730.0	xx	xx	1730.0	xx	xx	1730.0	xx	xx
FAAS	104.3	xx	xx	104.3	xx	xx	104.3	xx	xx
Trust Fund	200.0	xx	xx	200.0	xx	xx	200.0	xx	xx

COST SUMMARIES

US Direct Hire

FN Direct Hire

US Contract Pers.

FN Contract Pers.

Housing Expense

Office Operations

Total Budget

* Mission Allotment

FAAS

Trust Fund

* Dollars Only

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1980-1982
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	DECISION UNIT 367 NEPAL											
	NUMBER OF POSITIONS											
	FY 1980			FY 1981			FY 1982 - Current			AAPL		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
<u>EXECUTIVE DIRECTION</u>												
<u>Director's Office</u>												
	1											
Director			1									
Assistant Director	1		1									
All Other (Non-Professional)	1	1	1	1								
Sub-total Executive Direction	3	1	3	1	3	1						
<u>PROGRAM PLANNING</u>												
<u>Program Office</u>												
Program Officer	1		1									
Program Economist	1		1									
Assistant Program Officer	1		1									
Assistant Program Officer	1		1									
Program Specialist		3		3						3		
Program Assistant		2		2						2		
All Other (Non-Professional)		1		1						1		
Sub-total Program Planning	4	6	4	6	4	6				6		
<u>PROJECT DESIGN</u>												
<u>Director's Office</u>												
Behavioral Sciences Advisor	1		1									
Sub-total	1		1									

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1980-1982
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	FY 1980		FY 1981		NUMBER OF POSITIONS							
	FY 1980		FY 1981		Minimum			Current			AAPL	
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
	1	2	1	2	1	2	1	2	1	2	1	2
<u>Project Design & Implementation Support Office</u>												
Cap. Resources Development Officer			1									
Asst. DP Proj. Development Officer			1									
Sub-total	2		2									
Sub-total Project Design	3											
<u>PROJECT IMPLEMENTATION</u>												
<u>Director's Office</u>												
Behavioral Sciences Advisor					1							
Sub-total					1							
<u>Project Design & Implementation Support Office</u>												
Cap. Resources Development Officer	1		1									
Asst. DP Proj. Development Officer	1		1									
General Engineering Officer	1		1									
Program Specialist (Cap. Dvl.)	1		1									
Program Assistant					1							
Engineer					1							
All Other (Non-Professional)					1							
Sub-total	2	4	3	4	4	4	4	4	4	4	4	4
<u>Population Coordination</u>												
Population Advisor (Research)	1		1									
Program Assistant					1							
Sub-total	1	1	1	1	1	1	1	1	1	1	1	1

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 19 80- 1982
 (By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT 367 NEPAL

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS												
	FY 1980		FY 1981		FY 1982				Current				
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	
<u>Agriculture and Resource Conservation</u>													
Agriculture Development Officer	1		1		1								
Assistant Ag. Development Officer	1		1		1					1			
Assistant Ag. Development Officer	1		1										
Agriculture Specialist (IDI)	1												
*Soil/Wtr. Conservation Officer			1										
Resource Conservation Officer		1											
Program Specialist (AG.)		1		1									
Program Assistant		2		2						2			
All Other (Non-Professional)		2		2						2			
Sub-total	4	5	4	5	3					5	1		
<u>Health and Family Planning</u>													
Health Officer	1		1		1								
Public Health Advisor	1		1		1								
Health/Sanitation Officer	1		1		1								
Public Health Officer (IDI)	1		1		1								
Program Specialist		1		1						1			
Program Assistant		1		1						1			
All Other (Non-Professional)		2		2						2			
Sub-total	3	4	4	4	4					4			
<u>Program Office:</u>													
Participant Training Branch													
Participant Training Specialist		1		1						1			
Participant Training Assistant		2		2						2			
All Other (Non-Professional)		1		1						1			
Sub-total		4		4						4			

*PaSA

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1980-1982
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	FY 1980		FY 1981		NUMBER OF POSITIONS						
	FY 1980		FY 1981		Minimum			Current			
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDI	FNDH	USDI	FNDH	AAPL
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDI	FNDH	USDI	FNDH	FNDH
<u>Rural Area Development</u>	1		1		1						
General Development Officer	1		1		1						
Assistant Gen. Development Officer	1		1		1						
Assistant Gen. Development Officer	1		1		1						
Training Officer			1		1						
Rural Area Development (IDI)		1		1		1					
Program Assistant		1		1		1					
All Other (Non-Professional)	3	2	5	2	5	2					
Sub-total	13	20	17	20	17	20		1			
Sub-total Project Implementation											
<u>FINANCIAL MANAGEMENT</u>											
<u>Controller's Office</u>	1		1		1						
Controller		4		4		4			4		
Supervisory Accounting Technician		4		4		4			4		
Accounting Technician		1		1		1			1		
Fiscal Assistant		1		1		1			1		
Voucher Examiner		2		2		2			2		
All Other (Non-Professional)		12		12		12			12		
Sub-total Financial Management	1	12	1	12	1	12					
<u>MISSION SUPPORT</u>											
<u>Administrative Management</u>											
Executive Officer	1		1		1				1		
General Services Officer	1		1		1				1		
General Services Specialist		2		2		2			2		
Personnel Specialist		2		2		2			2		
Personnel Assistant		1		1		1			1		
Travel Specialist		1		1		1			1		

