

**Results Review
&
Resource Request**

NEPAL

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TABLE OF CONTENTS

	<u>Page</u>
List of Acronyms	i
I. Progress in the Overall Program and Factors Affecting Program Performance	1
II. Progress Toward Achievement of Strategic and Special Objectives	8
A. Strategic Objective 1	8
1. Summary of Data	8
2. Analysis of SO Progress	8
3. Contribution of USAID Activities	10
4. Expected Progress for the Next Year	13
B. Strategic Objective 2	18
1. Summary of Data	18
2. Analysis of SO Progress	18
3. Contribution of USAID Activities	24
4. Expected Progress for the Next Year	25
C. Strategic Objective 3	28
1. Summary of Data	28
2. Analysis of SO Progress	28
3. Contribution of USAID Activities	32
4. Expected Progress for the Next Year	34
D. Special Objective 1	37
1. Summary of Data	37
2. Analysis of SpO Progress	37
3. Contribution of USAID Activities	39
4. Expected Progress for the Next Year	39
E. Special Objective 2	41
1. Summary of Data	41
2. Analysis of SpO Progress	41
3. Contribution of USAID Activities	43
4. Expected Progress for the Next Year	43
F. Special Objective 3	44
1. Summary of Data	44
2. Analysis of SpO Progress	44
3. Contribution of USAID Activities	45
4. Expected Progress for the Next Year	46
III. Status of Management Contract	47
A. Strategic Objective Changes or Refinements	47
B. Special Concerns or Issues	48
C. 22 CFR Issues and Schedule	58
IV. Resource Requirements	62
A. Program Funding Requested by Strategic Objective	62
B. Program Management Requirements: Operating Expenses and Staffing	69
C. Technical Support Needs from USAID/W	70
Annexes	
A. Strategic Objective Trees	A-1
B. Table 1 - Performance Data Tables	B-1
C. Budget Tables:	
Table 2 - All Resources Table	C-1
Table 3 - Funding Scenarios by Objective	C-2
Table 4 - Global Field Support	C-3
Table 5 - Staff Requirements	C-5
Table 6 - Operating Expense Requirements	C-6

LIST OF ACRONYMS

ABEL	Advancing Basic Education and Literacy
ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
ADRA	Adventist Development and Relief Agency
AEC	Agro-Enterprise Center
AGDP	Agricultural Gross Domestic Production
AIDSCAP	AIDS Control and Prevention
ANE	Bureau for Asia and the Near East
APEC	Asia-Pacific Economic Cooperation
APP	Agriculture Perspective Plan
ARI	Acute Respiratory Infection
ATSA	Agriculture Technology Systems Activity
AVSC	Access to Voluntary and Safe Contraception
CARE	Cooperative for American Relief Everywhere
CCs	Conservation Committees
CCP	Central Contraceptive Procurement
CDD	Control of Diarrheal Disease
CECI	Canadian Center for International Studies and Cooperation
CEDPA	Center for Development and Population Activities
CPS	Country Program Strategy
CRS	Contraceptive Retail Sales Company
CSD	Center for Self-Help Development
CSP	Customer Service Plan
CYP	Couple Years of Protection
DANIDA	Danish International Development Agency
DHS	Demographic and Health Survey
EFEA	Environment and Forest Enterprise Activity
ESAF	Enhanced Structural Adjustment Facility
FCHV	Female Community Health Volunteer
FPLM	Family Planning Logistics Management
FS	Field Support
FSN	Foreign Service National
FY	Fiscal Year
GDP	Gross Domestic Product
GON	Government of Nepal
GTZ	German Technical Assistance
HEAL	Health Education and Adult Literacy
HIV	Human Immuno-deficiency Virus
HMG	His Majesty's Government of Nepal
IEC	Information Education and Communication
IMTA	Irrigation Management Transfer Activity
INGO	International Non-Governmental Organization
IUD	Intra Uterine Device
JHPIEGO	Johns Hopkins Program for International Training in Reproductive Health
JHU/PCS	Johns Hopkins University/Population Communications Service

LACC	Legal Aid and Consultancy Center
LMIS	Logistics Management Information System
LOGOS	Local Government Strengthening
MARD	Market Access for Rural Development
MBNP	Makalu-Barun National Park
MOE	Ministry of Education
MOH	Ministry of Health
MOWR	Ministry of Water Resources
MT	Metric Ton
MWDR	Mid-Western Development Region
NGO	Non-Governmental Organization
NHEICC	National Health Education, Information and Communication Center
NHTC	National Health Training Center
ODA	Overseas Development Agency
OE	Operating Expenses
OMNI	Opportunities for Micro-Nutrient Intervention
PDT	Performance Data Table
PEDS	Private Enterprise Development Support
PMA	Production and Marketing Association
POPTECH	Population Technical Assistance
PRA	Participatory Rapid Appraisal
PVO	Private Voluntary Organization
R4	Results Review and Resource Request
RDP	Rapti Development Project
RPM/MSH	Rational Pharmaceutical Management/Management Sciences for Health
SNV	Netherlands Development Organization
SO	Strategic Objective
SOMARC	Social Marketing for Change
SpO	Special Objective
STD	Sexually Transmitted Disease
TBA	Traditional Birth Attendant
TBD	To Be Determined
TFR	Total Fertility Rate
UML	United Marxist Leninist
UNDP	United Nations Development Program
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations International Children's Education Fund
USAID	United States Agency for International Development
USDH	US Direct Hire
USPSC	US Personal Service Contract
VAT	Value Added Tax
VDC	Village Development Committee
VFC	Vegetable, Fruit and Cash Crops
WEMTOP	Women's Entrepreneurship Development Project
WUA	Water Users Association

PART I

PROGRESS IN THE OVERALL PROGRAM

AND

FACTORS AFFECTING PROGRAM

PERFORMANCE

I. PROGRESS IN THE OVERALL PROGRAM AND FACTORS AFFECTING PROGRAM PERFORMANCE

The Kingdom of Nepal has emerged this year as the political and economic success story of South Asia. Key events, such as the peaceful transition from a minority communist government to the current coalition government and renewed commitment to an ambitious economic reform program, provide significant new opportunities for USAID impact. The recent breakthrough in Nepalese-Indian economic relations (including major private sector initiatives in hydropower, trade and transport) underscores the clear potential for results from the Mission's Country Program Strategy.

The Mission is well positioned to capitalize on its prior investments and seize on emerging major targets of opportunity. This is most pertinent in regard to promoting the Agency's pre-eminent strategic objective for sustainable development - namely, encouraging broad-based economic growth.

Success in this area, particularly with the Mission's program in the agriculture sector, can help provide the resources essential for achieving sustained performance in health and women's empowerment, the other areas of emphasis for the Mission. In sum, the Mission can put continued resources to impressive use.

A. Enabling Environment: A Year Marked by Political Change

Prospects for putting Nepal on the path to sustainable development improved significantly since the Mission submitted its Country Program Strategy in early 1995.

A new-generation prime minister, leading an experienced coalition government, has replaced the previous septuagenarian prime minister and his minority communist government. This political change in September 1995 brought back the Nepali Congress Party, which leads a three-party coalition. The transition from the Marxist-Leninist government came about peacefully. The ultimate authority of the Supreme Court as an independent arbiter of justice was duly recognized, and Nepal's political grounding as a multi-party democracy reaffirmed. As a consequence, the United States can be much more confident about political stability in Nepal. Recent unrest in scattered areas of Nepal instigated by two fringe leftist groups has, however, caused heightened security concerns and warrants careful monitoring.

The new government has reconfirmed its strong commitment to broad-based, market-led development. It has signalled that Nepal is "open for business" with its revision of the Foreign Direct Investment Act. The Government has also resumed its program for tax reform. For example, it passed legislation in December 1995 to institute a Value Added Tax (VAT). USAID supported the preparation of that law. Passage represents a major return on past USAID investments. Full return will depend on implementation over the next one to two years. Similarly, privatization of state-owned enterprises is underway again, after being put on hold by the communists.

Here again, USAID led the way for the government's initiative. The Prime Minister and his senior Cabinet colleagues, USAID's partners in development, underscore that they consider the economic reform program undertaken by USAID to be of pre-eminent importance. While appreciating the scarcity of resources, they want USAID to remain active in this area.

The new government has, through the recent visit of the Prime Minister to India, launched an unprecedented breakthrough in Nepalese-Indian economic relations. The national chambers of commerce for the two nations paved the way for the nations' two prime ministers to sign agreements on private-sector development of power, freer trade and expanded transit facilities. USAID support for private-sector development of hydropower helped position the Government of Nepal (GON) to negotiate an umbrella agreement for developing Nepal's 83,000 MW hydropower potential and meeting India's growing power deficit -- and doing so via clean power that serves shared environmental priorities.

The new government's goals are exactly in line with USAID's strategy of accelerating agricultural growth, reducing population growth and empowering women. The USAID-assisted Agriculture Perspective Plan is central to the new Government's strategy for economic growth, and resources are being allocated accordingly. The government, largely in response to the U.S. Mission, has created two new ministries: Women and Social Welfare, and Population and Environment. They will catalyze action at the national and local levels to improve the GON's performance on family planning, the environment, and the status of women, and make those issues matters of clear national priority.

Another breakthrough for women's empowerment within the past year has occurred through the judiciary. A landmark ruling by the Supreme Court found provisions in the law related to women's property ownership and inheritance unconstitutional. The Court has directed the Parliament to draft new legislation within one year that does not discriminate against women. USAID's work with the national judiciary helped produce both this decision, as well as the key role played by the Court in effecting the recent change in government.

A recent \$24 million equity investment by U.S. firms in a hydropower development scheme demonstrates the important new opportunities for foreign investment, including the kinds of public-private partnerships now encouraged by the World Bank and others. The undertaking is entirely privately financed, and compares with a cumulative prior total of only \$6 million in investment by U.S. firms in Nepal. The total investment package for the 36 MW project may well top \$100 million; a second project of 120 MW which is being considered could add another \$100 million in investment. USAID has been helping the GON prepare the legal and institutional framework for attracting private investment in hydroenergy projects. This program, together with support provided by the U.S. Trade and Development Agency, is a

major reason why Nepal has succeeded in attracting U.S. private investment. Achievements of this kind will increase dramatically if the Mission can have greater flexibility in using appropriated funds to target and capitalize on key opportunities for U.S. business and for sustainable development. Hydroenergy offers the best prospect for attracting new foreign, private investment in Nepal and for harnessing clean power in South Asia.

Finally, the new government's economic policies are winning much improved marks from the International Monetary Fund (IMF) and the World Bank. In addition to addressing structural reforms such as privatization and taxes, the new coalition government has also markedly improved monetary and fiscal management. Interest rate management and control over credit has improved, while the stock of outstanding domestic debt has been greatly reduced. Foreign exchange reserves have recovered substantially from a low point in November 1995. Public expenditure management has improved with the prioritizing and monitoring of expenditures. As macroeconomic problems are being managed and structural reform issues are being addressed, the consultation process with the IMF leading to new ESAF (Enhanced Structural Adjustment Facility) support is moving forward after a long hiatus. In sum: Nepal is open for business again and moving forward on a sound macro-economic program -- the most advanced in South Asia.

B. Progress Report

USAID will reduce rural poverty by achieving its three Strategic Objectives (SOs): (1) a sustainable increase in production and sales of forest and high-value agricultural products; (2) reduced fertility and improved maternal and child health; and, (3) empowerment of Nepalese women. An improved enabling environment and strong results to date suggest that the Mission's objectives will not only be met but that 1996 and out-year targets will likely be exceeded.

1. Agriculture and Forestry Strategic Objective

In 1995, 607,000 rural families benefitted from USAID's strategy to accelerate the commercialization of agriculture. Organization of community user groups led to dramatic increases in production and marketing of forest and high-value products in the Mid-Western Development Region (MWDR). In 1995, production increased from 32,000 metric tons (MT) to 57,400 MT and commercial sales nearly doubled from \$4.8 million to \$8.1 million. Production of these commodities increased at an average rate of 20 percent per year during the past five years. This has had a major impact on household incomes for 470,000 farmers (approximately 305,000 men and 165,000 women). Fueling production increases, USAID-supported efforts have resulted in the release of 20 new seed varieties and improved production technologies; 125,000 farm households are applying these improved technologies on 82,000 hectares.

USAID support for increased community participation in the sustainable management of forests and irrigation facilities in the MWDR led to dramatic increases in household incomes and well being. Over 49,469 hectares of forest land have been transferred from government to private management by USAID-assisted forest user groups. As a result, annual production of biomass has increased by an estimated \$8 million. The transfer of management of government irrigation systems to private water user associations (WUAs) has resulted in a doubling of incomes for 12,000 farm families.

2. Family Planning and Maternal and Child Health Strategic Objective

Monitoring data show that major gains were achieved in the use of family planning and establishment of an effective national system for improving the quality of family planning services. Data verifying these achievements will be available in September 1996 upon completion of the USAID-supported *Demographic and Health Survey* (DHS). USAID anticipates that the DHS will provide evidence of a reduction in the total fertility rate from 5.6 births per woman to 5.1 births per woman during the past five years. To a great extent this can be attributed to USAID's efforts to increase availability and use of all contraceptive methods. Concerted efforts to expand supplies and trained manpower to meet the growing demand for services has led to a rapid increase in sales, distribution and use of short-term (pills, condoms, injectables) and long-term methods of contraception. As a result, the annual "couple years of protection" (CYP) measure now stands at 890,000 CYP provided through MOH-supported services including USAID-supported NGOs and priority districts, and 100,000 CYP provided by a private sector distribution network of pharmacies, medical shops, general stores and private practitioners.

A significant decline in child mortality should also be evident in the DHS data. Diarrhea and pneumonia are leading causes of childhood deaths. Vitamin A deficiency is a major underlying cause of excess child mortality. A pilot program to improve community-based treatment of pneumonia symptoms has already saved over 400 lives in its first five months. With USAID support, a Ministry of Health (MOH) program has distributed life-saving vitamin A capsules to 1.5 million children, averting an estimated 13,000 deaths. USAID support for distribution of 175,000 Safe Home Delivery Kits produced by a woman-owned company allowed safer and cleaner births for approximately 16 percent of all home births in 1995. First Lady Hillary Rodham Clinton officially launched the national distribution of the birthing kits during her March 1995 visit to Nepal.

3. Women's Empowerment Strategic Objective

During 1995, USAID helped to improve women's lives in three important areas: literacy, legal rights and economic participation. USAID has led the effort to increase adult female literacy, contributing to an increase in the female literacy rate from 22 percent in 1991 to an estimated 28 percent in 1995. USAID's assistance means that

116,000 women, who successfully completed literacy classes in 1995, can now read and write letters to family members, read bus signs, and read market prices to be sure they are not cheated. Literacy has provided these women access to economic opportunities which were previously beyond their reach. In addition, as a result of USAID-supported legal literacy programs, 1,300 women sought legal redress on problems such as inheritance, forced polygamy, and divorce.

Progress towards rescision of the law which prohibits women from inheriting property occurred when the Supreme Court decided that gender-biased laws are unconstitutional. The Court required the government to draft new legislation by August 1996. This will help to further expand women's participation in the economy and increase their access to income.

Two USAID-supported NGOs provided 5,200 new loans to women to establish or expand microenterprise activities. Modelled after the Grameen banking system in Bangladesh, the NGOs make small loans without collateral requirements and rely on group pressure to enforce repayment. Once women can legally inherit property, they will be able to access additional resources from formal banking institutions to expand economic activities.

During the next six months, the Mission will improve the linkages between literacy, legal rights and economic participation and clarify how these interventions affect empowerment of women. This will lead to the identification of indicators which better reflect women's empowerment. These activities will be guided by bottom-up, participatory planning principles, beginning with a customer survey.

4. Special Objectives

The Mission has three Special Objectives (SpOs): to improve the macroeconomic policy environment; to increase prevention and control practices for STD/HIV; and to increase democratic decision making at the local level.

a. Macroeconomic Policy Environment Special Objective

A macroeconomic policy environment which supports increased private sector participation in the economy is vital. Structural reforms, such as tax law and privatization of state-owned enterprises, will improve the macroeconomic policy environment. These reforms are important for providing the resources needed to increase public investment for the achievement of development objectives. The GON needs to increase revenue collections and reduce waste. Some economic analysts assert that the amount of money lost by the remaining state-owned enterprises may be greater than the annual amount of bilateral foreign assistance.

A major tax reform law introducing VAT was passed by the Parliament in December 1995. USAID has provided bridging funds for a small technical assistance activity to support pre-implementation work on VAT. This activity is helping the government maintain the momentum gained by passage of the new tax law until a longer term program of assistance can begin. The Danish Government has indicated interest in helping assure transition from the USAID-funded program during the final implementation stage. However, there is still no assurance as to whether such funds will be available and, if so, how well those funds can cover expected needs and for how long. There is thus the question as to whether the Mission needs to keep at least a seat at the table to assure full return on the USG investment in this program, which has been the highest priority for USAID's economic liberalization program. The Harvard team which is scheduled to conclude work in September 1996 and the IMF fear that failure to see through this program over the next year could undercut the impact of USAID's investment to date.