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 19 80- 1982
 (By Function, Organizational Unit, Position Title and Professional Speciality)

DECISION UNIT 367 NEPAL

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS											
	FY 1980			FY 1981			FY 1982			AAPL		
				Minimum			Current					
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH
<u>Administrative Management</u> (Continued)		2		2			2					
All Other Professionals		17		17			17					
All Other (Non-Professional)		25	2	25	2		25					
Sub-total Mission Support	2											
Total Increment						1						
Cumulative Total	26	64	29	64	28	64	64	29	64	29	64	64

TABLE X SPECIAL CONCERNS
ADDITIONAL PROJECTS

PROJECT NUMBER AND TITLE	APPROP	CONCERN CODE		FUNDING FOR SPECIAL CONCERN (\$000)				
		PRIME	SUB 1/ /	FY 1980	FY 1981	MINIMUM	FY 1982	
							CURRENT	AAPL
367-0134 Agriculture Resource Inventory - Nepal	FN	ENVR	1	2,400	-	-	-	-
367-0135 Integrated Rural Health/Family Planning Services	HE	ENVR	8	1,480	1,930	-	1,400	1,400
367-0144 Co-Financing	HE PN	PVOU-PVOL PVOU-PVOL		- -	300 200	- -	- -	300 200

1/ Use only for Environment Activities

FY 1982 ANNUAL BUDGET SUBMISSION
PROJECT BUDGETS AND OBLIGATIONS
TO MEET SPECIAL CONCERNS
(THOUSANDS OF DOLLARS)

TABLE X

DECISION UNIT: 367 NEPAL

PROJECT NUMBER AND TITLE: 3670129 RURAL AREA DEVELOPMENT-RAPATI APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - \$ 1100 BUDGET IN ABS: FY 1980 - \$ 2,500
 FY 1981 - \$ 5300 FY 1981 - \$ 5,000
 FY 1982 - MINIMUM: \$ 4,400 CURRENT: \$ 5,400 APL: \$ 5,400

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	SUB- CONCERN CODE	1980 BUDGET		1981 BUDGET		1982 BUDGET	
		IN CP	IN ABS	IN CP	IN ABS	MINIMUM:	CURRENT:
1895	ENR	\$ 220	\$ 100	\$ 1060	\$ 250	\$ 300	\$ 400
1897	ENVR	\$ 165	\$ 350	\$ 1325	\$ 1100	\$ 1,150	\$ 1,250
897	WID	\$ 55	\$ 55	\$ 265	\$ 100	\$ 150	\$ 150

PROJECT NUMBER AND TITLE: 3670132 RESOURCE CONSERVATION AND UTILIZATION APPROPRIATION: AGRICULTURE, RURAL DEV. AND NUTRITION

A. BUDGET IN CP: FY 1980 - \$ 2000 BUDGET IN ABS: FY 1980 - \$ 1,800
 FY 1981 - \$ 3300 FY 1981 - \$ 5,500
 FY 1982 - MINIMUM: \$ 4,400 CURRENT: \$ 5,400 APL: \$ 5,400

B. OBLIGATIONS TO MEET SPECIAL CONCERNS:

ADP ITEM	SUB- CONCERN CODE	1980 BUDGET		1981 BUDGET		1982 BUDGET	
		IN CP	IN ABS	IN CP	IN ABS	MINIMUM:	CURRENT:
1910	ENR	\$ 1000	\$ 24	\$ 1650	\$ 192	\$ 321	\$ 321
1896	ENVR	\$ 2000	\$ 1,800	\$ 3300	\$ 5,500	\$ 4,400	\$ 5,400

Decision Unit - 367 Nepal

P.L. 480 NARRATIVE

USAID/N does not currently envision a P.L. 480 Title I program or the use of P.L. 480 Title III commodities.

All P.L. 480 Title II activities in Nepal are administered by the World Food Program. USAID/N does not anticipate any change in the administration of P.L. 480 Title II commodities in the immediate future.