USAID has been the leader in the donor community supporting privatization. The Mission set the overall parameters for GON policy in this area with good results, and has recently provided limited assistance for privatizing five more enterprises. It is expected that these firms will be fully privatized by September 1996. Based on past experience, privatization could more than double production and employment as private management improves operating efficiency. Obtaining modest funds to help the GON privatize state-owned enterprises in the agricultural sector would enable USAID to assure greater success for Strategic Objective One and shape broader policy in this entire area. It represents an opportunity both to focus investment in USAID's area of comparative advantage (namely, agriculture) and to leverage funds from other donors for privatization of non-agricultural enterprises.

b. Increased STD/HIV Prevention and Control Special Objective

Preventing and controlling sexually transmitted diseases (STDs) will improve reproductive health. It will also contribute to controlling the HIV/AIDS epidemic in Nepal which would overwhelm the health system and divert resources from controlling population growth and improving maternal and child health.

USAID's support for the prevention and control of STDs and HIV/AIDS focuses on: promoting increased condom use; changing behaviors through outreach education and communications; and improving diagnosis and treatment of STDs. Condom sales have increased from 3.6 million in 1994 to 4.2 million in 22 targeted districts along major truck transport routes. Over 11,000 men and 3,000 women have been individually contacted in a targeted education campaign in nine districts. Two dozen chemists and druggists in the targeted area are now trained in STD diagnosis and treatment. The first multimedia campaign for HIV/AIDS awareness and condom promotion was launched in 1995. A baseline survey conducted in late 1994 showed that only a third of commercial sex workers and their clients were using condoms. The Mission expects that to increase to 60 percent by 1996.

c. Increased Democratic Decision Making Special Objective

Increased participation in local governance and resource management will help to inculcate democratic practices and improve individual and community capacity to meet local needs.

USAID's democracy program, which continues to have an impact at the national level, particularly by supporting an independent judiciary, was modified this year to focus on grassroots democracy in rural areas. USAID is contributing to the development of civil society in Nepal and increasing the role of individuals and communities in local governance. Through activities designed to promote democratic decision making at the local level, ten village development committees (VDCs) have adopted democratic practices. As a result of the Decentralization Act of 1992, these democratically elected bodies have greater authority to govern and manage development funds. In addition, USAID-supported training has led to 200 advocacy groups petitioning local governments. Proposals from advocacy groups are included on the agendas of elected bodies such as VDCs. Three local groups are making their issues known to national level representatives. In sum, the seeds of democracy are beginning to take root and grow.

7a

PART II

**PROGRESS TOWARD ACHIEVEMENT OF
STRATEGIC AND SPECIAL OBJECTIVES**

II. PROGRESS TOWARD ACHIEVEMENT OF STRATEGIC AND SPECIAL OBJECTIVES

A. Strategic Objective 1 (SO 1): Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products

1. Summary of Data

During the past year, 607,000 rural families benefitted from USAID's strategy to accelerate the commercialization of agriculture. Organization of community user groups has led to dramatic increases in production and marketing of forest and high-value products in the Mid-Western Development Region (MWDR). In 1995, production increased from 32,000 metric tons (MT) to 57,400 MT and commercial sales nearly doubled from \$4.8 million to \$8.1 million. Production of these commodities increased at an average rate of 20 percent per year during the past five years. This has had a major impact on household incomes for 470,000 farmers (approximately 305,000 men and 165,000 women). Fueling production increases, USAID-supported efforts have resulted in the release of 20 new seed varieties and improved production technologies; 125,000 farm households are applying these improved technologies on 82,000 hectares. The Mission achieved approximately 107% of its targets.

Where data for certain indicators are not available at this time, they will be collected as part of a survey being conducted in the Mid-Western Development Region (MWDR). The survey will establish the baseline for USAID's two new initiatives, the Market Access for Rural Development (MARD) Activity and the Environment and Forest Enterprise Activity (EFEA). Technical assistance teams for the MARD Activity, EFEA, Agriculture Technology Systems Activity (ATSA) and the Irrigation Management Transfer Activity (IMTA) will be responsible for establishing baseline data for areas not covered by the survey, and will have principal responsibility for data collection, analysis, and reporting of future years' data.

2. Analysis of SO Progress

Although erratic monsoon rains slowed agricultural production in the first half of 1995, agricultural productivity, particularly high-value cash crop production, increased substantially in the last six months. National agricultural productivity is still overly reliant on the vagaries of the summer monsoon, underlining the failure to exploit Nepal's considerable surface and ground water resources. Nevertheless, in 1995 Nepal's agricultural gross domestic production (AGDP) grew at a rate of 4.6 percent, which contributed to an overall economic growth rate of five percent. Forest and high-value agricultural products currently account for over 50 percent of AGDP; USAID is focusing on increasing this proportion.

The coalition government is promoting a market-driven export orientation for Nepal's productive sectors. Nepal's leaders have emphasized the importance of improving the efficiency and regional competitiveness of the agro-industrial sector, where Nepal has a comparative advantage. Progress in achieving agricultural growth and improved management of Nepal's productive resource base is critical to addressing key issues related to poverty alleviation. A more productive agriculture sector will increase incomes, drive demand for non-farm goods and services, and assure food security, either through domestic production or foreign exchange earnings.

a. Program Outcome 1.1: Expanded Market Participation

USAID has organized 350 production and marketing associations (PMAs) comprised of about 470,000 men and women farmers. These PMAs have been the driving force behind expanded market participation. Selected high-value commodities (vegetable seeds, off-season vegetables, and apples) being produced in the MWDR, the geographic focus of most SO 1 activities, now account for 50 percent of total national production. USAID activities have also focused on establishing new marketing and commodity processing enterprises, and a baseline is currently being established for new small-scale enterprise development.

USAID-funded activities in the Rapti Zone are directly benefitting women. Thirty-five percent of PMA members are women farmers involved in the production, post-harvest processing and marketing of high-value commodities. However, female membership in the 600 USAID-supported community forest user groups is currently only 15 percent. Under EFEA, the Mission will increase this percentage through training and extension programs that target both women-only and mixed gender forestry groups to increase women's access to the benefits of increased natural resource productivity.

Increased production of vegetables and fruit in the Rapti Zone is having an important impact on diets and the nutritional status of the population. Under the MARD Activity, a specific program component will focus on increasing production and consumption of high-value, micronutrient-rich foods. Specific changes in the nutritional status of children 6-60 months of age will be monitored. The primary beneficiaries of this new program thrust will be women and pre-school-aged children, the population at highest risk for vitamin A deficiency. These activities will be complemented by the Mission's SO 2 programs which support the GON's National Vitamin A Program. The focus on women's participation in high-growth agriculture, as well as the new focus on improving the nutritional status of women and children, are important linkages to both SO 2 and SO 3.

b. Program Outcome 1.2: Sustainable Management of the Productive Resource Base

USAID and its NGO partners have assisted the formation of 600 community forest

user groups in 16 districts. They manage 49,469 hectares of forest land. This represents 50 percent of all forest land in Nepal that has been transferred from the government to community user group management. Under private management, the annual increase in biomass on this land is valued at over \$8 million. In the irrigation sector, transfer of management of government irrigation systems to water user associations (WUA) has resulted in a doubling of incomes for 12,000 farm households.

USAID continues to play an important role in advocating policy reform to allow communities to assume a greater role in managing the rural productive resource base. This is most evident in the forestry and irrigation sectors where project outputs have influenced the passage of the Forestry Act of 1993 (and its subsequent By Laws in 1995) and the Irrigation Act of 1994, which allows for the turnover of public-managed irrigation systems to private water user associations. Through continued USAID support in these sectors, local groups are becoming more knowledgeable about their resource management rights and more technically competent in the sustainable management of forest and water resources. Through the implementation of the MARD Activity, EFEA, IMTA and ATSA, USAID will continue to influence and negotiate policy reforms which lead to increased community participation in national park buffer zone management, privatization of fertilizer supply, and an export-oriented trade and investment environment for agro-industrial products.

c. Program Outcome 1.3: Increased Adoption of Improved Technology for High-Value Agriculture

As the lead donor to the National Agricultural Research Council (NARC) since 1990, USAID has strengthened NARC's institutional capacity to support a decentralized research system which responds to the needs of its clients -- farmers, entrepreneurs and agribusiness firms. The pace of institutional development at NARC has been slow, primarily because changes in government have been accompanied by new leadership and shifting priorities at NARC. Despite these constraints, farmer adoption of research outputs in 1995 signalled NARC's best performance in several decades.

USAID-assisted development of new seed varieties and improved production technologies for food and cash crops have increased yields of several varieties by 200-300 percent. This technology is an important reason why sales of high-value crops have increased so dramatically.

3. Contribution of USAID Activities

The Agriculture Perspective Plan (APP) is Nepal's national policy and investment framework for accelerating agricultural and economic growth. The APP was completed in early 1995 and has been strongly endorsed by two governments. The new coalition government views this Plan as the economic growth strategy for Nepal,

but is just now putting in place the requisite institutional and implementation arrangements. USAID is the key bilateral donor supporting the APP and each of the three Program Outcomes under SO 1 support priority areas of the APP strategy. The high-growth agriculture model developed in the Rapti Zone by USAID is the prototype for the APP.

a. PO 1.1: Expanded Market Participation

USAID is the lead donor in promotion of a high-growth model for agriculture in Nepal. This model, which focuses on linkages between rural-based production and vertical integration to regional and export markets, was developed under USAID's Rapti Development Project (RDP) and a grant to the Canadian Center for Studies and International Cooperation (CECI). Under RDP, the Vegetable, Fruit, and Cash Crops (VFC) Program is continuing to organize PMAs to exploit market opportunities for fresh fruits, off-season vegetables and vegetable seeds. Beginning in mid-1996, under the MARD Activity this program will be expanded to the Bheri Zone, which is also located in the MWDR of Nepal.

As a complement to these activities, USAID is providing assistance to the Agro-Enterprise Center (AEC), which has led to increased productivity and sales of several commodities, particularly vegetable seeds. The AEC has brought larger agribusiness firms to the MWDR to source products and to work with farmers to produce better quality products for the larger domestic and international markets. The Rapti Zone now provides approximately 60 percent of all domestically produced vegetable seed in Nepal (up from 15 percent in 1992). In 1995, the AEC facilitated the export of 15 tons of vegetable seeds to Bangladesh. Also, the AEC has successfully brokered a joint venture between the Minneapolis-based Universal Cooperatives, Inc. and a local agribusiness firm for the export of 200 tons of Niger Seed to the U.S. It is expected that the annual quantity of Niger Seed exports will increase over time as experience is gained in production. Through AEC's market networking with both Nepali and U.S. firms, two additional U.S. firms specializing in hybrid vegetable seed production are scheduled to visit Nepal in March 1996.

b. PO 1.2: Sustainable Management of the Productive Resource Base

The RDP has continued to organize community forest user groups during 1995 in order to transfer management of forest resources to these groups. In addition, applying principles similar to the community forestry model, USAID is working with community conservation committees (CCs) to enhance the management of biodiversity resources for both environmental and economic objectives. The GON has passed new Buffer Zone Management legislation (February 1996) which provides the legal framework for channeling 30-50 percent of national park revenues to local communities. USAID staff and technical assistance personnel made significant contributions to the development of the new legislation.

Two USAID-supported activities are focused on buffer zone management in areas surrounding the Chitwan National Park and Makalu-Barun National Park (MBCNP), Nepal's newest national park. Both activities have helped to create mechanisms to use revenue to support community development activities (primarily construction of drinking water systems, schools and health posts). USAID's EFEA program will use the approach developed for the Chitwan and Makalu-Barun parks to establish CCs to manage buffer zones, forests and non-timber forest products in two additional national parks.

USAID's work with the Ministry of Water Resources (MOWR) has led to the development of legislation and institutional capacity to transfer government managed irrigation systems to private WUAs. USAID's IMTA, in a joint-venture with the Asian Development Bank (ADB), is providing assistance for the turnover of 11 out of 28 government irrigation systems. This will result in the transfer of 67,000 hectares of irrigated land to WUAs. The MOWR is using USAID's model to negotiate World Bank support for transfer of the 14 remaining systems.

c. PO 1.3: Improved Technology for High-Value Agriculture

Both the ATSA and the MARD Activity will promote increased adoption of improved technologies for high value crops. USAID support for the national agricultural research system has played a crucial role in improving food security and steering the research focus to high-value, primarily horticultural, agricultural products. This support has enabled the research system to develop new food and cash crop varieties which have higher production yields. This in turn has provided farmers an opportunity to experiment with higher value crops.

USAID's phase-out strategy for assistance to NARC's institutional development will achieve key institutional development benchmarks, with regard to personnel management systems, financial accounting expenditure and outreach research implementation, by mid-1998. At this time, World Bank support for institutional strengthening will be operational. USAID's ability to fund this phase-out plan will also

Spirited Daughters of Rukum

The RDP has emphasized expanding women's roles in high-growth agriculture. The Spirited Daughters of Rukum, a Nepali NGO headed by 23-year old Sunpuri Budha, has exported vegetable seeds to Bangladesh and aloe cloth to the United States. In 1995, these sales brought the equivalent of \$11 thousand to 200 households in the hills of Rukum District, a four-day trek from the nearest motorable road. In an isolated area where annual household incomes rarely exceed \$80, this infusion of resources is transforming lives. Spirited Daughters has also been awarded a grant for female literacy, through an SO 3 NGO partner. Sunpuri, an illiterate village woman in 1994, is now literate in Nepali. She has recently begun studying English so that she can broker new export contracts. The RDP, capitalizing on this success, now provides production and marketing assistance to approximately 73,000 women in the Rapti Zone.

influence the British Government's ability to integrate its hill agriculture research stations into a national system managed by NARC.

4. Expected Progress for the Next Year

a. SO1, Program Outcome 1

The MARD Activity will serve as the Mission's principal intervention for implementing its high-value agriculture program. This Activity will continue the high-value agricultural activities begun under the RDP and expand coverage of the high-growth agriculture model in the MWDR. USAID will work with PMAs to link them to the larger market network and increase their capacity to be effective market participants. Support will be provided to develop the post-farmgate microenterprise sector, particularly enterprises engaged in processing and marketing. The MARD Activity will be used to promote technology transfer through private sector sources and to orient the government's agricultural extension services to high growth agriculture. Finally, USAID will continue to lobby for key agricultural policy reforms to accelerate the commercialization of agriculture.

PMAs will be the primary vehicle through which farmers gain access to technology and market information required to manage the productive resource base and to increase household incomes. It is estimated that the number of producers of high-value products in the MWDR will increase from a current total of approximately 470,000 to 581,000 by 1996 and 730,000 by 1997. Of this total, approximately 270,000 will be women. The MARD Activity will provide technical inputs and other types of support for PMAs at various stages of high-value crop production and marketing. The types of inputs to be provided will largely depend upon: PMAs proximity to markets; size and location of farm holdings; available local capital; and the socio-economic strata in targeted areas.

The MARD Activity will support microenterprise development because of its potential contribution to market expansion, particularly microenterprises which provide value-added services. It will also provide opportunities to increase women's economic participation through business development. The baseline indicator for measuring progress toward increased microenterprise development has not yet been established. However, it is estimated that the MARD Activity will achieve a 20 percent increase in off-farm enterprises. The Activity will also focus on increasing the number of women-owned microenterprises.

A key strategic element for increasing farmer participation in markets is to create stronger linkages between PMAs and agribusinesses and to increase the number of traders involved in high-growth agriculture. It is estimated that the number of traders of high-value agricultural products will increase from a baseline of approximately 13,100 in 1995 to 16,500 in 1996 and to 27,700 in 1997. The MARD Activity will

work closely with the AEC and its agribusiness clients to make them aware of production potentials and other investment opportunities in the targeted districts. The strategy will be to facilitate agribusiness investments in important value-added services, such as cold storage, packaging, various processing facilities, and quality control services.

Through MARD Activity interventions, women will become increasingly involved in high-value crop production, post-harvest processing and marketing activities. This will increase the availability and variety of food for household consumption and increase household incomes. As household production of nutritious foods increases, the entire family will have greater access to appropriate foods. Nutrition education activities will teach mothers and other child care providers about the importance of nutrient-rich foods for child health and survival. An income and nutrition baseline survey, currently being conducted in the MWDR as part of the overall SO 1 program, will identify correlations between income growth as a result of families' involvement in high-value agriculture and improved nutritional status. This will be monitored periodically.

b. SO1, Program Outcome 2

For the next two years, EFEA and IMTA will be the key interventions to promote sustainable natural resource management. EFEA will expand USAID's support for community and private forestry, biodiversity conservation and national park management. As with the MARD activity, EFEA will focus efforts in the MWDR. During this period, EFEA will assist establishment of over 400 community forestry user groups and CCs. Applied research will be carried out to increase user group knowledge through field demonstrations and tests of technological innovations. The Activity will also assist establishment of natural resource based microenterprises.