ACTIVITY DATA SHEET

PROGRAM: NEPAL

TITLE Hill Agricultural Production Systems		FUNDS Agriculture, Rural Development and Nutrition		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
NUMBER 367-0137	NEW <input checked="" type="checkbox"/>	PRIOR REFERENCE None		EXERCISE FY 82	4,300	ESTIMATED FINAL OBLIGATION FY 84	12,000
GRANT <input checked="" type="checkbox"/>	LOAN <input type="checkbox"/>			INITIAL OBLIGATION FY 82		ESTIMATED COMPLETION DATE OF PROJECT	FY 86

Purpose: To increase the degree of food self-sufficiency in selected Hill districts by enhancing the productivity of existing farming systems through (a) strengthening the agricultural research-extension network, (b) improving the supply and accessibility of necessary agricultural inputs, and (c) building an extensive participatory approach to on-farm collaboration between farmers, extension workers, and scientists.

Background: Since 1973, per capita food production and nutritional intakes in Nepal have declined. In agriculture the use of improved technologies, including new varieties, fertilizers and pesticides, is generally low. Hill agricultural production has even periodically declined in absolute terms, as it has in 1978-79.

The Revised Basic Principles of Nepal's Sixth Five-Year Plan (1980-1985) have accorded the highest priority to productive investments in the agricultural sector, with special emphasis on increasing agricultural productivity and employment through multi-crop programs and farming systems approaches. The Principles also call for major attention to be directed to small/medium irrigation schemes, agrarian reform, agricultural inputs (including credit), livestock, horticulture, and research/extension.

Since 1973, a variety of sector assessments and studies by the IBRD, the UNDP, FAO, the Rockefeller Foundation, AID, and other bilateral donors have stressed the need for development activities which utilize existing and planned infrastructure to halt the deterioration of Hill and Mountain agriculture. Because of the communication/infrastructural problems associated with these recommendations, serious efforts to focus on the Hills and Mountains have been limited in numbers and scope. It is likewise recognized that while a variety of indigenous Hill agricultural farming systems do exist, present practices do not fully utilize.

or benefit from available resources such as cropping systems research, fertilizers, irrigation, animal husbandry, credit, etc.

The project will operate at the district and panchayat levels through a central facility and up to nine production sub-centers located strategically throughout the farming areas. The project will use a systems approach to the generation and extension of relevant technology to resource-limited farms. A key objective will be to purposefully blend traditional and modern technologies in ways which can increase productivity, food supplies and incomes.

The project will invest in making agricultural resources more readily available to farmers and in helping farmers use those resources more efficiently. Special emphasis will be given to increasing cereal crop yields by intensifying cropping patterns, intercropping, the use of faster maturing varieties, shortening the turn-around period between crops, and the more efficient application of composts/fertilizers to build up soil fertility. Livestock and horticultural crops will also receive major attention, as will a coordinated, multi-disciplinary effort to minimize risks and identify, analyze and remove constraints (including post-harvest losses) to general small farm productivity.

At the district and village levels, AID-funding assistance will be directed to the construction, establishment, development and management of the centers and sub-centers; to the provision of technical services; to the support of training programs for project staff and cooperating farmers; and to various interrelated elements of local cost financing, including input supply, credit and irrigation. At the regional and national levels, the project will provide technical assistance, commodities, and support for training within the MFA and other HMG agencies involved with national agricultural development, project coordination, operations, monitoring and evaluation.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
Obligations	Expenditures	Unliquidated	Estimated Total Cost
Through September 30, 1979	-		
Estimated Fiscal Year 1980	-		
Estimated through September 30, 1980	4,300		12,000
Proposed Fiscal Year 1982	7,700		

ACTIVITY DATA SHEET

PROGRAM: NEPAL

TITLE Hill Agricultural Production Systems (Continued)		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
NUMBER		PRIOR REFERENCE		FY 80		ESTIMATED FINAL OF PROJECT	
GRANT <input type="checkbox"/>	LOAN <input type="checkbox"/>	NEW <input type="checkbox"/>	CONTINUING <input type="checkbox"/>	INITIAL OBLIGATION	ESTIMATED FINAL OBLIGATION	FY	ESTIMATED COMPLETION DATE

Host Country and Other Donors: The project will operate through the Department of Agriculture, but will have linkages with several GON line departments, especially those with responsibility for forestry, soil and water conservation, irrigation, and education. It will focus at the national, regional, and local levels in establishing these linkages. Nepal's contribution to this project will be approximately \$1 million. Other donor-supported projects also complement this project. For example, two World Bank irrigation projects (totalling \$39 million) are underway in the lowland areas. Also a UN/FAO hill agriculture project (\$12 million) is planned which will focus on raising crop production in four hill districts. The Peace Corps will provide up to 10 volunteers to assist in the project implementation at the planned field sites.

Beneficiaries: Direct immediate beneficiaries of the project will be the 3,600 cooperating farm families (approximately 18,000 people) in the two core districts. Also direct immediate benefits will accrue to up to 436 district and village level staff members (all categories), and to approximately 140 staff at the regional and national levels who will receive training and technical/commodity support. Recipients of indirect immediate benefits will be all the agriculturally dependent people of the two districts, numbering approximately 550,000.

FY 81 Program: Project design completed.