EFEA will also be used to expedite implementation of new forestry and buffer zone management policies and increase the rate of resource turn-over. This will be accomplished by strengthening the extension capabilities of district-level forestry and soil conservation agents. EFEA will be complemented by the activities of four USAID-funded NGOs that are working in forestry and natural resource management.

EFEA will strengthen democratic processes within user groups by providing technical assistance and training to: increase participatory decision making; raise the participation and assertiveness of women and other disadvantaged group members; and, increase the transparency of group actions. EFEA activities will increase women's participation in user groups by providing them access to non-formal education, natural resource management information, and a pilot credit program.

Over the next two years, it is estimated that the land area managed by forestry user groups will increase from 49,469 hectares in 1995 to 61,500 hectares by 1996 and 76,500 hectares by 1997. Based upon data taken from a sample survey of hard-

wood forests in the five districts of the Rapti Zone, biomass from improved management of forest and soil resources will increase from 228,543 cubic meters in 1995 to 283,983 by 1996 and 353,283 cubic meters by 1997.

IMTA will continue to help private WUAs assume management control of 11 irrigation systems across Nepal's southern Terai region. The primary objective of IMTA is to transfer water rights to local WUAs and to improve their management capacity to increase agricultural productivity. It is estimated that during the next two years, the land managed by WUAs in systems receiving IMTA assistance will increase from 6,200 in 1995 to 7,450 by 1996, and 8,900 by 1997. With improved private management of irrigation systems, it is estimated that cropping intensities in the eleven targeted systems will increase from a 1995 baseline level of 1.62 crops grown per hectare to 1.74 by 1996 and 1.80 by 1997.

c. SO1, Program Outcome 3

Continued agricultural research is needed to ensure that new varieties, which are still in the research pipeline, come into production. Horticultural crop research is being expanded to two additional research stations within the national system, and linkages are being established to international research centers that specialize in horticultural crops. The MARD Activity will utilize new technologies and information developed by the national agricultural research system, as well as horticultural information and products produced by other public and private sources. This will primarily consist of new varieties and planting materials.

Currently, NARC and the AEC are coordinating privately-funded but publicly conducted research which will benefit thousands of farmers. This innovative program allows government scientists to conduct research on private land and allows for sharing of research results. The continuation and expansion of this developed country model needs more time and additional funding to prove its value to the private companies and farmers of Nepal. The AEC is in the forefront of coordinating this type of research. As AEC's commodity associations get stronger, the demand for research of this type will grow and additional support will be required to maintain the efficacy of research institutions.

In addition to new crop varieties, the MARD Activity will also assist in facilitating the transfer of agroprocessing and marketing technologies to entrepreneurs in the activity areas. The AEC has recently opened three regional offices, including one in the MWDR, to assist entrepreneurs with business development and marketing. During 1996, AEC plans to establish a marketing company in the MWDR which will include over 100 PMAs as clients. MARD Activity customers will benefit greatly from the transactions of this company.

Over the next two years, it is anticipated that farmers will continue to adopt new varieties of seed generated from the National Research Program and from private sector sources. From a baseline of 112,900 farmers who have adopted new seed varieties, it is anticipated that this number will increase to 120,000 by 1996 and 150,000 by 1997. The area planted with these new varieties will increase from a 1995 baseline of 75,300 hectares to 80,000 hectares by 1996, and 90,000 by 1999.

Policy dialogue and reform advocacy will continue to be an important element of USAID's strategy in the agriculture, forestry, and irrigation sectors. Over the next reporting period, the Mission will focus its policy dialogue efforts to: effect important policy changes in the fertilizer sector; define a new role for the agricultural inputs supply parastatal; and to support privatization of several commodity parastatals.

d. SO1, Program Outcome 4

USAID is adding a fourth program outcome to the strategic framework of SO 1, effective with Bureau acceptance and approval of this R4 report. Specifically, USAID plans to assist with the privatization of seven of 20 parastatals currently involved in high-value agriculture or forestry enterprise. Although these state-owned companies are poorly managed and under-capitalized, because of protected status as government-owned entities they effectively control important high-value crop markets. Privatizing these firms will open markets to competition and result, ultimately, in market expansion, higher sales, and increased production of high-value crops. The targeted firms are: the Dairy Development Corporation, Morang Sugar Mills, Birgunj Sugar Factory, Lumbini Sugar Factory, the Nepal Tea Development Corporation, the Cotton Development Board, and the Herbs Production and Processing Company.

USAID expects to achieve the privatization of the seven companies during a 12 month period. An FY 1996 budget allocation of \$700,000 is proposed for this purpose. The bulk of the costs relate to required technical assistance: An expatriate privatization expert (team leader) will be placed in the Ministry of Finance for a twelve month period; and, local Asset Valuers, Financial Analysts, Legal Advisors and Business Valuation experts will be employed under short-term contracts to prepare individual firms for divestiture. USAID proposes to secure the required assistance through a buy-in to the Global Bureau's Private Enterprise Development Support (PEDS) Project. The Global Bureau's loan guarantee program may also be employed to assist prospective private buyers with financing. Further, USAID is holding the local currency equivalent of \$1 million in proceeds from an earlier PL-480 Section 416 program. This may be used to further enhance development of a private dairy sub-sector.

The full potential impact of the proposed privatization effort has not been fully investigated, but results achieved following the USAID-assisted privatization of the Bhrikuti Paper Factory are believed to be indicative of what can be expected. Before

privatization in 1992, the Bhrikuti Paper Factory employed 300 people and produced ten tons of paper a day. The company is expected to produce 128 tons per day in 1996, employment is projected to expand to 1,000 workers, and increased demand for inputs of cut grass will raise out-source employment (mainly women grass cutters) from 1,500 to 30,000.

USAID is proposing this privatization initiative to increase production and sales of cotton, tea, sugar, herbs and dairy products, all high-value agricultural products. The intermediate results indicators are: total number of parastatals currently involved in high-value agriculture or forestry enterprise; and, production and sales of privatized firms.

In addition to this revision, which is directly related to successful achievement of USAID's work in SO 1, the Mission would like to reserve latitude to help assure final implementation of VAT. Although the Mission does not envisage continuation of the current contract, it might be useful to have flexibility to use a very modest amount of development training funds to facilitate work by GON and other donors. Since no other donor has definitively committed funds for implementation of VAT, the Mission remains concerned that failure to see this program through could result in loss of considerable USAID investment in our highest priority activity under prior economic liberalization programs.

B. Strategic Objective 2 (SO 2): Reduced Fertility and Improved Maternal and Child Health

1. Summary of Data

Over the past year, USAID's assistance helped to increase the use of family planning services. The number of new acceptors of temporary contraceptive methods used for birth spacing increased by nearly 100 percent and the number of acceptors of permanent contraceptive methods increased by 25 percent. USAID also helped Nepal to improve the quality of family planning services by facilitating development of a new competency-based family planning training course, which was delivered to 390 public sector service providers in 1995, and by updating and publishing The National Medical Standard for Reproductive Health Services, Vol. I - Contraceptive Services. USAID also achieved substantial results toward improving maternal and child health. In 1995, USAID assistance resulted in 1,500,000 children in 23 of 32 target districts receiving the semi-annual distribution of vitamin A capsules, just two years after the program began. Additionally, critical community-based pilot programs were developed for controlling acute respiratory infections (ARI) and diarrheal diseases.

2. Analysis of SO Progress

Strategic Objective trends and program results, as measured by the 1986 and 1991 *Demographic and Health Surveys* (DHS), Ministry of Health (MOH) service statistics and project output indicators, show that Nepal is at a critical stage for rapid increases in the current level of contraceptive use and continuing decreases in fertility and under-five child mortality. The primary indicators for this SO, total fertility and under-five mortality rates, are being calculated by the 1996 DHS, which should provide preliminary results by September 1996. It is anticipated that the DHS will show a decrease from the 1991 total fertility rate of 5.6 births per woman to an estimated 5.1 or below, indicating that Nepal is entering into a significant stage of the fertility transition and is moving from a high to a moderate population growth rate.

The 1996 DHS is also expected to verify that USAID's child health interventions in vitamin A, acute respiratory infections and diarrheal diseases, coupled with moderate immunization coverage, have significantly reduced the under-five mortality rate from the 1991 level of 165 per 1,000 live births to an estimated 108. Evidence for these expected declines in total fertility and under-five mortality is provided by progress in intermediate measures, for which data can be gathered annually.

a. Program Outcome 2.1: Increased Use of Family Planning Services

Increased use of family planning services, which accounts for 80 percent of fertility reduction in Nepal, will be shown through an increase in the contraceptive prevalence rate. It is expected that the 1996 DHS will show an increase from 24 percent in

1991 to an estimated 31.5 percent. Although contraceptive prevalence data are only available through periodic surveys, the intermediate indicator, couple years of protection (CYP), can be measured annually.

USAID provides assistance to the national family planning program through provision of contraceptive supplies and services in both the public and private sectors in all 75 districts. In 21 high-density population districts, representing over 50 percent of the country's population, USAID supports the MOH's efforts to make all contraceptive methods (spacing and permanent) available on a year-round basis. In 1995, these 21 districts accounted for 530,000 CYP out of the MOH-supported total of 890,000 CYP.

USAID has also been assisting the MOH to improve awareness and use of spacing methods. Use is increasing gradually but steadily, as reflected in the overall method mix. In the mid-1980s, permanent methods accounted for 60 percent of contraceptive use; currently, permanent methods make up 25 percent of contraceptive use and spacing methods have increased to 75 percent. Overall, in Nepal's public sector program, the number of new acceptors for spacing methods nearly doubled, from 86,206 the previous year to 154,733. Over the past year, there was a more than 100 percent increase in reported pill acceptors; a 68 percent increase in injectable acceptors; over a 50 percent increase in Norplant acceptors; IUD acceptors remained constant; and acceptors of permanent methods increased more than 25 percent.

USAID is also providing technical assistance, training, and financial support to private sector providers. In 1995, over 115,000 CYP (predominantly through pills and condoms) were provided by a network of international NGOs (CARE, Save The Children/US, Adventist Development and Relief Agency, The Asia Foundation, the Center for Development and Population Activities) and local NGOs (the Family Planning Association of Nepal, the Nepal Red Cross Society and smaller groups) which work through community-based distribution programs. These NGO programs serve 25 of Nepal's 75 districts and provide community-level access to spacing methods for couples in remote and difficult-to-serve locations. Their activities are integrated and, as of this past year, include literacy classes for women that use a Health Education

Family Planning Impacts on Women's Lives

Women attending group health and family planning education sessions as part of a USAID-supported community-based family planning program in the hill district of Dhading are very clear about the benefits of smaller families and access to contraception:

One woman says, "Our parents left us like fish on a hill and we are having so much trouble. I don't want my children to suffer like we did. We cannot afford to give them a good life. So it is much better not to have so many children."

Another woman says, "I have many children and I like the family planning education the most. I think this is the main issue that needs a woman's attention. Finally I got this opportunity and I feel I can do something with my life now that I can get contraception."

and Adult Literacy (HEAL) text for the critical post-literacy skills required to change health and family planning behaviors.

In addition, the Contraceptive Retail Sales (CRS) Company achieved over 100,000 CYP in 1995 through the sale of pills and condoms that were distributed by a national network of pharmacies, medical shops, general stores, and private practitioners. Through an innovative pilot program, the injectable contraceptive, Depo-Provera, was introduced this year on a phased basis through medical shops in the Kathmandu Valley, providing services to 1,500 women. CRS also increased its number of non-traditional outlets for condoms (e.g., tea stalls) as part of USAID's focused STD/HIV control activity in the districts which comprise the main transportation routes from the Indian border into Nepal.

Availability of contraceptive supplies is critical for achieving increased contraceptive use. USAID is working with the MOH and local private companies to develop and put in place a national, integrated logistics management system for essential drugs and contraceptive supplies. The activity began this past year in a phased manner in the Eastern and Western Development Regions of Nepal (32 districts). Support was provided to assist over 700 MOH health posts in these two regions to reorganize their storerooms. Over 1,200 MOH logistics staff received training in storeroom management and the use of the newly designed Logistics Management Information System (LMIS). A transport unit within the MOH's Logistic's Management Division was established to coordinate the movement of all health and family planning supplies. These logistics activities are beginning to have an impact. A recent survey of district stores stocking a three-month supply of contraceptives found that 25 percent of these district stores had already established the targeted three month supply. This represents 15 percent more stores than the 1995 baseline target of 10 percent.

b. Program Outcome 2.2: Improved Quality of Family Planning Services

It is well established that increased access to family planning services must be accompanied by increased quality of those services, particularly in areas such as client education, client-provider communication and counseling, provider training, and infection prevention. Activities undertaken to improve the quality of services will result in increased numbers of both new and continuing clients, leading to increased contraceptive prevalence and reduced fertility rates.

In the past year, USAID has worked with the MOH to address several critical areas for improving the quality of family planning services in Nepal. As a foundation to this process, USAID assisted the MOH to revise and update The National Medical Standard for Reproductive Health Services, Volume I - Contraceptive Services and to hold a series of Contraceptive Technology Update workshops for physicians and nurses. This year the MOH also established a Quality of Care Management Center with

technical support and funding from USAID. This Center is responsible for monitoring all aspects of quality of care in MOH clinical family planning service sites through regular field visits by Quality Assurance Teams, and for coordinating necessary follow-up activities.

USAID is also assisting the MOH to establish service sites which provide a full range of contraceptive services, including voluntary surgical contraception, on a year-round basis in 21 priority, high-population-density districts. USAID is assisting the MOH to identify the necessary manpower, arrange appropriate training, provide needed equipment and supplies, and conduct quality assurance monitoring. In the first year of this effort, five sites were certified by USAID to provide the full range of services. In 1995, an additional four sites were planned for start-up. However, the change in government and uncertainty in the status of the MOH development staff led to only two sites being readied this year, bringing the total to seven. Plans are underway to make up the difference so that the planned 15 sites will be available by the end of 1996.

USAID is continuing to assist the MOH National Health Training Center (NHTC) to develop and/or revise family planning training courses for physicians, nurses and paramedics which incorporate updated technical information and more effective training methodologies. During this period, a new comprehensive family planning course for health post paramedics was designed, a pool of trainers prepared, and 390 persons trained. In addition, the curricula for training in clinical family planning methods (IUD, Norplant, Non-Scalpel Vasectomy, Minilaparotomy and Laparoscopy) were revised. Twenty-eight service providers were trained using the revised Norplant curriculum during 1995. The revised IUD and new Minilaparotomy curricula will be introduced in 1996, followed by the new Non-Scalpel Vasectomy and Laparoscopy curricula. USAID also assisted the NHTC to revise curricula for two grassroots-level training programs, Female Community Health Volunteers (FCHVs), and the Primary Health Care Outreach Program.

The MOH has highlighted the importance of counseling and interpersonal communication skills for ensuring good quality family planning services. USAID assisted in the design and implementation of a two-year pilot family planning counseling course, which will be used to train 640 health post paramedics in counseling skills. An initial 12 persons were trained in a pilot for this course in 1995. USAID also developed a curriculum to strengthen the interpersonal communication skills of grassroots health workers, which is being used by both the MOH and NGOs.

USAID has been working with the Institute of Medicine's medical and nursing schools to strengthen pre-service reproductive health training. During FY 95, USAID assistance has included reviewing the current curricula, providing key classroom and clinical instructors with updated technical information and training/teaching skills, developing and revising teaching materials, and upgrading the outpatient family

planning clinic at the principal clinical teaching site.

USAID has assisted the MOH National Health Education, Information, and Communication Center (NHEICC) to improve awareness and knowledge of family planning among both clients and service providers, with particular attention directed at dispelling local myths and rumors and increasing knowledge of spacing methods. The MOH's efforts to increase awareness of all contraceptive methods has, with USAID's help, resulted in the overwhelming majority (93 percent) of Nepalese women knowing at least one modern contraceptive method as of 1991. The percentage of married women of reproductive age who spontaneously knew specific temporary (spacing) methods was 28 percent for pills, 22 percent for injectables, 12 percent for condoms and 9 percent for Norplant. It is anticipated that the 1996 DHS will show considerable increases in spontaneous knowledge figures. USAID expects these percentages will increase to at least 38 percent for pills, 42 percent for injectables, 36 percent for condoms and 12 percent for Norplant.

As part of USAID's continued assistance to the MOH in this area, two important serialized radio programs on the "well-planned family" were launched this year: a weekly soap opera designed for the general public; and a weekly distance education program aimed at health post paramedics. In addition, USAID assisted the MOH to develop materials to assist family planning service providers in educating their clients, including posters, a counseling flip chart, and method-specific client brochures.

c. Program Outcome 2.3: Increased Use of Selected Maternal and Child Health Services

Children in Nepal die primarily from acute respiratory infections (ARI) and diarrheal diseases. In addition, an underlying cause of excess mortality is vitamin A deficiency. USAID is working with the MOH to improve appropriate community-based treatment to manage these two diseases and provide vitamin A supplementation to high risk children, thus saving thousands of lives.

USAID provided critical technical assistance for development and approval of the National Technical Guidelines and Policy for Acute Respiratory Infections and is currently finalizing the National Guidelines and Policy to Control Vitamin A Deficiency.