FY 82 Program: Implementation phases initiated, with sites selected, contractors chosen, staff assigned, personnel training started and initial commodities ordered and/or delivered.

Issues: 1) USAID needs to continue to strive to support IMG efforts to resolve senior-level inter-ministerial coordination problems, which continue to adversely affect projects requiring

coordination and consolidation of effort by a large number of departments and agencies.

2) Recently various sources within IMG have questioned the validity of continuing expenditures for research in a country as poor as Nepal. USAID will continue to urge IMG to re-examine how research/extension technical services, particularly as directly related to the Hills, can be upgraded and adequately rewarded.

3) As part of project preparation, USAID needs to explore with IMG better methods to ensure necessary and timely cash flow needed for adequate project-support.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
Obligations	Expenditures		
Through September 30, 1978			Unliquidated
Estimated Fiscal Year 1979			
Estimated through September 30, 1979			Estimated Total Cost
Proposed Fiscal Year 1980			

TITLE		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
Rural Credit		Agriculture, Rural Development and Nutrition		FY 82 3,500		12,000	
NUMBER 367-0143	NEW <input checked="" type="checkbox"/>	PRIOR REFERENCE		ESTIMATED FINAL OBLIGATION FY 84		ESTIMATED COMPLETION DATE OF PROJECT FY 86	
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	CONTINUING <input type="checkbox"/>						

Purpose: To increase the income of small farmer and other poor rural households in specific target areas in the middle hills.

Background: Historically the small-scale farmer has not fully participated in Nepal's developing agricultural sector. This situation continues, due in large part to a paucity of available agricultural inputs including credit and extension services in the hill areas. Institutional credit, as estimated in the 1979 World Bank Agricultural Sector Review of Nepal, supplies only 25% of the total credit requirements of Nepalese agriculture, with private money lenders constituting the predominant source of credit to farmers, especially to smaller farmers. It has been shown that on a per hectare basis credit needs of small hill farm families exceed those of any other category of farm family in Nepal.

There are marked per hectare differences in production costs between farms in the hills and the terai due to use of more manure, fertilizer and hired labor on a per hectare basis in the hills, especially on the small farms, and high annual operating costs including continual expenditures on terrace improvements. A study conducted recently by the Cropping System Program (supported by the USAID-assisted Integrated Cereals Project 367-0114) states that provision of credit will become an important factor in promoting agricultural development when expenditures for agricultural inputs reaches 20 to 25% of total family cash expenditures. The Nepal Rural Household Survey found farmers' average production and costs of operation to be approximately 36% of household income from crop production. In the hills income from crop production as a percent of total household income ranged from 33 to 65% in the survey, indicating that expenditures on agricultural inputs may run as high as 23 percent of family income in some areas.

The importance of livestock enterprises in the hill farming system can not be underestimated. They are a major source of cash income, food, draught power, and compost. At two Cropping Systems study sites in the hills between 50 and 60% of farmers surveyed felt that the greatest need for government assistance was in the provision of credit facilities for the purchase of livestock (usually buffaloes) at low interest rates.

Some farmers have received assistance from the Agricultural Development Bank of Nepal (ADB/N) in the form of short-term production loans and medium-term loans for the purchase of livestock. Many of these farmers have benefited from this credit influx and are increasing crop and livestock production, but on a very limited scale. ADB/N's experience has shown that farmers are receptive to new farming practices and are interested in borrowing funds to procure inputs. The ADB/N, however, has not been able to meet the demand for agricultural loans. Consequently, lending to small-scale farmers may not increase unless the Bank receives additional funds. The government has also encouraged private commercial banks to set aside funds especially for small farm families to utilize. However, in 1976/77 the volume of lending by commercial banks to agriculture (including agro-business and small-scale industry) represented only 3.1% of total deposits (against a target of 7% in 1976), according to the World Bank.

An impartial source of credit is thus critical for non-farm related enterprises in the USAID-assisted Rural Area Development project in Kapati Zone. Based on the recently revised Basic Principles of the Sixth Five-Year Plan, it appears as though a reorganization of governmental policies and responsibilities with regard to small-scale enterprise development is underway. The Department of Cottage and Village Industries and the Cottage

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenditures	Unliquidated
Through September 30, 200K 1979	-	-	-
Estimated Fiscal Year 200K 1980	-	-	-
Estimated through September 30, 200K 1980	-	-	-
Proposed Fiscal Year 200K 1982	3,500	8,500	12,000
		Estimated Total Cost	

PRE-FID
ACTIVITY DATA SHEET

PROGRAM: NEPAL

CP 80-05

TITLE		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
Rural Credit (Continued)		PRIOR REFERENCE		FY 80		ESTIMATED FINAL OBLIGATION FY	
NUMBER	GRANT	LOAN	NEW	CONTINUING	ESTIMATED COMPLETION DATE OF PROJECT	FY	

and Village Handicrafts Emporium (P) Ltd., both of which are heavily involved in the development of small rural enterprises, will shift away from investment into a training and support role with small industries development investment delegated to banks.