During FY 94/95, the National Vitamin A Program, with USAID technical and financial support, began distributing vitamin A capsules twice yearly to all children aged six to 60 months in districts identified as high risk for vitamin A deficiency. The program began in eight districts and has gradually been integrated into the primary health care system in 23 of the 32 priority districts identified by the MOH. The program has trained 14,000 FCHVs and has reached 1.5 million children, or 86 percent of all children in 23 districts to date. Since vitamin A supplementation in Nepal has been shown to reduce childhood mortality by as much as 30 percent, it is estimated that

this program has already averted 13,000 childhood deaths. USAID is also providing support to NGOs working on long-term vitamin A strategies, including a joint effort with the SO 1 MARD Activity in the MWDR to increase production and consumption of vitamin A-rich foods.

The MOH and USAID are experimenting with two community-based approaches to manage cases of childhood pneumonia (the most severe form of acute respiratory infection), which is one of the primary causes of childhood mortality. Under the first approach, USAID assisted the MOH in 1995 to train FCHVs to diagnose and treat pneumonia cases in two districts, and to diagnose and refer cases in two other districts. In the first five months after training, community volunteers and village health workers treated 2,012 cases of pneumonia and referred an additional 550 cases. Follow-up visits were made to 70 percent of these patients to confirm that they had complied with the proper treatment (which exceeded the planned target of 50 percent). As untreated pneumonia has a 20 percent fatality rate in Nepal, this pilot program has contributed to saving over 400 lives in four districts in its first five months. USAID is also supporting NGOs working in case management of acute respiratory infections to develop innovative implementation strategies for the provision of these services as well as to treat hundreds of ARI cases.

Community-Based Treatment of Pneumonia

Lollita Chandhoy is a mother of three children in Majhwi, Chitwan District of Nepal's southern plains. Ten years ago, Mrs. Chandhoy, like many of her neighbors, had a child die due to pneumonia, one of the leading causes of childhood deaths in Nepal. Mrs. Chandhoy, although only having completed a third grade education, was determined to do something about the health problem. Four years ago, she agreed to become a Female Community Health Volunteer (FCHV), and was trained by the Ministry of Health to promote health and family planning services in her neighborhood.

Last summer, Mrs. Chandhoy participated in a new program, supported by USAID, which trained her to diagnose and actually treat children with pneumonia in the community. Using a simple timer to count respirations and standard doses of pediatric antibiotics, she is able to find and cure cases which would not be able to get to the district hospital in time. Mrs. Chandhoy excitedly reports that she has diagnosed and treated ten cases of pneumonia in Majhwi since August, and that there has not been a single death. The success of Mrs. Chandhoy, and hundreds of other FCHVs in Chitwan District, has resulted in the MOH's commitment to expand the community based approach to ARI case management to help reduce Nepal's high child mortality rates.

With USAID support, FCHVs are also promoting oral rehydration therapy and distributing Jeevan Jal (the local brand of Oral Rehydration Salts), which can greatly reduce childhood mortality due to dehydration from diarrhea. A 1995 UNICEF study reported a 27 percent use of Jeevan Jal and the 1996 DHS is expected to show an increase to 30 percent.

USAID is also contributing to reducing the extremely high maternal and infant mortality rates which result from 90 percent of births occurring at home, many unattended and in unhygienic conditions. USAID is providing support to the MOH's Traditional Birth Attendant (TBA) Program for training and to NGOs working in safe motherhood. In addition, the distribution to date of 175,000 Safe Home Delivery Kits produced by a USAID-assisted woman-owned private company means that approximately 16 percent of all home deliveries were safer and cleaner in 1995 than they would have been without these kits. USAID anticipates that these efforts will also contribute to an increase in the percentage of births in which the mother receives antenatal services from a trained provider, from 17.7 percent (1991 DHS) to an estimated 24 percent (1996 DHS).

3. Contribution of USAID Activities

USAID is the lead donor in the population sector and is currently a major contributor to three key child survival interventions. USAID's unique contribution to the population and health sector is its ability to provide the critical high quality, short and long-term technical assistance, training, and local cost support to develop, test and implement critical systems that are the foundation for sustainable health and family planning service delivery in both the public and private sectors. Assistance is provided through contracts, grants and cooperative agreements from bilateral resources and a significant amount of Global Bureau Field Support.

a. PO 2.1: Increased Use of Family Planning Services, and PO 2.2: Increased Quality of Family Planning Services

In the population sector, USAID and UNFPA are the major donors, although the World Bank has financed a large health and population loan which supports infrastructure development. Currently, all the public sector contraceptive supplies are provided by USAID (pills, IUDs, condoms, Depo Provera) and UNFPA (Norplant and Depo Provera). USAID provides the bulk of the technical assistance and local cost support to the MOH's national family planning training programs, although UNFPA also contributes in this area. USAID provides technical assistance to the MOH's information, education and communication program while UNFPA provides the bulk of the local cost support. USAID is taking the lead in supporting the national logistics system with technical assistance and funding, while UNFPA is taking the lead with the national health management information system. USAID is also providing technical assistance and local cost support to expand service delivery and improve quality of care. Both donors provide assistance in policy development and program monitoring. UNFPA also provides assistance in population education. USAID is the only donor to give technical assistance and training to private sector family planning providers, including the CRS Company, private practitioners, INGOs and NGOs.

b. PO 2.3: Increased Use of Selected Maternal and Child Health Services

USAID is providing targeted technical assistance and local cost support to selected national maternal and child health programs: vitamin A, acute respiratory infection (ARI), control of diarrheal diseases (CDD) and the TBA Program. The United Nations Children's Fund (UNICEF) is the other key donor in the health sector. UNICEF provides most of the financial support for national programs for immunization, control of diarrheal diseases, acute respiratory infections, nutrition (including vitamin A capsules), breast feeding, safe motherhood, literacy, water and sanitation, and other interventions. The World Health Organization provides technical assistance to the MOH in communicable disease control and primary health care programs. Among other bilateral donors, the British ODA is prepared to be the lead donor in emergency obstetrical care in ten safe motherhood districts. The German GTZ is providing support in central and district-level health program management, information systems and training. NGOs, such as CARE and Save The Children Alliance members from the U.S., Japan, U.K. and Norway also contribute in the health sector.

4. Expected Progress for the Next Year

a. SO2, Program Outcome 1

Great potential exists to make further progress toward fertility reduction. The demand for family planning services remains high and indeed exceeds the ability of the public and private sectors to supply quality services. Over 28 percent of married women of reproductive age have expressed an unmet need for family planning services and the desired number of children, now at 3.2, has been consistently declining. Meeting this need alone could raise contraceptive use to 52 percent.

USAID will work with the MOH to develop the long-term policy and strategic plan for long-term spacing methods (Norplant and IUDs) and permanent contraceptive methods. This policy and strategic plan will include the integration of non-governmental organizations as full partners in Nepal's overall population program. USAID will continue to work with both INGOs and local NGOs to expand delivery of family planning services through community-based activities, mobile outreach and clinic-based services. Activities will be undertaken to support the CRS Company in its efforts to become a self-sustaining company that distributes and markets family planning, STD/HIV control and health products. Activities to strengthen the services of the private practitioners' network will also be undertaken. USAID expects that these combined efforts could result in a 10 percent increase in CYP for MOH-supported services, from 890,000 in 1995 to 935,000 by 1996, as well as a 10 percent increase in USAID-supported private sector CYP from 100,000 to 110,000.

USAID will continue work to complete the orientation, training and other activities required to introduce the integrated logistics management improvement program in the

remaining 43 districts of Nepal in the Central, Mid-Western and Far-Western Development Regions. Monitoring and problem-solving activities will be undertaken in the 32 districts already using the new logistics system to refine and modify it as necessary. As a result, the percentage of MOH district-level stores stocking a three-month supply of contraceptives should increase from the 1995 baseline of 25 percent to 30 percent by the end of 1996. USAID will also assist the MOH to conduct a comprehensive inventory of clinical equipment available throughout the country for family planning services, and establish equipment needs for the next three years.

b. SO2, Program Outcome 2

All the new and revised MOH national family planning/reproductive health training courses introduced with assistance from USAID will be in place by the end of FY 96, and will be used to train approximately 535 physicians, nurses and paramedics each year. In FY 97, USAID will focus on providing technical assistance to further institutionalize a more competency-based approach to training and to promote better planning, management and implementation of training. USAID will assist the MOH to evaluate the Comprehensive Family Planning course in 1996 and to implement the recommendations from this evaluation. The pilot Family Planning Counseling Course will be evaluated with assistance from USAID in FY 97, after an initial 652 health workers receive training. If this pilot program is successful, it may be expanded.

Activities will continue to strengthen pre-service training in reproductive health for medical and nursing students. Improved classroom and clinical instruction should begin during FY 97. In addition, by the beginning of FY 97, USAID will have made substantial progress in implementing a new activity to provide assistance to the Council for Technical Education and Vocational Training. This activity will revise and strengthen the reproductive health portion of the pre-service curriculum for Auxiliary Nurse Midwives.

USAID will continue to assist the MOH to establish service sites in 21 priority districts which will provide the full range of contraceptive services on a year-round basis. It is expected that eight sites will be certified in 1996, meeting the planned target of 15.

USAID will continue to support the MOH/NHEICC's efforts to increase awareness and accurate knowledge of family planning among clients and providers. The radio soap opera and radio distance education programs are being considered for continuation and expansion in FY 97. The impact of soap opera messages will be maximized through supplementary print materials, literacy classes, posters, videos, and client pamphlets.

c. SO2, Program Outcome 3

The National Vitamin A Program will expand to nine more districts, maintain high

coverage rates, and provide community based nutrition education and training for health workers and community volunteers. All 32 priority districts identified by the MOH should be covered by April 1997. The percentage of children in those districts receiving capsule supplementation is expected to continue to exceed the original targets.

USAID will support an evaluation of the ARI pilot program in four districts to provide guidance on how to expand community based diagnosis and referral or treatment of pneumonia by FCHVs to other districts. USAID expects the percentage of children taken for appropriate treatment to exceed the 1996 target of 55 percent. The regular resupply of Jeevan Jal to FCHVs by the health posts will be improved, leading to greater utilization of this life-saving treatment. USAID expects to see an increase in the number of Jeevan Jal packets distributed by the MOH from 781,519 in 1994/95 to an estimated 800,000 by 1995/96. USAID will assist the MOH to continue to train new TBAs and provide refresher training to existing TBAs. USAID will also assist the MOH to conduct assessments of the TBA and FCHV programs in order to improve community level services provided by women.

C. Strategic Objective 3 (SO 3): Empowerment of Women

1. Summary of Data

USAID has achieved substantial results in women's literacy, legal rights, and economic participation. With USAID direct support, 116,000 Nepali women became literate in 1995, exceeding the target by 42 percent. USAID support for institutional strengthening and policy reforms contributed to an additional 147,000 women becoming literate. This progress has contributed to an estimated increase in the literacy rate for adult women from 22 percent in 1991 to 28 percent. USAID also exceeded targets in the number of women participating in legal literacy classes. In 1995, 4,200 women participated in these classes. Moreover, 1,300 women sought legal redress through USAID-funded legal aid offices, more than 12 times the 1994 number. USAID training and institutional support for Grameen-like NGO lenders led to a tripling of the number of loans to women borrowers. In combination, these results contribute substantially to the empowerment of Nepali women.

2. Analysis of SO Progress

USAID/Nepal is the first USAID mission to take up the challenge of empowering women as a strategic objective. Women constitute more than half the population and contribute substantially to overall national production levels. Yet, as Nepal struggles to develop, women do not participate fully in the development process and do not receive the full benefits of development and economic growth. To ensure that women participate and benefit from development, the Mission is focusing on three critical aspects of empowerment: literacy, legal rights, and economic opportunity. Progress on these three fronts not only will empower women, but will contribute substantially to increased agricultural productivity, family planning, and improved maternal and child health. Women's empowerment is a critical component of the Mission's strategy to reduce poverty in Nepal.

a. Program Outcome 3.1: Increased Women's Literacy

The ability to read and write is a fundamental pre-requisite to active participation in economic, social and democratic activities in Nepal. According to 1991 Census statistics, 39.6 percent of Nepalis can read and write; the figures for men and women are widely divergent. Growth in literacy for both girls and women is thus critical; the issue is how to ensure both full participation of girls in school (who are commonly taken out due to the need for their labor in the home and a lack of sufficient resources to send both sons and daughters to school) and education of women, who for reasons of family circumstances or age cannot return to school.

Literacy rates for women range from half to two-thirds the literacy rates for men, depending on the district and the ethnic group. In 1991, there were just 889,641

literate Nepali women. In 1995, 116,000 women passed literacy tests administered at the end of six month courses sponsored by USAID. With the addition of those passing literacy classes administered by the Ministry of Education (MOE), a total of 247,704 Nepali women became literate in 1995. The overall adult female literacy rate is estimated to have increased from 22 percent in 1991 to 28 percent in 1995.

There is significant synergism between USAID's literacy program and the activities of SO 1 and SO 2. An increased number of literacy groups were formed in geographical areas where SO 1 and SO 2 activities are being implemented. Basic literacy, offered by SO 3-funded NGOs, provides a basis for increasing women's participation in other Mission interventions. For example, the Spirited Daughters of Rukum, an NGO involved in high-growth agriculture, and the Center for Development and Population Activities (CEDPA), an INGO involved in family planning, both benefitted from basic literacy classes. Similarly, CEDPA and other NGO groups providing the six month basic literacy classes are able to offer a three month post-literacy Health Education and Adult Literacy (HEAL) course with SO 2 funds. This post-literacy course is a key element in the SO 2 package of interventions aimed at changing health and family planning behaviors. In addition, post-literacy groups have provided entry points for legal rights awareness programs and advocacy training.

Literacy is Empowering

- One literacy graduate, working as a community volunteer for the Family Planning Association of Nepal, has founded a woman's pressure group dedicated to ending the dowry system in her district in central Nepal.
- Another woman comments on the value of her literacy class: "Whenever I go somewhere now, I can read the signboard and find out the place... and also, no one can trick me."
- Another graduate talks of her increased role in the family and community: "I can help my siblings study. I read letters for my father and do calculations for the neighbors. I feel able to speak in front of others now and could plead with people to send their children to school. If I knew illiterates who wanted to learn, I could teach them. I am helping my aunt learn to read even now."
- One new literate borrowed money from the village collective and opened a tea stall. The income from the shop helps support her parents and siblings as well as herself and her husband. The math, reading, and writing skills learned in the literacy course allow her to keep a running account of credit purchases that require calculations and the writing of the names and addresses of her customers. She comments: "Before I took the class, I used to feel shame. It was difficult to speak in front of others - I could not talk. Now, things are different. My family has become happy. They feel proud. My sister also wants to study in the literacy class."

After becoming literate, many women have entered into post-basic literacy training where they learn more about their legal rights as citizens, ownership or share of property, polygamy, divorce, and credit eligibility. Other women have moved directly from becoming literate to fuller economic participation in Nepali life. Armed with the

ability to read, write, and count, they have sought out credit and started microenterprises in agriculture, crafts, and petty trade. Well-being improves as literacy skills and self-confidence are combined with very practical skills and information for full, empowered participation in domestic, political, and economic arenas. These women are better able to make choices and to exercise control over the basic circumstances of their lives.

b. Program Outcome 3.2: Improved Legal Environment for Women

Nepali women generally have few rights and little knowledge about the law, legal processes, the judiciary, or fundamental human rights. There are 23 specific laws which show distinct gender bias in the area of property rights. Under the current laws, women have no right to inheritance of family property unless they remain unmarried until the age of 35, and then stay unmarried. Both married and divorced women have few rights to the husband's property.

In 1994, USAID determined that changes in current law, particularly with regard to inheritance and property rights, was an important indicator of progress towards women's empowerment. In 1995, four leading women advocates brought suit against the State in the Supreme Court, seeking remedy on the basis that this gender bias

violates the 1990 Constitution's guaranteed right to equality for women under the law. The Court agreed. The decision was recently published, giving the GON one year to bring a bill to Parliament to amend the legislation.

Women's rights organizations in Nepal, headed by the Legal Aid Consultancy Center, have organized to draft the requisite bill, with full funding from USAID. Due largely to previous legal policy reform work by USAID, the GON now openly accepts bills drafted by outside agencies for consideration and passage in Parliament. This is a major step forward for the highly politicized and fragmented women's movement. The technical work will be integrated with coalition-building and a great deal of grassroots discussion and opinion gathering by Nepali volunteers who have offered their services for this purpose.

Women's organizations are also jointly designing advocacy and media plans for the property rights legislation work, some based on earlier USAID involvement (through the Asia Foundation) this year. It is probable that USAID's investments will be more

Putting justice within reach . . .

After a mentally retarded girl in a distant mountain village was raped, her family heard of the free USAID-supported legal aid service from a relative who had attended a legal literacy class. Knowing that such help was available, the girl and her mother and sister walked an entire day to the legal aid office to get help in filing suit against the rapist. Though the outcome is far from certain, just getting help in filing the suit helped to counter their sense of disgrace.

than matched by other donors. USAID is supporting both joint donor discussions and ongoing collaboration amongst the Nepali organizations most involved and committed to this type of reform; these newly-formed groups are likely to provide effective fora for other gender rights activities.

In 1995, 1,300 women sought legal redress through USAID-supported free legal counsel, mediation and representational services. In 1994, only 103 women were reported to have used these services. Polygamy, share of property, assault, and divorce were most often the issues. Community mediation centers have been established in four pilot areas, offering faster grassroots level conflict resolution. Twenty-five community leaders were trained and equipped to provide community dispute resolution services.

Legal literacy has made a significant contribution to women's empowerment. Legal awareness and literacy skills help women feel confident enough to assert their rights. During the last year, 4,200 women from 31 districts all over Nepal participated in legal awareness fora. This promotes greater advocacy and popular support at the grassroots level for laws favorable to women. Twenty-five advocacy NGOs have been formally registered and provided training to improve staff skills and to carry out issue-based advocacy strategic planning. These NGOs are advancing issues relevant to Nepali women and other disadvantaged groups. These include increased civic participation, increased basic and legal literacy, promotion of women in politics, prevention of girls' trafficking, and disadvantaged caste issues.

c. Program Outcome 3.3: Strengthened Women's Economic Participation

Many factors affect advances of rural women in the economy. Lack of collateral is a pervasive problem for poor Nepali women, who rarely have title to significant assets. Greater access to credit is key to improving women's productivity and well-being. USAID supports two of the six NGO lending institutions modelled after the Grameen Bank in Bangladesh. With USAID assistance in 1995, Nirdhan and the Center for Self-Help Development (CSD) increased the number of loans issued from 2,000 to 5,200 (an increase of 160 percent). These 5,200 loans were provided to women borrowers for microenterprise activities.

USAID has also supported business consultancies for various women's firms and associations, basic business literacy, and skills training. A pilot program was developed to provide the services of experienced business people and consultants in the areas of product development, marketing, finance, management information systems, management, and quality control for women's microenterprises. Women microentrepreneurs received assistance to develop new products, as well as to improve design, color, weave, and manufacturing techniques which help them meet market demands and establish links with local and export markets.

Over 300 village-level savings and income-generating groups have been established in predominantly low-caste, disadvantaged areas. These groups offer small interest-bearing loans to their members. These activities are highly integrated and aimed at women's empowerment; they are offered in conjunction with basic literacy courses and training on income-generation, legal awareness, advocacy, and community development.

During the visit of First Lady Hillary Rodham Clinton to Nepal in March 1995, she viewed an exhibition of Nepali handicrafts and met with women entrepreneurs. This high profile visit helped leverage an initiative for a women's production and marketing network by which producers are linked with information and markets. A pilot effort is underway, and establishment of a wider network is likely forthcoming. Products being marketed include handmade paper, dhaka cloth, carpets, jute crafts, embroidery and rural handicrafts. At a popular jungle resort in southern Nepal, crafts from different women's groups are being assembled and marketed.

3. Contribution of USAID Activities

USAID is the lead donor in adult female literacy. While other donors work in the areas of legal rights for women, USAID has made unique contributions and helped catalyze new activities on revision of the law prohibiting inheritance of property by women. Many donors are actively working on micro and small enterprise activities, but USAID has focused on strengthening existing NGO lenders and providing business consultancies, and is thereby making a special contribution to micro and small enterprise activities in Nepal. USAID chairs a donor coordination group on women's empowerment.

a. PO 3.1: Increased Women's Literacy

Until an SO 3 Agreement is executed, USAID efforts to achieve increased women's literacy are effected through two projects, Basic Education Support and PVO Co-Financing. The major implementing partners are PaCT, World Education International, Save the Children, and The Asia Foundation.

Today I earn 2.5 times the daily wage.

"I was married into a large family of 15 members when I was only 11 years old. I had my first baby girl at the age of 15. Over the next 5 years, I had 2 more girls. As a result, not only was I without assets, but my husband abused me for not bearing any sons.

After I joined Nirdhan, I got a loan of Rs.2,000 (\$40) without any collateral, and started a retail shop. Today I earn Rs.40 (\$0.80) daily profit, which is 2.5 times higher than the daily wage rate.

Now I can maintain my family and pay my weekly installment, as well as save regularly. I have been able to not only win back my husband's affection but also his support in running the shop. I now have peace in the family."

USAID's achievements in literacy have not been limited just to the number of women trained and passing the literacy test. The institutional capacity of the MOE to administer local literacy programs is also being improved. Enrollment figures and results are consequently improving. In addition, in the course of delivering basic literacy programs, USAID's international NGO grantees are strengthening the institutional capacity of local NGOs throughout Nepal. Staff from approximately 350 Nepali NGOs have been trained in organizational management and literacy training. USAID and its grantees have also successfully convinced the government to increase funding for adult literacy. The MOE is now allocating two percent of its budget for adult literacy, up from just over one percent a year ago.

Over 200,000 women have become literate with USAID assistance. Literacy means that these women can now navigate the public transportation system; they can write letters to their husbands who migrate to India for employment; they can help their children with homework; and they can count their change and be sure that they are not cheated at the market. In addition, most literacy classes include messages on health, sanitation, and other development issues. Thus, the women not only acquire literacy skills, they learn important development messages.

b. PO 3.2: Improved Legal Environment for Women

The work being done by the USAID-supported NGO, Legal Aid and Consultancy Center, to draft new legislation, has sparked active donor interest. As a result of recent USAID-orchestrated donor coordination, the British Council is considering support for legal precedents/advisory work, in addition to some advocacy for passage of the legislation. The Dutch are considering media support. Both have indicated this is a high priority for them this year. The UNDP and the Danish Government have indicated a general interest in supporting passage of this legislation.

c. PO 3.3: Strengthened Women's Economic Participation

USAID assistance to the Grameen-like NGO lenders, Nirdhan and CSD, builds on and complements Global Bureau support which has so far totalled \$144,000 for Nirdhan and \$153,000 for CSD. Central among the organizational characteristics of these NGO credit institutions is a focus on the group, not the individual. This characteristic is also consistent with the SO 3 strategy to focus more on women's groups for empowerment. Nirdhan and CSD provide financial services to rural women who would not otherwise have access to formal financial services.

4. Expected Progress for the Next Year

The SO 3 program will maximize impact by integrating literacy, legal rights and economic participation activities within the SO 3 portfolio, as well as through integration of the SO 3 activities with the health, family planning, environmental, agricultural and agribusiness activities of the SO 1 and SO 2 programs. As per Washington guidance, the Mission plans to strengthen the cause and effect linkages and progress indicators of the SO 3 program. A customer survey is underway. Program development will continue, and an SO Agreement is expected to be executed with the GON by August 1996.

a. Program Outcome 3.1: Increased Women's Literacy

USAID's target is to assist another 94,600 women in acquiring literacy in 1996. The response to the first year's literacy program was so enthusiastic that more classes were funded than had been anticipated, using funds which had been planned for the second year's program. The second year's program will be smaller, but the total number trained for the two year period will not change. In addition, if another 148,000 women achieve literacy through the MOE's basic education program as anticipated, Nepal's female literacy rate will increase from the estimated rate of 28 percent at the end of 1995 to 35 percent by the end of 1996.

It should be noted that the number of adult women will grow as the population grows. There is some evidence that girls' literacy rates are considerably higher than the rates for adult women. The literacy rate for the age group 10-14 years old has been reported at 49 percent. This is almost double the literacy rate reported for women aged 20-24 and over ten times the literacy rate for women over 40 years old. Thus, the adult female literacy rate should rise over time as these better educated girls reach adulthood. The USAID program will further accelerate increases in the adult female literacy rate.

In 1996, follow-on programs will build on the formation of literacy groups and will focus on providing legal rights and economic activities to complete the empowerment continuum. A final decision regarding the exact mix of post-literacy interventions will be made after the SO 3 team assesses the findings of the CSP and the Advancing Basic Education and Literacy (ABEL2) Program study (co-funded by the Global Bureau) on the linkages of literacy to empowerment. The CSP will be finished by April and the ABEL2 research findings should be available by September. Depending on the results of these studies, USAID may decide to amend targets for PO 1, or implementation mechanisms.

b. Program Outcome 3.2: Improved Legal Environment for Women

Democracy activities from SpO3 will be integrated into program outcome 3.2 upon

deletion of the special objective from the Mission's strategic framework. The scope of this program outcome will accordingly be broadened and redefined to encompass "rights and representation" for women. This will allow USAID to simultaneously foster consolidation of democratic processes in Nepal while addressing the empowerment of women objective.

The customer survey will provide insight as to how SO 3 customers articulate legal and political concerns. It will identify the highest priority legal rights and political issues affecting Nepali women and, through an assessment of the findings, further identify the types of program interventions that are most effective in producing changes in women's legal status and increasing their involvement in political affairs.

Given the complexity and intransigence of the problems women face in the legal arena, several programs may need to be implemented to achieve a significant empowering impact. A two-pronged legal rights program that will address both supply and demand will be assessed in light of customer survey findings. On the demand side, an enlarged legal literacy program could complement the basic literacy program and economic participation activities. Legal literacy imparts awareness and understanding of women's rights. It assumes that once informed of their rights and available legal services, women are motivated and empowered to seek assistance in addressing their legal problems.

As demand for justice grows through legal literacy, an alternative dispute resolution (ADR) program could provide a supply-side answer. This would create a more self-reliant legal capacity within communities to reduce their dependence on the generally inaccessible and very slow formal legal system. In 1994, a USAID grantee conducted a study which concluded that traditional methods of resolving conflict at the local level have broken down due to changing social mores, confusion about the new constitution and exposure to the formal legal system. As an outgrowth of this study, a pilot ADR effort was funded in four districts. This effort is modeled after a program in Sri Lanka where mediation councils have been established in most districts of the country. Since the pilot results are still inconclusive, more work needs to be done to develop an ADR strategy appropriate for building on traditional dispute resolution methods in Nepal and for addressing the needs of rural women.

In 1996 legal rights and democracy training will be offered to the members of approximately 4,000 women's literacy groups formed in 1995 under SO 3/PO 1. These groups have an average membership of 25 women. The results of this program will be assessed along with the findings of the customer survey to inform program development for future year priorities.

The Mission is considering a program in 1996 which would help women participate more effectively in politics. The initiative would be designed to increase the number and effectiveness of women actively engaged in political party work, and assist those

showing leadership qualities who may wish to become candidates for public office at the village and district level.

c. Program Outcome 3.3: Strengthened Women's Economic Participation

In 1996, the major USAID contractor for microenterprise will begin a pilot project modeled after the World Bank-supported "WEMTOP" (Women's Entrepreneurship Development Project) in India. USAID has leveraged \$60,000 of World Bank financial support to help replicate this model in Nepal. President Wolfeson of the World Bank singled out this program as a major success story, which places Nepal on the crest of the WEMTOP wave. WEMTOP in India works with landless and assetless women microentrepreneurs to build technical and managerial capacity for enterprise sustainability, to build consensus and collaboration among donor and field-level stakeholders and to facilitate a participatory design process that is responsive to the concerns and problems articulated by stakeholders. It has exciting potential in Nepal and is a good leveraging opportunity to collaborate with the World Bank.

An estimated 6,000 new loans to women from Grameen-like institutions, with a cumulative value of the local currency equivalent of \$1 million, are expected to be issued in 1996. This rate of growth is expected to continue in 1997 and 1998. The 1996 customer survey will be instrumental in confirming the interventions and indicators chosen last year and will inform decision-making for any additional complementary interventions.

D. Special Objective 1 (SpO 1): Improved Macro-Economic Policy Environment

1. Summary of Data

USAID has helped to effect a substantial increase in tax revenue collections and a significant reduction in the number of state-owned enterprises due to privatization. Business licensing and registration problems have, however, reemerged.

2. Analysis of SpO Progress

An improved macroeconomic policy environment is critical for Nepal. It is a necessary foundation for overall economic growth. In the CPS, USAID chose to focus efforts on three policy reforms: passage and implementation of a value added tax (VAT), privatization of state-owned enterprises, and efficient business registration and licensing. This past year has brought substantial progress on the VAT and privatization.

USAID has been supporting the GON's tax reform efforts since 1992. Past work on tax reform continued to pay dividends, seeing an increase in revenue collections by 50 percent over the 1993 base. Progress in this area improves the investment climate, raises public revenues, and should lessen government dependency on donors.

Efforts to convert the sales tax to a full VAT were slowed in 1995 while the UML government was in power. However, after the change in government in the fall, progressive leadership encouraged swift passage of VAT legislation and Parliament responded. The enabling legislation was passed by an overwhelming majority in December 1995. USAID is now funding technical assistance to develop the administrative capacity within the GON to implement the VAT. At the same time, USAID is coordinating with other donors and the GON to try to effect an orderly withdrawal from this area.

With USAID help, DANIDA has prepared and submitted a proposal to Copenhagen to provide assistance for VAT implementation. To date, however, the Danish Government has not been able to make clear whether it can help and, if so, how much and for how long. No other donors have approval from headquarters to assist on next steps. USAID believes strongly that the VAT reform will appreciably increase government revenues through increased sales tax and new VAT collections within two years, and have positive spillover effects on income and customs taxes by reducing evasion opportunities. Perhaps more importantly, VAT implementation will improve transparency and simplify tax reporting - crucial changes sought by business operators and investors. The key now is implementation. The Mission remains concerned that, without some donor assistance, USAID prior investment impact may be jeopardized. The IMF, World Bank and GON, at the highest levels share that concern. USAID plans therefore to reserve ELP pipeline funds and some development training funds to assure

that tax reform momentum is maintained. The Mission will also thereby maintain the involvement needed for continued leverage of GON and other donor resources.

With respect to privatization, in past years USAID successfully assisted the GON in the privatization of five state-owned parastatals and liquidation of two others. Privatization resulted in increased production and investment for these enterprises, and also reduced the drain on the government budget. When privatization efforts ground to a standstill under the UML government last spring, USAID withdrew its assistance. In the fall, the change in government sparked a revival of GON interest. USAID responded in January 1996 with limited assistance for the privatization of five parastatals. USAID expects that these five parastatals will be privatized within the next six months. Benefits to the government will begin almost immediately given that these five parastatals have burdened public coffers with losses of over \$1 million annually. As noted elsewhere, the Mission proposes folding revised Special Objective 1 into SO 1 to buttress that program and assure overall continuing forward movement on privatization.

Streamlined licensing and registration of businesses, an earlier USAID-assisted program accomplishment, has been reversed. GON bureaucrats have reverted to petty demands and the "one window" concept is now ridiculed by business operators as a concept of "one window, many doors." USAID is not expending further funds on this objective, but the issue is a matter of continuing policy dialogue.

Some other USAID-funded SpO 1 activities have had noteworthy successes in 1995. When First Lady Hillary Clinton visited in early 1995, she was particularly impressed by USAID efforts to help children displaced from the carpet industry. A small USAID grant set up a school which now serves as a model for assistance on child labor problems.

Additionally, a USAID-funded activity has led Nepali efforts to initiate a "Rugmark" certification program to label carpets that are produced without child labor. The perception and publicity about the use of child labor in the carpet industry contributed to a major downturn in exports to Germany. In 1995, the Rugmark certification program received government endorsement and over 40 manufacturers representing about 75 percent of production registered with Rugmark Nepal. The first carpets with the "Rugmark" label are expected to be ready for export in March. This program represents a significant achievement that will help Nepal regain some of its lost export market while directly addressing the child labor problem.

USAID assistance has also helped Nepali carpet manufacturers establish export relations with U.S. carpet importers. Nepal carpets account for more than 50 percent of foreign exchange earnings and carpet making provides employment for about 250,000 people; (75 percent of carpet workers are rural women who have moved to Kathmandu for work.) Most carpet exports go to Europe, with 75 percent imported

by Germany. Concern over the slump in exports to Germany has stimulated new interest in diversifying markets. USAID support helped train 200 producers on designs, colors and weaves suitable for American markets; helped 50 producers make samples; and helped carpet manufacturers establish business relations. As a result, carpet manufacturers have received new contracts in 1995 for approximately \$400,000, including a lucrative contract to supply carpets for an Hawaiian hotel. Overall, carpet exports to the U.S. have increased by 86 percent from \$2.5 million in 1994 to a 1995 figure of \$4.6 million.

3. Contribution of USAID Activities

Economic liberalization in Nepal has been highly influenced by USAID. In fact, senior officials in the GON and leaders of the local donor community attribute much of Nepal's progress to farsighted USAID initiatives.

Central planning is giving way to market-led development, and a more dynamic monetized economy is emerging as government policies are liberalized. Open dialogue between private sector interests and the government is resulting in ever greater prospects for change, as the constraints to private investment are identified and corrective actions are examined. Government leadership is encouraging this dialogue, based partly upon experience gained through the joint implementation of USAID's Economic Liberalization Project. Government members of the Project's Policy Dialogue Committee have risen over time to the highest levels of the government and are now replicating the experience of the Project Committee with formally-established, regularly-scheduled consultations with leadership from the private sector. The Congress Party-led coalition government is promoting private sector-led growth and development, and actively pursuing policy changes needed to achieve private investment.