It appears that ADB/N is the only logical choice for funding small-scale enterprises for two additional reasons: First, the investment capital required for many small agro-processing enterprises and other small rural industries (which is in the range of \$5,000 to \$20,000) is too little to qualify these enterprises for loans from the Industrial Development Bank. Second, the ADB/N has already established a network of offices in Rapti Zone (and throughout Nepal) which can better serve the investment needs of rural areas than can any other bank.

Most Country Organizations: AID would provide a rural credit grant (\$12 million) to HMG/MNF for lending to ADB/N to finance fertilizer, seeds, pesticides, operating costs and other short-term production needs of small farmers in target areas in the hills (areas coinciding with ongoing USAID-assisted projects in Resource Conservation and Utilization, Rural Area Development and Hill Agricultural Production Systems -- covering approximately nine districts, or 12% of the districts of Nepal, and concentrated heavily in the hills). These funds would also be utilized for medium-term loans in the same geographical areas for livestock production, cottage industries (many of which are based on livestock product processing), horticultural plantation for small farmers, farm implements (e.g., improved plows and other bullock-drawn implements and pumpsets), and small agro-industries (such as rice mills).

Beneficiaries: Direct beneficiaries will be small rural farm families belonging to SFDP groups and other poor rural households involved in small-scale industries and services. The ADB/N will

also benefit through training for its field staff and through increments to its loan capital.

Issues: 1. Even with project-related training programs in place, will manpower constraints allow expansion of the existing Small Farmer Development Program and ADB/N depots to reach intended beneficiaries in the hills?

2. Sajhas are accorded increasing weight in agricultural development plans as reflected in the Fifth Five-Year Plan and the Revised Draft Principles of the Sixth Five-Year Plan. Should the project utilize the Sajha program (which serves primarily relatively wealthy farm families) or should it concentrate resources in the SFDP where equity issues would receive greater accord?

3. Institutional lending practices in Nepal generally preclude loans to women. Although ADB/N lends to SFDP groups of women (but in general not to individual women), the discriminatory nature of existing lending practices is and will remain an issue if AID funds go for other than SFDP.

4. Loan versus grant funding may be reviewed again.

5. The procedures and terms of providing grant funding to ADB/N (through HMG, directly, rate of interest, etc.) need to be settled.

6. The extent of HMG contributions, such as matching funds, needs exploration.

7. The demand for credit for agricultural production needs further assessment to determine precisely the requirements of different types and sizes of farms in the hills.

PRINCIPAL CONTRACTORS OR AGENCIES

U.S. FINANCING (in thousands of dollars)		Unliquidated
Through September 30, 1978	Obligations	Expenditures
Estimated Fiscal Year 1979		
Estimated through September 30, 1979		
Proposed Fiscal Year 1980		
	Future Year Obligations	Estimated Total Cost

ACTIVITY DATA SHEET

PROGRAM: NEPAL

CP 80-06

TITLE General Training & Consulting Services		FUNDS Education and Human Resources	
NUMBER 367-0142	NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>	PROPOSED OBLIGATION (in thousands of dollars)	LIFE OF PROJECT
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>		2000K FY 81 500	1,240
		INITIAL OBLIGATION FY 81	ESTIMATED FINAL OBLIGATION FY 83
			ESTIMATED COMPLETION DATE OF PROJECT FY 84

Purpose: To provide funding for: a) short-term and long-term training that is supportive of but not specifically included in other USAID/Nepal projects; b) short-term consultants to provide in-country training; and c) attendance of technical or professional conferences/training sessions that further the objectives of the Mission's country strategy.

Background: One of the main problems of the Government of Nepal in the management and administration of development projects is the insufficiency in the number of adequately trained manpower. In order to address this problem, USAID/Nepal has included in its projects training of personnel related to specific projects. However, on a number of occasions, USAID/N, due to the lack of a proper funding mechanism, has been forced to forego AID/W and third country training opportunities/conferences that further the objectives of the Mission's country strategy but for which funding is not available. Similarly, training which is required for all specific project personnel and which could be provided in-country cost-effectively through the help of short-term consultants frequently has not been undertaken, although highly desirable and effective. This project is designed to provide the funding flexibility to pursue special USAID training and consultant needs. It will train participants who will be selected from national, regional, district or local ranks of junior professional, mid-career and senior levels, and from the private sector as feasible. The training will focus on non-project specific, short-term in-country training courses concentrating on mutually shared GON/USAID development priorities and requirements. Short-term consultants will be obtained to provide this training. The project will also fund both short-term and long-term training in US and third countries (including India) which emerge during the course of the year and cannot be specifically identified during the normal project design process.

Host Country and Other Donors: The GON contribution to the project will be limited to costs associated with in-country training, salaries of personnel during training and tickets of participants to and from the appropriate locations serviced by RNAC. There are no other donors involved in this project.