4. Expected Progress for the Next Year

Although the Mission plans to delete this special objective from the strategic framework due to lack of resources and declining managerial capacity, an orderly transition will be effected and returns on past investment maximized. USAID is proposing to invest \$700,000 of FY 1996 funds for the privatization of seven agricultural parastatals consistent with SO 1; and, better assure GON follow-through on the implementation of a VAT through dialogue, coordination with other donors, and application of remaining pipeline funds from the Development Training Project and the Economic Liberalization Project if necessary.

The VAT and privatization activities will continue to produce results in future years. USAID expects that the Danish International Development Agency and possibly other donors will assist the government in the implementation of VAT. Preliminary implementation of the VAT should begin in the fall of 1996. A measurable impact on

revenue collections will be evident by 1997.

USAID's direct assistance for privatization of 12 enterprises and the indirect impetus to privatize others should show results for years to come. The most easily measured results will be the reduced public sector expenditures on loss-making parastatals as these enterprises are removed from the national budget. However, the more important results will be the impact which privatization has on production and employment generation.

Future USAID assistance for privatization will focus on agriculture parastatals in support of Strategic Objective 1. The Mission has targeted seven agricultural enterprises: three sugar factories, one tea factory, the Dairy Development Corporation, the Cotton Development Board and a herbs production and processing enterprise. Given the high level of inefficiency in the current operations of these enterprises, it is likely that both production and direct employment would more than double after privatization. Through a multiplier effect, the total gains in production and employment would be even greater.

E. Special Objective 2 (SpO 2): Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

1. Summary of Data

Progress in the first year of activities for SpO 2 is encouraging. All planned activities, including outreach to high-risk groups and condom promotion, have met or surpassed their first-year targets. Condom sales, a strong indicator of behavioral change, were 4.2 million against a planned figure of 4 million. In addition, over 14,000 men and women were reached through individual educational outreach contacts, as compared to the planned figure of 13,000. It is important to note that supplementary HIV surveillance data in Nepal tentatively indicate that the epidemic remains at low levels in high-risk groups, despite the high rates seen in neighboring India. This suggests that prevention efforts may be working and must continue to be reinforced.

2. Analysis of SpO Progress

Despite a change in government in 1995, resulting in inconsistent support to national HIV/AIDS prevention activities, USAID-funded sexually transmitted disease (STD) and HIV prevention and control activities progressed without interruption because the program was designed to concentrate effort within the non-governmental and private sectors.

A survey of target groups with high-risk behavior in 1994 guided program design for this Special Objective, which is implemented through the AIDSCAP project. Baseline data was collected which showed condom use by 35 percent of commercial sex workers and 34 percent of their clients. Another survey is planned for 1996 to measure the impact of AIDSCAP activities through this indicator. USAID's strategy in STD/HIV prevention and control in Nepal is three-pronged: increase condom promotion; change behavior by using outreach education and mass media communication; and improve and expand STD diagnosis and case management through training of physicians, chemists and druggists and

Video Encourages Men to Discuss HIV

One trucker reported to an outreach worker that he now talks to his assistants about HIV and condom use--just like he saw in the educational video *Gurujii and Antare*. "I never before thought about HIV or talking about it with my friends or co-workers," he said. The video chronicles two men's discussions about HIV and shows how the older truck driver instructs his younger assistant about HIV risks and the importance of using condoms.

Wife of Trucker Learns About STDs and Condoms

A trucker's wife told one outreach worker that she had been experiencing symptoms which seemed to the outreach workers to be indicative of an STD. She was referred to a clinic where she was diagnosed with syphilis and treated. After further discussions with the outreach worker, the woman now understands that condoms can prevent HIV and other STDs. She says, "I am now telling my husband that he has to use condoms and he is doing so."

strengthening existing clinical facilities. This approach has gained respect and emulation from other programs in Nepal who have sought training and technical assistance from AIDSCAP.

AIDSCAP activities became fully operational during FY 95 and have shown impressive progress in the first year. Condom sales, which were also tracked for FY 94, continued to increase as a result of communication and outreach strategies designed to change social norms. In 1995, 4.2 million condoms were distributed in a 22 district target area against a planned figure of four million. This is an increase of 600,000 over the 1994 baseline figure of 3.6 million condoms distributed in the same area. Easier access to condoms was provided through distribution in non-traditional outlets, e.g., tea shops, pan shops, etc. Although most of AIDSCAP's activities are focused in the nine districts that make up the main trucking route from the Indian border to Kathmandu, social marketing of condoms for STD and HIV prevention has a larger target area of 22 districts, covering the border and the other trucking routes between Nepal and India, as well as the main east-west route within Nepal.

One of the key communication activities has been the development and launch in July 1995 of Nepal's first multimedia campaign for HIV/AIDS awareness and condom promotion. This included a film combining entertainment with education, an animated TV spot, radio messages, street drama, and print materials. These materials are increasingly being used by other donors and NGOs in Nepal which provides an even greater return on USAID's investment. In addition, international organizations have asked for the film to be translated for showing in at least two other countries.

In order to reinforce efforts to strengthen STD service delivery and condom promotion, AIDSCAP is also supporting two NGOs to train teams of outreach workers to provide direct interpersonal STD/HIV communications to commercial sex workers, their clients, and transient population groups. These outreach workers made one-on-one educational contacts with 11,193 men and 3,135 women in 1995, as compared to planned figures of 10,000 and 3,000, respectively. The teams are also working with local health offices, community organizations, clubs, transport unions, industrial estates and local campuses to develop networks of peer educators.

Training and coordination with NGOs in India was also initiated this year because of the regional dynamics of the HIV epidemic and the frequent travel of targeted high-risk groups to and from India. These activities, which include shared communication activities along the Nepal-India border, and outreach coordination with a clinic providing STD services on the Indian side of the border, will support and strengthen progress toward the objective.

In addition, activities to improve the diagnosis and treatment of STDs using the syndromic approach moved forward. A curriculum for chemists and druggists was developed and finalized and training of these groups in the target area has begun. In

1995, 27 chemists and druggists received training, against a planned figure of 25. Also, AIDSCAP has begun to provide support to strengthen STD services at one of the major family planning clinics in the target area.

3. Contribution of USAID Activities

USAID's targeted assistance in the area of STD and HIV/AIDS prevention and control is complementary to activities being undertaken by the public sector and NGOs. The GON has accorded prevention of HIV/AIDS top priority. Its policy is to integrate prevention and control activities into public health programs and to work in collaboration with the non-governmental sector nationwide. All of the multilateral donors (European Community, WHO, UNDP) are channeling assistance to the public sector program. USAID is a lead donor for HIV/AIDS and STD control activities carried out by the private sector and non-governmental organizations. The Dutch Government has recently awarded a grant to Save the Children/US for technical and financial support to local NGOs engaged in prevention activities. Save the Children/US is focusing their assistance in areas which do not overlap with the AIDSCAP target area.

4. Expected Progress for the Next Year

USAID will provide continued support for outreach education to high risk groups, training for STD service providers and condom social marketing activities. It is expected that in 1996 condom sales in the target area will be 4.8 million, outreach activities will reach 15,000 men and 8,000 women with one-on-one education, and 375 male and 125 female chemists and druggists will be trained in STD diagnosis and treatment.

An evaluation will be undertaken that will provide evidence of the impact of the intervention activities on reducing HIV risk behaviors and will provide guidance on planning expansion of the activities to other geographical areas. This evaluation expects to show that 60 percent of both commercial sex workers and their clients in the target area used condoms during their last sexual encounter of risk, an increase of almost 100 percent over the 35 percent and 34 percent reported usage in the 1994 baseline.

F. Special Objective 3 (SpO 3): Increased Democratic Decision-Making at the Local Level

1. Summary of Data

Democratic practices and group formation flourished in 1994-95. USAID's efforts resulted in the formation of 208 advocacy groups (as compared with a target of five groups by 1995), and the number of user groups functioning democratically increased from 313 to 532. With training, USAID helped these groups petition local government bodies for increased participation in governance and development.

2. Analysis of SpO Progress

Since 1990, USAID has supported Nepal's efforts to establish the framework for a democratic society. Assistance has helped Nepal make the transition from a predominantly feudal society to a more pluralistic one, where participation in economic and democratic decision-making is increasingly wide-spread. USAID provided critical support to develop a new constitution, improve parliamentary decision-making, strengthen an independent judiciary, increase the political participation of women, and educate voters. Recent evidence of the efficacy of USAID's assistance was the Supreme Court's interpretation of the Constitution to resolve a Parliamentary crisis that threatened the continued existence of democratic government. Given this kind of impact, if U.S. personnel and program resources permitted, it would serve to enhance greater U.S. Government interests in Nepal to maintain some programs to bolster democracy at the national level. Fortunately, other donors working on democracy do have resources to maintain some national-level profile and to help assure continuity for discontinued USAID programs. The Asia Foundation, for example, is drawing from central funds to help fill-in behind some discontinued USAID programming at the national level.

Effective and sustained governance is more likely to occur in an environment of increasing political participation and accountability, where groups previously uninvolved in democratic processes exercise greater control over local resources and gain access to social and economic opportunities. In June 1995, the Mission re-focused its democracy activities to increase democratic participation at the grassroots level. This focus complemented the Mission's strategy to increasingly engage Nepal's predominantly rural population in economic development.

USAID has focused on increasing democratic formation and functioning of user groups; participation by disadvantaged and low caste groups; advocacy by local groups; and increasing the responsiveness of elected officials to the needs and demands of constituents. This has been accomplished by providing civic education, literacy classes and technical assistance to grassroots groups and local governments to instill democratic participation and responsibility.

USAID-assisted groups prepared 256 proposals for local government assistance (the target for 1995 was 15). These petitions or proposals were put forward to elected local officials by groups that were given comprehensive training on democratic procedures and processes. Training emphasized helping local governments become more transparent, responsible and accountable. This complemented USAID's support to local government officials who expressed a desire to function more democratically. USAID provided training and technical assistance to 12 local government bodies, which began applying democratic procedures by the end of the year. USAID also helped groups coalesce into three district-level associations. These groups received training on advocacy, and assistance with identification and advancement of their common interests at both local and national levels.

In November 1995, the Mission decided to further integrate democracy activities into its overall program to increase impact. As a consequence, USAID's democracy activities will be incorporated into SO 3 to complement the focus on improving women's legal rights. This will place women first in the democratization process and promote women's legal rights as democratic rights.

3. Contribution of USAID Activities

USAID grantees have coordinated with and leveraged support from other donors to increase democratic decision making at the local level. One grantee coordinated with a German assistance program and several international NGOs in order to co-fund local microenterprise training. The grantee also persuaded the UN Food and Agriculture Organization to develop a similar program to establish associations and provide training. USAID is working with the Asia Foundation to provide legal literacy courses to help women's groups understand their rights, and will be coordinating future democracy programming with Global Bureau support to the Asia Foundation to establish women's associations and support greater participation of women in politics.

The Bungkot Women's NGO Association

Ms. Sushila Lamsal realized the need for combining women's groups into an association to coordinate their development activities. But she wasn't sure how to do it and asked the USAID grantee for help.

Provided with leadership, management, and accounting training, income-generation skills (as well as practical advice on fund-raising and getting government services), Sushila and the members of 7 women's groups together formed the Bungkot Women's NGO Association. The association is a now strong advocate for women's interests in the village and the district.

(And, people are now talking about Sushila as becoming the first female village development committee chair in the whole district!)

4. Expected Progress for the Next Year

The Mission is integrating relevant portions of SpO 3 into PO 3.2 of SO 3 in 1996. PO 3.2 will accordingly be redefined to encompass "rights and representation" for women. This merger will strengthen PO 3.2 and enhance prospects for success by broadening the range of empowerment activities which may be carried out and by strengthening the linkage between local and national level women's empowerment activities.

The absence of women in public life adversely affects the equitable distribution of resources and, conversely, prevents the government from being properly informed about social issues normally considered to be "women's issues." Women provide a critical link to issues of clear national interest: health, education, family planning, agriculture, and the environment. Without the participation of all citizens, the credibility of the representative institutions characterizing a democracy is questionable. It is at the local level that women have their first opportunity to apply their new skills and self-confidence, assert their rights, and engage in microenterprise.

Among other proposals, a program to assist in empowering women in the political sphere is being considered for 1996. The program would focus on increasing the number and effectiveness of women participating in political parties and campaigning in the most populous southern region of Nepal. It would complement ongoing initiatives that are addressing illiteracy and other barriers to women's development. USAID would coordinate with existing SO 3 partners to offer training in communication, networking, and other capacity-building skills needed to run for office and be an effective leader. The program would help make local government more representative and responsible. Targets will be identified following the customer survey.

USAID is also considering an initiative to support NGO coalition building to lobby for legislative change or for programs that support women. NGO advocacy and lobbying efforts can be important for advancing the rights of women as a national priority. Avenues for coalition building could include technical assistance and training for women's groups to develop their understanding of the steps required for drafting legislation, following a bill's progress through the parliamentary system, and identifying the most appropriate opportunities for providing public comment.

4/6/22

PART III

STATUS OF MANAGEMENT CONTRACT

III. STATUS OF MANAGEMENT CONTRACT

USAID's Country Program Strategy (CPS) for Nepal was approved in June 1995 (State 154076). The overall operating environment for the CPS has improved dramatically since that time, due to the fall from power of the United Marxist Leninist Government and to what some consider a sea-change in Nepal's relations with India.

The new ruling coalition government has picked up where the previous Congress Party Government left off, by promoting economic and political liberalization and private sector-led growth and development. The parliamentary session, completed in December 1995, produced notable legislation, including an introduction of the VAT and more liberal foreign direct investment provisions.

The Prime Ministers of India and Nepal, encouraged by their respective private sectors, signed in February 1996 landmark agreements on power, trade and transit. The umbrella agreement for development of Nepal's 83,000 MW of hydropower could lead to major economic change and investment in Nepal and could help meet India's growing power deficit with clean fuel. Prospects for achieving USAID's objectives have thus improved significantly, particularly in the economic area.

At the same time, USAID/Nepal appreciates that resources are scarcer, particularly for economic reform. Results and proposals in this submission reflect notable impacts to date, much higher prospects for future return on investment, and requisite flexibility to capitalize on new opportunities coincident with USAID's highest priorities.

A. Strategic Objective Changes or Refinements

The approved CPS carries a program budget requirement of about \$25 million annually for full implementation. Although an OYB for FY 96 has not yet been specified, budgetary planning figures for FYs 96, 97 and 98 are insufficient for full implementation of the strategy. Consistent with Part III C of the CPS, and as detailed in Annex C of this R4 report, USAID is allocating resources on a priority basis to the three Strategic Objectives and melding the most important, relevant parts of Special Objectives 1, 2 and 3 into the respective Strategic Objectives.

As one refinement and transitional measure, USAID is targeting the privatization of several key agricultural parastatals as an added Program Outcome to Strategic Objective 1. This measure will allow for continued USAID support to GON privatization efforts. Of most pertinence to the CPS, this refinement will bolster the marketing of high-value agricultural crops. Those sales will improve markedly when market-dominating state-owned sugar, cotton, tea, and jute companies are turned-over for private operation in open competitive markets. If, as appears to be the case, there is no clear donor support to assure implementation of VAT, the Mission may draw on development assistance training resources and ELP pipeline funds so that the

Mission's past investment and achievement in this highest-priority macro-economic policy reform is not lost or diminished.

Similarly, USAID plans to identify the more promising aspects of existing SpO 3 activities, reconfigure them for focus on empowering women, and incorporate them into SO 3.

Further, over the course of the next year, USAID proposes to broaden the breadth of SO 2 to encompass the targets of SpO 2. SpO 2 will thus be deleted as a separate objective in favor of integration within SO 2 as a separate Program Outcome. This shift makes for a cleaner program framework and acknowledges the integrated nature in which the SO 2 and SpO 2 programs are managed and implemented. The current activities of SO 2 and SpO 2 as now delineated will mostly expire in 1996 and 1997. The design of a fully integrated social sector program of family planning, maternal and child health, and STD/HIV prevention will be initiated later in FY 96. A bilateral agreement for the expanded SO 2 program is planned for execution in FY 97 and continuation through 2002.

In sum, within the next year, the strategic framework of USAID/Nepal will encompass three strategic objectives. Minor modification of specified program outcomes for SO 1 and SO 3 are now proposed to best accommodate the integration of the key portions of Special Objectives 1 and 3. If a change in the specification of Strategic Objective 2 is needed to incorporate SpO 2 STD/HIV prevention targets, the proposal to this effect will follow SO 2 program development exercises planned for the next year.

B. Special Concerns or Issues

1. Opportunity and Flexibility

The Mission believes it would be useful to share with the Bureau some of the tradeoffs which we have debated in the formulation of this report, and the issues which continue to concern us. We suspect that our Mission is not alone, given the growing scarcity of resources, in having such debates.

The main issue for us is how to deal with the fact that we have what may be an unprecedented opportunity to capitalize on economic reform in Nepal and more broadly in India, at the very time funding for such programs is becoming scarcer. It is ironic that we must consider cutting or curtailing such programs at the very time we are beginning to get payoff from prior investment and when it is clear that we have some of the most impressive results to show in this area. There is also the issue of flexibility. Here, too, we appreciate the need for increased focus in USAID programs. But, we also understand that, as a Mission, we should achieve results and seek out areas where there can be the greatest return for sustainable development.

Situations do change and new targets of opportunity do occur. If USAID could be provided with additional program and managerial resources, one of these areas would be hydropower. Although Nepal has long enjoyed the highest potential per capita hydropower capacity in the world, it has not moved to tap it. Now it has -- with changed regulations initiated by USAID, with an entre for the biggest U.S. investment ever made in Nepal, and with an historic new umbrella power agreement with India. Is this really the time to say that the Mission should phase support to this sector? Or should we instead retain some flexibility to capitalize on an opportunity that has the potential to dwarf most of what we plan to do in Nepal?

Another area in which the Mission might need to take a larger role than is currently contemplated would be with the VAT. The Mission is presently hoping that the Danes or another donor will step forward as the lead donor in assisting implementation of the VAT. Regardless, USAID will likely use pipeline funds from the Development Training Project and the Economic Liberalization Project to remain involved and influential with VAT implementation.

These are not easy questions. Nor are they the only ones we have debated in the spirit of openness engendered by reengineering. But, we believe that they are crucial and that, in fairness, they should be put on the table for consideration.

2. Update on Activities to be Completed in the Planning Period

Part III B of the CPS detailed plans for the completion of activities in the existing portfolio of projects which would not be continued in the newly specified strategic framework for the Mission. The status of these activities is reviewed as follows:

a. Hydroenergy

USAID is assisting the Ministry of Water Resources (MOWR) in the preparation of a legal and institutional framework for attracting private investment in hydroenergy projects. Profit potential for both domestic and export markets clearly exists. USAID has collaborated closely with the U.S. Embassy on policy issues, and on behalf of U.S. business interests. The combined efforts have significantly contributed to progress in establishing a "one-window" center within the MOWR for promotion of private power projects, as well as progress on completion of project agreements. In this "post-Arun" period, USAID-funded technical assistance is providing critical support for the establishment of laws, regulations and the needed policy framework for this one-window system, currently judged by experts in the field as further advanced than any country in South Asia.

A recently signed (February 1996) power trade agreement with India represents an important step toward establishing clear ground rules for private developers undertaking projects in Nepal who may intend to export to India. Another key

indicator is actual progress with specific projects. Closure on final financial arrangements and power purchase agreements have been effected within the last two months for two hydroenergy projects which will add 40 percent to the current national generation capacity. One of these projects is a joint venture between Harza Engineering, a U.S. firm, and a local Nepali consortium. Two American banks will be involved in financing this project. A Trade Development Assistance grant provided to this joint venture in 1994 was an important factor in bringing this project to the final stage of agreement. Two additional project agreements should be signed during 1996. Experience gained by the Government of Nepal in establishing an effective institutional infrastructure for attracting private developers will be invaluable as they now focus on larger export projects for the Indian market. The current USAID activity is fully funded. Unless additional program and managerial resources can be provided quickly, this highly productive and valued activity will be completed by March 1997.

b. Electric Vehicles

This program is being implemented through a grant to the Global Resources Institute (GRI), a U.S.-based environmental non-governmental organization. The USAID grant to GRI will terminate on November 15, 1996, and USAID/Nepal will phase-out of this activity as scheduled.

Through the grant, GRI has successfully manufactured and demonstrated the technical and economic viability of eight prototype electric three-wheeled vehicles ("Tempos"). These three-wheelers are the most common form of public transportation in the Kathmandu Valley. GRI and USAID were also successful in negotiating key GON fiscal reforms which provide financial incentives for private sector investments in electric transportation. Notable among these are reduced duties on imported electric vehicle componentry and reduced income taxes for investors in electric transportation. The public and the GON have responded extremely favorably to this new and innovative form of transportation as many consider electric transportation to be a viable means for addressing the egregious air pollution in the Valley.

The electric tempos have now been sold to a Nepali private sector investment group, Nepal Electric Vehicle Industry (NEVI), which will continue to operate the fleet on established routes in Kathmandu. NEVI also intends to manufacture additional electric tempos and to establish servicing facilities for other electric vehicles. Other electric vehicle companies are forming within the Nepali private sector, and other donor organizations are currently investigating the most appropriate means of support to facilitate the continued growth of an electric vehicle industry for Nepal. GRI's role during the remaining grant period will be to assist investors in setting up viable electric vehicle enterprises, establishing training programs for electric vehicle technicians and operators, and continuing to lobby the GON for additional incentives for investors in electric transportation.

c. Dairy

The dairy activity is supporting 200 privately-owned and operated Milk Producer Associations (MPAs) as well as the Private Dairy Association of Nepal to improve productivity and processing capacity. Assistance is focused on forage crop development and animal health, in addition to policy development related to milk pricing and processing. Direct USAID assistance for this program will terminate in September 1996. Future assistance to the sector from USAID will be indirect support to the Private Dairy Association provided by the Agroenterprise Center in accord with Program Outcome 1.3; and privatization of the Dairy Development Corporation in accord with PO 1.4.

**d. Forestry Development Project (FDP)
Institute of Forestry Project (IOFP)**

Both the Forestry Development Project (FDP) and the Institute of Forestry Project (IOFP) were completed as planned in July 1995. The major accomplishment of FDP was its strong support for establishing the new forestry and national park/buffer zone management legislation in Nepal. The new EFEA program will be addressing issues related to the implementation of this new legislation in the field. The IOFP has had a major impact on training foresters for new approaches in community and private forestry in Nepal. Currently, 70 percent of district level forest officers have been trained under these new approaches at the IOF. The IOF will continue to have linkages with the EFEA program providing in-service and short-term training programs.

e. Urban Environment/Water Issues

Although unsolicited proposals were received, no activity in this subject area was funded.

f. Assistance to Bonded Labor (Tharus)

In an effort to effect the conversion of the bonded laborers to wage laborers through political, economic and social rehabilitation, the existing laws and policies related to the kamaiya (bonded labor) system have been reviewed, and an Agriculture Labor Act is being drafted. A total of 513 men and women from kamaiya families have finished basic literacy, 305 participated in civic and legal awareness, 89 participated in skill development activities, and 382 kamaiyas are members of savings schemes. Men have been trained in skills such as bicycle repair, carpentry, and automobile repair and women received training in sewing and knitting. A total of 31 kamaiya are now employed in wage labor utilizing these skills. Two hundred kamaiya will be converted from bonded labor to wage labor by the expiration of this cooperative agreement in September 1997.

g. Formation of a Human Rights Commission

A Human Rights Commission Bill has been prepared and submitted to the Parliament. It is now under consideration by the Parliament's Human Rights Committee. With USAID assistance, our partner NGO presented the draft bill in a national seminar attended by senior political leaders, human rights activists and groups. This sparked national interest in the bill and it is expected to be passed in the 1996 summer session of the Parliament. The USAID-supported activity will end in October 1996.

h. Media Support

With USAID support, The Asia Foundation trained 143 journalists in rural media proficiency. Another 182 media professionals participated in an advocacy training program. In addition, four special issues of a magazine for neo-literate women have been distributed to an estimated 80,000 readers. This USAID-supported activity will be completed in April 1996.

i. Support to Parliament

This component of the Strengthening Democratic Institutions (SDI) grant provided support to the Parliament Secretariat, members of the Parliament, and the committee system. The assistance provided for: the development of a computerized management system and network, observation trips for nine members of Parliament, publication of Parliament proceedings and research reports, and a parliamentary internship program for 20 MA students in law, political science and economics. With USAID's shift from central level to grassroots institutions, this activity will be discontinued by the end of 1996. However, the Danish government will continue to support the Legal Management Information System.

j. Support to the Judiciary

Under this component of the SDI grant, 93 officers of the court were trained, 12 years of full bench decisions and four years of precedents of the Supreme Court were published, the central law library was assisted and a computerized case tracking system was put in place. The tracking system was demonstrated and is now being utilized by, among others, the judges of the Supreme Court. This activity has been completed.

k. Development of Democratic Trade Unions

The Asian-American Free Labor Institute (AAFLI) has worked with labor unions to develop democratic procedures. As a result, an estimated 25 percent of approximately 180,000 members of a major trade union federation know their legal rights under the Labor Act. However, since the government has not held collective

bargaining agent elections, unions do not have the right to bargain in most enterprises. Thus, while the number of strikes declined (from 35 in 1994 to 17 in 1995), the decline is not directly related to improved conflict resolution as had been anticipated.

In addition, AAFLI has led the efforts for a child labor-free certification process in the carpet industry. Informed observers report that there has been a significant drop in the use of child labor in the past year. Child labor in the carpet industry accounted for 25 percent of all labor in 1994. A recent study by the Wool Board has reported that it was down to 11 percent in 1995. USAID support to AAFLI will end in August 1996.

i. Financial Market Reform

USAID has supported the development of new financial institutions and instruments including the Nepal Stock Exchange. The Nepal Stock Exchange has facilitated capital mobilization, which more than tripled from Rs. 4 billion in 1992/93 to Rs. 13 billion in 1994/95. The number of companies listed on the exchange has increased from 63 to 79.

Additionally, USAID assistance supported the drafting of a Finance Companies Act. The draft legislation included a major recommendation for the removal of a requirement that finance companies sell 60 percent of their shares to the public. This recommendation was passed by the Parliament as an amendment to the Finance Companies Act. As a result, the number of finance companies has grown from one in 1992/93 to about 30 in 1995. USAID discontinued assistance to this activity in 1995.

m. International Executive Service Corps (IESC)

The IESC has provided 30 volunteers who have assisted Nepali businesses in strategic planning, marketing and management. For example, one volunteer helped Mother Child Health Products, Ltd. introduce a new product, Safe Home Delivery Kits. Not only did the business expand employment and increase sales to almost \$9,000, but the 175,000 kits produced thus far potentially helped saved thousands of lives. Another volunteer worked with four hotels and 15 lodges to improve their business operations. Still another volunteer helped the Association of Craft Producers improve their planning process and now sales are projected to expand by 10 percent per year. The grant is due to expire in March 1996. It is, in the view of many in the U.S. Mission, unfortunate to curtail a program which achieves such superb results for so little money in Nepal and which can build useful political support in the U.S. for USAID programming.

n. Strengthening Business Chambers

USAID provided limited support to the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) for analysis of policy changes, management training, and strengthening district chambers. Direct support to FNCCI has been discontinued.

o. Support for the MBA Program

USAID helped Tribhuvan University and Kathmandu University develop quality MBA programs with outreach facilities. To support district-based small and medium businesses, ten students recommended by FNCCI District Chambers received scholarships for the first year of the MBA program at Kathmandu University. Tribhuvan University developed a curriculum on the basis of the district-based management training conducted through USAID assistance in Kathmandu and Pokhara in 1994. The training modules included different aspects of business management such as production planning, marketing, MIS, financial management and general management. USAID assistance to the MBA program has been completed.

p. Legal Reform

USAID worked with the Ministry of Law and Justice to develop draft legislation for a new Company Act, Contract Law, Consumer Protection Law, and Foreign Investment and Technology Act. As a result, an amendment to the Foreign Investment and Technology Act has been passed by the Parliament and is awaiting the Royal Seal by the King (generally a perfunctory step). The amendment removes the minimum investment requirement of the local currency equivalent of \$400,000 for foreign investors. The Company Act was tabled by the Parliament in January 1996 and it is anticipated that it will be passed in June 1996. The Contract and Consumer Protection Laws are with the Ministries of Industry and Supplies, respectively, and will be tabled with the Parliament in June 1996. This activity is scheduled to be phased-out by January 1997.

q. Support for U.S. Businesses and Nepal/US Chamber

USAID has supported the Nepal-USA Chambers of Commerce and Industry (NUSCCI) in its efforts to provide information to US investors and Nepali businessmen. NUSCCI organized workshops, seminars and round table discussions on problems and prospects for joint-venture investments in Nepal. These efforts led to meetings between NUSCCI representatives and senior government officials that resulted in major policy reforms easing restrictions on US and joint venture investments. In addition, NUSCCI has published and distributed five monthly newsletters and one occasional paper on trade and investment issues. Finally, NUSCCI has responded to inquiries from 40 businessmen and these services resulted in the initiation of dialogue

for five potential joint ventures. The contract by which the NUSCCI has been assisted will be completed in July 1996.

r. Program in Science and Technology Cooperation Grants

The Mission manages three remaining PSTC grants focused on agricultural research issues. These grants will be completed by September 1996.

s. Parks and Protected Areas

Two grants supporting US NGO programs in national park and buffer zone management programs involving the Chitwan National Park and Makalu-Barun National Park (MBCNP) have focused on supporting community conservation committees in protected areas surrounding these parks. USAID's involvement with support to MBCNP began in 1989 and has included a comprehensive management plan for this newest of Nepal's national parks. USAID's modest inputs, averaging \$200,000 per year, in support of the Mountain Institute's work in the MBCNP and protected areas program, has contributed to additional donor involvement in a total program valued at \$3.0 million. USAID's involvement in the MBCNP will phase out in September 1996 as planned. The Biodiversity Conservation Network grant funding the program at Chitwan National Park will be completed in mid-1997.

t. University Development Linkages

The Mission has managed University Linkage Programs in the past and currently has a linkage between Boston University's Center for International Health and Tribhuvan University's Department of Community Medicine, which ends in September 1996. While this activity has provided some useful training for Tribhuvan University faculty and students, the focus and impact are not critical to the Mission's strategy for Nepal. Similarly, University of Massachusetts has established a University Linkage Program in Non-Formal Education: Literacy with Tribhuvan University. This program, to date, remains marginal and the Mission has spent considerable effort to connect the University with actual practitioners of non-formal programs to make the program appropriate to Nepal. Therefore, the Mission will not plan to accept management responsibility for University Development Linkage Projects in the future.

3. Development Training

Over the course of the past year, 200 Nepalis participated in USAID-sponsored training through the funding of the Development Training Project. The 1996 Training Plan provides for the training of another 1,240 Nepalis of whom 260 will be women. Most of the 1996 training program will be conducted in-country, and all training programmed for 1996 will serve to benefit accomplishment of USAID's strategic objectives. USAID has committed \$800,000 of prior-year pipeline funds to finance

the 1996 training plan, only a small contingency has been reserved. When these project funds are finally exhausted, the Development Training Project will be allowed to expire with the plan that future training requirements will be identified and met through SO Agreements.

4. Reengineering

USAID/Nepal is a customer-focused, results-oriented Mission. SO teams are well established and operating charters are under negotiation. Participatory, bottom-up techniques are being employed for program development and implementation purposes. Empowerment and accountability principles are being applied equally to both the SO teams and customers. A Mission Customer Service Plan is nearing completion.

5. New Partnerships Initiative

State 036070 (February 23, 1996) paragraph nine asks for "a brief narrative on the relationship of your activities to the cross-cutting objective of strengthening civil society."

Nepal is still in a state of political, economic and social transition. Seven centuries of authoritarian rule ended only in 1990. But, remarkable progress in Nepal's political evolution has occurred over the past six years. Democratic processes are taking hold. Individual rights are being exercised; or, if stifled, increasingly demanded.

USAID has actively supported democratic governance in Nepal. Members of Parliament have been trained and Parliamentary committees strengthened, the judicial training program was upgraded, and voter education campaigns sponsored. USAID has worked at local levels of government to promote effective local revenue generation and accountability. More recently, local government officials have been educated on the practice of democratic procedures, and advocacy groups have been formed and trained to successfully petition local governments on rights matters. User groups associated with community resources such as irrigation systems and forests have been formed and trained to function democratically; groups managing private resources in savings and credit schemes have been similarly assisted, as have crop marketing associations. Volunteer community health workers have been organized to maximize productivity and benefits. One of USAID's three strategic objectives is devoted to the empowerment of women; literacy, legal rights and representation, and economic participation are the program outcomes.

Nepal's population is overwhelmingly rural, and USAID's program is rural based. Program resources seek to effect change at the individual, household and community level. Local NGOs are the primary means by which USAID objectives are addressed at the local level. These NGOs normally require considerable assistance themselves

to become effective implementing organizations which can be confidently held accountable for the achievement of results and appropriate use of resources. Accordingly, the local NGOs are usually sub-recipients of contracts or grants from International NGOs dealing directly with USAID. Strengthening of the implementing local NGOs thus becomes part of the contracted outcome or deliverable in the USAID-issued grant or contract.

6. Credit Programs

USAID is facilitating the extension of credit to poor women borrowers through two financial NGOs operating on the Grameen Bank model. The two NGOs are benefitting currently from both bilateral and G Bureau support.