Beneficiaries: The direct benefit from the project will be to the participants trained under the project. Indirect benefits from the project will accrue to the rural majority of Nepal's population from an improvement in GON's capacity to manage and administer development projects. Also, women participants will be benefited since the project is targeting women's participation at 30-35% of the total number of participants.

FY 81 Program: The services of four short-term consultants of 1-5 months duration each will be required to conduct four in-country training seminars for a total of 120 seminar participants. 25 participants are planned to receive short-term and long-term training in US and third countries. Training in India under this project will be funded separately from regular India training programs outside of this project. A grant of \$500,000 is proposed.

FY 82 Program: The program in FY 1982 will be identical to the one proposed for FY 1981. A grant of \$400,000 will be required.

Major Outputs (and A.I.D. Unit Cost)

Participants trained
 Participants trained in-country through 12 in-country training seminars
 360 pm (2.6)
 360 persons (.8)

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenses	Unliquidated
Through September 30, 2000K 1979	-	-	-
Estimated Fiscal Year 2000K 1980	-	-	-
Estimated through September 30, 2000K 1980	-	-	-
Proposed Fiscal Year 2000K 1981	500	740	Estimated Total Cost 1,240

ACTIVITY DATA SHEET

PROGRAM: NEPAL

CP 80-05

TITLE General Training & Consulting Services (Continued)		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
NUMBER	GRANT <input type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input type="checkbox"/>	CONTINUING <input type="checkbox"/>	PRIOR REFERENCE	INITIAL OBLIGATION FY 80	ESTIMATED FINAL OBLIGATION FY	ESTIMATED COMPLETION DATE OF PROJECT FY

Issues: One important issue concerns the participant selection process to be applied for this project. Over the years, USAID/Nepal has relied on the GON to identify candidates, through its existing selection mechanism, for all AID projects. Recently, at the instigation of the US Senate and AID/Washington, the Mission has opened a dialogue with the GON to look at ways of broadening the selection process. The Project Paper will address this issue further. USAID/Nepal's preference at this point is to establish a Special Selection Committee to screen and approve all participants under this project. The Special Selection Committee, similar to the one established under an earlier USAID/Nepal project (Manpower Development Training), would consist of representatives from GON, USAID/Nepal, and at least one non-government person.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
Obligations	Expenditures	Unliquidated	
Through September 30, 1976			
Estimated Fiscal Year 1979			
Estimated through September 30, 1979			
Proposed Fiscal Year 1980		Estimated Total Cost	

PROGRAM: NEPAL

TITLE Private Voluntary Organization Co-Financing		FUNDS Health, Population	
NUMBER 367-0144	NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>	PROPOSED OBLIGATION (in thousands of dollars) FY 81 300	LIFE OF PROJECT 4,700
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>		ESTIMATED FINAL OBLIGATION FY 84 200	ESTIMATED COMPLETION DATE OF PROJECT FY 85

Purpose: To support PVO efforts in Nepal that fall within USAID/Nepal development strategy areas of health/population, natural resource management and rural area development.

Background: The difficulties posed by transportation and topographical constraints, the diverse and scattered small villages that are spread throughout Nepal and GON efforts to promote local participation efforts, indicate the possibility of a number of small scale but intense activities, focused particularly in the middle hills. These types of activities which support both GON and USAID objectives can often be administered by PVOs (US and Nepalese). Until recently, only a few PVOs were operational in Nepal, due in part to the fact that the GON largely overlooked PVOs as a development resource. Recently, however, through the Social Services National Coordinating Committee, the GON has begun actively to channel PVO activities through a central point and to focus PVO projects more sharply on development, rather than purely humanitarian problems. PVOs are more and more becoming involved in small integrated rural development schemes, specific research efforts that can lead to larger, more comprehensive bi-lateral or multi-lateral projects, income-generating activities that focus on specific small villages, and projects that address health and family planning goals.

Several PVOs are working in Nepal or have expressed an interest in initiating programs in areas where USAID/Nepal's programs are focused. We recognize that PVOs can deliver inputs effectively to the rural poor where other donors, including USAID, often find it difficult or impossible to operate. We expect this project to strengthen PVO programs where they are consistent with our development strategy.

Host Country and Other Donors: The Government of Nepal is expected to contribute some \$250,000 equivalent, principally through provision of counterpart personnel who will work with specific PVO projects as they are undertaken. A number of third country PVOs are already conducting complementary activities in various parts of Nepal. These organizations include the Save the Children Fund (UK) and the British Nepal Medical Trust. In addition 36 US PVOs are currently registered with the American Council of Voluntary Agencies for Foreign Service as having activities in Nepal.

Beneficiaries: The project will be directed at improving the lot of the rural poor, particularly women, children and landless farmers. The funds will be channeled directly to rural families through either US or indigenous PVOs.

FY 81 and 82 Programs: Grants of \$500,000 will be provided for each of the first two years of the project. These funds will be sub-granted to US and Nepalese PVOs to carry out selected activities in population/health, natural resource management, and rural area development.

Major Outputs All Years

Number of Co-Financing sub-projects 15
Number of participating PVOs 7

A.I.D. Financed Inputs (\$000's) All Years

Grant: Grants to US and Nepalese PVOs for local cost financing of services, equipment, supplies, training and administration 4,700

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenses	Unliquidated
Through September 30, 1979	-		
Estimated Fiscal Year 1980	-		
Estimated through September 30, 1981	-		
Proposed Fiscal Year 1981	500	Future Year Obligations 4,200	Estimated Total Cost 4,700

To be selected.

PROGRAM: NEPAL

ACTIVITY DATA SHEET

CP 90 05

TITLE Private Voluntary Organization Co-Financing (Continued)		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
NUMBER	GRANT <input type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input type="checkbox"/>	CONTINUING <input type="checkbox"/>	INITIAL OBLIGATION FY	ESTIMATED FINAL OBLIGATION FY	ESTIMATED COMPLETION DATE OF PROJECT FY	
PRIOR REFERENCE							

Issues: The one major issue the project paper must address is the question of Mission policy concerning local registration of indigenous PVOs. Although authority has recently been redelegated to the field (State 137884), there are a host of procedural questions which must be addressed prior to entering into sub-grants with an indigenous PVOs.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
U.S. FINANCING (in thousands of dollars)	Obligations	Expenditures	Unliquidated
Through September 30, 1978			
Estimated Fiscal Year 1979			
Estimated through September 30, 1979		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1980			

ACTIVITY DATA SHEET

PROGRAM: NEPAL

CP 80 05

TITLE Remote Area Development (OPG)		FUNDS Agriculture, Rural Development and Nutrition		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
NUMBER 498-0251	GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input checked="" type="checkbox"/> CONTINUING <input type="checkbox"/>	PRIOR REFERENCE None	FY 81 200	ESTIMATED FINAL OBLIGATION FY 82	FY 81 200	ESTIMATED COMPLETION DATE OF PROJECT FY 83 600

Purpose: This project intends to improve certain aspects of rural living conditions in up to three of the eighteen remote districts of Nepal considered to be food deficit.

Background: Nepal's topography creates almost insurmountable barriers to the hills peoples for meeting their health, education and overall economic needs. Examples are structural deficiencies that aggravate agricultural economic losses because of poor or non-existent storage facilities, while limited or minimal communications and infrastructure seriously impede economic and social advancement.

This project focuses on people living in up to three of Nepal's most remote areas. The lives of the people in those areas will be changed by a considerable margin if the projected exposure to the outside world is accomplished. Through application of the grant resources, staff and training, the project will motivate and cause the Nepalese villages to engage in the planning and execution of a series of self-help activities, including development of trails, construction of bridges, village water systems, and small-scale warehouses.

The project, emphasizing self-help by the villagers, will attempt to pull the affected groups into the main stream of the national development effort. The undertaking of these sub-activities will promote the villages understanding of, relationship to and participation in HMG national development goals and efforts which continue to emphasize assistance to the isolated hill and mountainous areas of Nepal.

Because of its trail improvement and bridge building, the Project will increase the accessibility of the area and the mobility of its inhabitants; it will free men, women and children for more

productive work or schooling and further develop baseline knowledge of this remote area ranging from East to West along the northern tier of Nepal. Improved transportation facilities will act, in effect, as a dialectic bridge connecting the village and district panchayats to the central government's development program. As envisioned in the National Development Plan, an improved infrastructure at the village level will help to establish and sustain dialogues essential to the overall development of the remote districts.

Host Country and Other Donors: Directly assisting the Nepalese Local Development Department (LDD) in bridge, water, and related projects within the remote districts will be Peace Corps, UNICEF, SARA and other donors including project linkage with the USAID/N Rural Area Development interests and efforts in these almost inaccessible areas. Local Village and Panchayats' estimated resource input amounts to \$250,200 through FY 83.

Beneficiaries: Primary beneficiaries will be, initially, the rural people who live in project area. An estimated 80,000 Nepalese people will have improved access to HMG services and will increase their potential for expanded commercial and social intercourse. A.I.D. cost per family benefitted is \$45.00 over the three year period.

FY 81 Program: During the initial year of this OPG, targets are to (a) initiate and complete up to 12 bridge site surveys, (b) initiate and complete up to 12 water systems, (c) do feasibility, design work, establish site priorities, (d) train up to 18 Nepalese overseers and place them at sites when needed, and (e) prepare sites for initial sub-contracting work, deliver materials (portage) and begin construction on initial sites chosen. A grant of \$200,000 is required.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Unliquidated	
Through September 30, 1979	-		
Estimated Fiscal Year 1980	-		
Estimated through September 30, 1980	-		OPG unsolicited proposal submitted by CARE.
Proposed Fiscal Year 1981	200	Estimated Total Cost	600
		Future Year Obligations	400

ACTIVITY DATA SHEET

PROGRAM: UNFPA

TITLE Remote Area Development (OPG) (Continued)		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT		
NUMBER	GRANT <input type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input type="checkbox"/>	CONTINUING <input type="checkbox"/>	PRIOR REFERENCE	FY 80	INITIAL OBLIGATION FY	ESTIMATED FINAL OBLIGATION FY	ESTIMATED COMPLETION DATE OF PROJECT FY

FY 82 Program: The program in FY 1982 will continue activities proposed for FY 1981. A grant of \$200,000 is proposed.

Issues: 1. Mountain terrain and isolation will create severe logistical problems. Building material, cement, portage, etc., create a heavy cost factor. Air-lift support is costly and may not be available. The project paper will need to address in detail transport cost and availability.

2. Recruitment of qualified personnel to serve in remote areas is a continuing problem in Nepal. The GON is in the process of preparing a policy paper on project allowances which should clarify how this and other projects can compensate personnel for serving in hardship areas. However, the project paper will need to address the issue of availability of qualified manpower vis-a-vis the regular needs of the GON and other projects which may have similar needs.

3. The question of whether the project should concentrate on totally isolated areas or supplement other and related area development efforts will need to be addressed in the Project Paper.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenditures	Unliquidated
Through September 30, 1978			
Estimated Fiscal Year 1979			
Estimated through September 30, 1979		Future Year Obligations	Estimated Total Cost
Proposed Fiscal Year 1980			

ACTIVITY DATA SHEET

PROGRAM: NEPAL

CP 81-05 (8-79)

TITLE Community Based Integrated Rural Development (OPG)		FUNDS Agriculture, Rural Development and Nutrition		PROPOSED OBLIGATION (in thousands of dollars) KXXK FY 81 106		LIFE OF PROJECT 348	
NUMBER 498-0251	GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	NEW <input checked="" type="checkbox"/>	CONTINUING <input type="checkbox"/>	PRIOR REFERENCE None	INITIAL OBLIGATION FY 81	ESTIMATED FINAL OBLIGATION FY 82	ESTIMATED COMPLETION DATE FY 83

Purpose: Establish a pilot project adapting Community Based Integrated Rural Development Methodology that responds to basic human needs within a single hill district of Nepal. The pilot project will teach Nepalese to mobilize self-help efforts and to utilize the existing government structure.

Background & Progress: The initial phase of the project is planned for two panchayats (some 4,000 people each) in Gorkha District in the Western Hills region of Nepal. The population of these villages is typical of the rural poor throughout the hills areas of Nepal.

This integrated rural development emphasizes action by cooperative community organizations, non-formal education and training, formal education for children and skills training for women and youth. In addition, this project will encourage, guide and assist villagers to utilize existing government structure to obtain HMG services and support in the villages, and promote self-help efforts toward economic and social development.

The proposed activity directly relates to USAID/Nepal interest and concern for the overall development of rural poor and their village community efforts as described in Project Papers for village Seed Production and Input Storage (367-0118), Integrated Rural Health and Family Planning Services (367-0135), Rural Area Development (367-0129), and Resource Conservation and Utilization (367-0132).

It is expected that successful elements of the pilot project will be replicated in future activities within the Gorkha District, eventually reaching a population of some 40,000 people. A baseline study, preliminary to the proposed activity, for one of the two

panchayats to be the focus of this initial effort was completed in November 1979.

Host Country and Other Donors: HMG's Social Services National Coordination Council has assigned one of its six Committees, the Community Services Coordination Committee, as the intermediary between HMG and Save the Children Federation (and other donors). Village-labor and self-help efforts are yet to be measured. No other donors are expected to contribute to this effort directly, although United Mission to Nepal and the Dooley Foundation are active in the Gorkha District.

Beneficiaries: The initial pilot project will benefit approximately 8,000 rural hills individuals in the Neurali Panchayat of the Gorkha District, and one adjacent panchayat yet to be chosen. The cost per family during this initial phase will be about \$43 per person. This will be reduced considerably if the project is extended to a larger population as envisioned.

FY 81 Program: Field site training will be completed on site by the SCF field Coordinator. Local training seminars will begin. Village Committees will develop, approve and submit lists of viable projects to SCF. Staffing, training, community organization and sub-project designs will get underway. A grant of \$ 106,000 is required.

FY 82 Program: The activities started in FY 1981 will be continued and refined. A grant of \$242,000 is proposed.

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligations	Expenses	Unliquidated
Through September 30, 1979	-	-	-
Estimated Fiscal Year 1980	-	-	-
Estimated through September 30, 1980	-	-	-
Proposed Fiscal Year 1981	106	242	Estimated Total Cost 348

Unsolicited OPG proposal submitted by the
SAVE THE CHILDREN FEDERATION