In addition, G/EG/CIS is presently studying the prospect of increasing the amount of formal credit available to small and microenterprise in the context of SOs 1 and 3. Specifically, applicability of the Micro and Small Enterprise Development (MSED) program is under review. A first recognizance has been conducted with promising results. An agreement with a commercial bank in Kathmandu could be executed before the end of FY 96.

7. SO 3 Program Development

The Mission's management contract with the Bureau includes agreement that the indicators for SO 3 should be strengthened. Although the Mission is not yet prepared to specify new indicators for SO 3, the effort by which strengthened indicators will be identified is well underway. Participatory "bottom-up" planning methodology is being employed by which the entire results package will be strengthened.

Members of the SO 3 team, as well as representatives from SO 3 current partners, have just completed an intensive 12-day training program in the Participatory Rapid Appraisal (PRA) methodology. Since this training also included field

A reengineered SO 3 focus will achieve

- geographic concentration that recognizes shrinking USAID staff and resources where synergy is also possible with SOs 1 and 2;
- an overall road map for the best use of programming the FY 96 SO 3 budget;
- a performance-based scope of work that includes the need to establish baselines and means for measuring and reporting on results, a description of how results will lead to achieving SO 3 and an illustrative budget;
- one SO 3 integrated contract where the program outcomes are vertically linked to each other and horizontally linked to empowerment of women;
- strengthened or changed indicators or targets as needed or reflected by the results of the customer survey.

testing, the SO 3 customer survey has effectively been launched and the first critical step in establishing the foundation for a new SO 3 program has been taken. To be completed by the end of March, the SO 3 customer survey will provide a qualitative portrait of the concerns, conditions, problems and opportunities faced by poor rural Nepali women and possible insights into how empowerment can change or alter their life circumstances. It is also expected to validate the extent to which rural women articulate that literacy, legal rights and economic participation--the three program outcomes of SO 3--are means through which they will gain mastery over their lives.

Following completion of the customer survey, a plan of action, the results package and a terms of reference for future SO 3 investments will be prepared. The participation of ANE and Global Bureau personnel in this exercise has been invited and is expected.

Globally there is still much to be learned about strategies for empowering women and documenting results in a least-management intensive, cost-effective way. Empowerment is infrequently swift and obvious, and more frequently slow, subtle and hard to document. As the only Mission worldwide to have adopted an empowerment of women objective at the core of the strategic framework, USAID/Nepal wants the SO 3 program to become a model for the Agency and, through proven results, to prompt investment in empowerment programs elsewhere.

8. ANE/SEA Action Agenda

All action requirements have been addressed over the past nine months. An up-to-date status matrix follows on the next page.

The major outstanding requirement relates to SO 3 program development. The agreed requirement was the need to strengthen SO 3 indicators. As explained in the preceding text, SO 3 program development will proceed over the next several months. The Mission plans to complete negotiations for the execution of a bilateral SO 3 Agreement with the GON by September 1996.

C. 22 CFR Issues and Schedule

An Initial Environmental Examination (IEE) matrix follows the strategy/action status matrix. This chart lists activities currently being implemented along with environmental status determinations. An IEE for the proposed SO 3 Agreement will be prepared in FY 96.

Country: Nepal

STATUS OF ANE
STRATEGY/ACTION PLAN
AGREEMENTS

March 1996

ACTION REQUESTED	RESPONSIBLE ACTOR(S)	DUE DATE	STATUS
a. A separate strategy summary will be prepared that will highlight congruence of USAID/N strategy and broader U.S. interests expressed in the Mission Program Plan.	Mission with assistance from ANE/SA	N/A	The summary strategy document has been prepared accordingly.
b. Refine PO 1.2 to better reflect biodiversity activities.	Mission with assistance from ANE/SEA/SPA Molly Kux	1996 Results Review and Resource Request (R4)	PO 1.2 has been newly specified in accord with expectations.
c. Mission should define its indicators more clearly to demonstrate results. Baseline years and targets also need to be better defined. Gender-disaggregated indicators should separately identify targets for men and women. Indicators for SO 3 will be strengthened to reflect impact in: income, literacy, and legal environment. Mission is also requested to monitor and document the integration of activities related to women's empowerment, and where possible, the impact of this integration.	Mission with assistance from ANE/SEA/SPA John Anderson and Gretchen Bloom	1996 Results Review and Resource Request (R4)	Earlier baseline dates have been specified where possible to better identify trends. Disaggregation of data by gender is being specified in new or amended Management Information Systems. The SO 3 team is employing bottom-up planning techniques in developing a customer-driven results package. Specification of program indicators awaits conclusion of this fully participatory exercise. SO 1 and 2 monitoring plans are documenting achievements related to SO 3.

Country: Nepal

**STATUS OF ANE
STRATEGY/ACTION PLAN
AGREEMENTS**

March 1996

ACTION REQUESTED	RESPONSIBLE ACTOR(S)	DUE DATE	STATUS
d. Health indicators will be clarified in summer 1995 during TDY of USAID/N's Chief of the Health and Family Planning Office to Washington.	Mission with support from G/PHN and ANE/SEA/SPA	1996 Results Review and Resource Request (R4)	Reduction in the under-five mortality rate is the agreed child health indicator for SO 2. Agreement on wording changes for indicators at the PO level has also been achieved.
e. By next year's AP, Mission, in coordination with G, will clarify what USAID's involvement in malaria after 1996, if any, might be.	Mission with assistance from Global Bureau	1996 Results Review and Resource Request (R4)	USAID/Nepal's malaria prevention efforts will be completed upon final expenditure of FY 1996 Field Support funds provided to the Environmental Health Project (EHP) activity. Global Bureau has indicated interest in providing limited central funds to continue EHP support in FY 1997 to the Vector Borne Disease Center in Hetauda, Nepal, as a regional surveillance and training center, possibly in conjunction with the Common Agenda Program of the Japanese government.

I.E.E. MATRIX

Project Number & Title	Date of Authorization	Project Assistance Compl. Date	Life of Project Funds (\$ 000)	Environmental Actions	Status
SO1 - Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products					
367-0167 - Sustainable Income and Rural Enterprise (SIREL)	04/21/92	05/31/02	35,660	Negative determination	No further action
367-0167.60 - Agroenterprise and Technology Systems (ATS)	08/14/90	09/30/96	11,000	Negative determination	No further action
367-0167.72 - Market Access for Rural Development (MARD)	01/25/96	05/31/02	7,700	Intervention A,B - Negative determination Intervention C,D - Categorical exclusion	No further action
367-0167.75 - Irrigation Management Transfer Project (IMTP)	04/25/95	05/31/02	3,000	Environmental assessment required	Environmental assessment carried out
367-0167.76 - Environment and Forest Enterprise Activity (EFEA)	09/20/95	05/31/02	8,840	Intervention A,C - Negative determination Intervention B,D,E - Categorical exclusion	No further action
SO2 - Reduced Fertility and Improved Maternal and Child Health					
367-0157 - Child Survival/Family Planning Services (CS/FPS)	03/27/90	07/15/97	23,300	Categorical exclusion	No further action
SO3 - Empowerment of Women					
367-0161 - Economic Liberalization (ELP)	08/08/91	09/30/98	12,000	Negative determination	No further action
Sp01 - Improved Macro-Economic Policy Environment					
Sp02 - Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas					
Sp03 - Increased Democratic Decision-Making at the Local Level					
367-0163 - Democratic Institutions Strengthening (DISP)	07/10/92	12/31/97	5,000	Negative determination	No further action
367-0168 - Basic Education Support (BES)	08/22/94	08/22/98	5,800	Categorical exclusion	No further action
OTHER					
367-0152 - Development Training (DTP)	08/15/85	09/30/99	10,910	Categorical exclusion	No further action
367-0159 - PVO Co-Financing II (PVO)	07/07/87	07/15/97	20,500	Environmental reviews to be carried out on a sub-project by sub-project basis	Environmental reviews carried out, as appropriate

6/2

PART IV

RESOURCE REQUIREMENTS

IV. RESOURCE REQUIREMENTS

The approved Country Program Strategy for Nepal specified an annual budget requirement of about \$25 million for full implementation. Budget planning levels provided for the purpose of this report are significantly lower at \$20.5 million for FY 96, \$24.3 million and \$19.4 million for FY 97, and \$21.9 million and \$17.0 million for FY 98. USAID is consequently proposing to delete SpO 1 and SpO 3 from the strategic framework and terminate expenditures in these areas as explained in Part III A.

The bilateral assistance program to Nepal is funded entirely with development assistance funds. Table 3 in Annex C provides a detailed break-out of available budget resources among program objectives for the three year planning period. The FY 96 OYB is further specified in the table on the next page in the context of mortgage, pipeline and projected expenditure by activity. Program priorities at the objective level are examined in the following text.

A. Program Funding Requested by Strategic Objective

1. Strategic Objective 1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products

For FY 96, a funding allocation of \$5,185,000 is planned. The bulk of this amount will provide year two funding for the major core activities of the SO 1 portfolio, the Market Access for Rural Development (MARD) Activity and the Environment and Forest Enterprise Activity (EFEA). These two activities are the primary means by which USAID plans to achieve targeted increases in the sale of high-value agriculture and forest products. As specified in the SO 1 data tables, projected increases for this indicator are 48% for CY 96 and 35% for CY 97.

Out-year achievements for this indicator will be further enhanced by the privatization of state-owned enterprises currently involved with high-value crop production and processing. The complete privatization of seven major agricultural parastatals requires a budget of \$970,000. USAID is allocating \$700,000 of FY 96 SO 1 funds to this purpose; and will use uncommitted pipeline funds from the Economic Liberalization Project (ELP) to the extent possible. Funding of the privatization initiative is proposed for FY 96 only; no future year funding for this purpose is proposed at this time. If for any reason USAID is not able to proceed with the focused privatization initiative, the \$700,000 will be reallocated to increase FY 96 and forward funding of the EFEA and MARD activity, and ELP pipeline funds will be committed to either VAT implementation through the ELP or to SO 3 microenterprise activities.

Table 2 of Annex C reflects the fact that SO 1 is designed to be financed primarily through the economic growth and environment funding categories. For FY 96,

USAID/Nepal
Mortgage Analysis and Proposed FY 96 Funds Allocation
(R4 Planning Level : \$20,485,000)

SO #1

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0167.55	SIRE-RDP	07/31/96	18,396,200	18,396,200	0	718,174	390,793	0	0	327,381
367-0167.60	SIRE-ATSP	09/30/96	11,000,000	11,000,000	0	3,215,209	2,521,615	0	0	693,594
367-0167.70	SIRE-Policy Anlys.	10/06/99	1,040,000	1,040,000	0	800,317	300,000	0	0	500,317
367-0167.72	SIRE-MARD	01/25/02	7,700,000	2,143,696	5,556,304	2,143,696	850,000	2,000,000	3,556,304	3,293,696
367-0167.73	SIRE-PEP	10/06/99	2,200,000	2,200,000	0	2,000,836	1,304,700	0	0	696,136
367-0167.74	SIRE-SSEA	10/06/99	600,000	600,000	0	268,554	39,208	0	0	229,346
367-0167.75	SIRE-IMTP	05/04/01	3,000,000	1,800,000	1,200,000	1,794,264	371,264	0	1,200,000	1,423,000
367-0167.76	SIRE-EFEA	05/31/02	8,840,000	2,000,000	6,840,000	2,000,000	815,000	2,184,657	4,655,343	3,369,657
367-0167.77	SIRE-A.Studies	05/31/02	300,000	300,000	0	300,000	50,000	0	0	250,000
367-0167.90	SIRE-Core	05/31/02	102,563	102,563	0	84,381	15,000	0	0	69,381
367-0159.17	PVO-WMI	09/30/96	1,136,675	1,136,675	0	155,662	155,662	0	0	0
367-0159.28	PVO-UMN	07/15/97	818,550	818,550	0	323,392	35,402	0	0	287,990
367-0159.32	PVO-CECI	09/28/96	332,830	332,830	0	115,702	115,702	0	0	0
367-0159.35	PVO-CARE	06/30/97	1,195,343	995,000	200,343	535,865	137,221	200,343	0	598,987
367-0161	Privat. (ELP)	10/31/97	970,000	270,000	700,000	270,000	270,000	700,000	0	700,000
936-5438	ICIMOD	09/30/97	45,000	15,000	30,000	15,000	15,000	0	30,000	0
398-0249	PD&S	XX/XX/XX	100,000	0	100,000	0	60,000	100,000	0	40,000
Total			57,777,161	43,150,514	14,626,647	14,741,052	7,446,567	5,185,000	9,441,647	12,479,485

SO #2

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0157	CS/FPS-Health	07/15/97	23,300,000	22,325,147	974,853	6,128,599	3,946,956	974,853	0	3,156,496
367-0157(A)	CS/FPS *	07/15/97	570,926		570,926	0	0	570,926	0	570,926
367-0159.01	PVO-NRCS	06/15/96	164,027	140,268	23,759	26,420	50,179	23,759	0	0
367-0159.03	PVO-CEDPA	07/15/97	741,385	741,385	0	148,373	100,000	0	0	48,373
367-0159.37	PVO-TAF	07/15/97	1,289,409	1,089,409	200,000	884,196	459,617	200,000	0	624,579
367-0159.38	PVO-SCF	07/15/97	1,041,990	914,302	127,688	703,547	520,903	127,688	0	310,332
367-0159.39	PVO-ADRA	07/15/97	1,005,184	732,242	272,942	311,448	219,023	272,942	0	365,367
367-0159.40	PVO-CARE	07/15/97	466,036	466,036	0	350,332	184,063	0	0	166,269
367-0168.03	BES-WEI (HEAL)	09/30/97	300,000	300,000	0	300,000	145,569	0	0	154,431
XXX-XXXX	G. Bureau	XX/XX/XX	N/A	N/A	0	N/A	N/A	9,630,000	N/A	N/A
Total			28,878,957	26,708,789	2,170,168	8,852,915	5,626,310	11,800,168	0	5,396,773

USAID/Nepal
Mortgage Analysis and Proposed FY 96 Funds Allocation
(R4 Planning Level : \$20,485,000)

SO #3

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0159.10	PVO-WEI	08/31/96	1,505,326	1,505,326	0	347,429	347,429	0	0	0
367-0159.14	PVO-TAF	06/30/96	451,326	451,326	0	20,974	20,974	0	0	0
367-0159.20	PVO-SCF	09/30/96	1,562,565	1,562,565	0	920,116	920,116	0	0	0
367-0159.24	PVO-IIDS	09/30/96	315,824	315,824	0	146,933	146,933	0	0	0
367-0159.31	PVO-PACT	07/15/97	1,054,729	1,054,729	0	376,577	228,000	0	0	148,577
367-0159.XX	PVO-XXXX +	XX/XX/XX	329,626	0	329,626	0	40,000	329,626	0	289,626
367-0161	IRIS (ELP) +	01/31/97	2,229,458	1,016,250	1,213,208	901,250	901,250	1,213,208	0	1,213,208
367-0161	IIE (ELP)	06/10/96	175,000	175,000	0	0	0	0	0	0
367-0161	IMCC (ELP)	07/20/96	498,372	498,372	0	86,961	86,961	0	0	0
367-0161	IESC (ELP)	03/31/96	895,390	895,390	0	417,932	417,932	0	0	0
367-0161	(ELP) Uncommitted	XX/XX/XX	197,018	197,018	0	98,646	0	0	0	98,646
367-0168.01	BES-PACT	08/22/97	4,199,433	4,199,433	0	2,177,481	1,300,000	0	0	877,481
367-0168.02	BES-WEI	08/22/97	1,275,567	1,275,567	0	806,577	480,000	0	0	326,577
367-0168.04	BES-ABEL2	09/30/96	25,000	25,000	0	25,000	25,000	0	0	0
367-XXXX	SO3 Agreement	XX/XX/XX	15,000,000	0	15,000,000	0	100,000	1,256,998	13,743,002	1,156,998
398-0249	PD&S	XX/XX/XX	200,000	0	200,000	0	100,000	200,000	0	100,000
Total			29,914,634	13,171,800	16,742,834	6,325,876	5,114,595	2,999,832	13,743,002	4,211,113

SpO #1

Number.	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0161	VAT (ELP)	10/31/97	480,309	480,309	0	480,309	480,309	0	0	0
367-0161	ELP	10/31/97	943,792	0	943,792	0	0	0	943,792	0
367-0161	AAFLI (ELP)	09/30/96	498,467	498,467	0	306,374	306,374	0	0	0
Total			1,922,568	978,776	943,792	786,683	786,683	0	943,792	0

SpO #2

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
936-5972.31	AIDSCAP	09/30/97	N/A	N/A	0	N/A	N/A	500,000	N/A	N/A
Total			0	0	0	0	0	500,000	0	0

USAID/Nepal
Mortgage Analysis and Proposed FY 96 Funds Allocation
(R4 Planning Level : \$20,485,000)

SpO #3

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0163	DISP	12/31/97	5,000,000	4,303,935	696,065	1,424,214	1,050,148	0	696,065	374,066
367-4241	Nepal MSR	09/30/96	91,569	91,569	0	34,596	34,596	0	0	0
Total			5,091,569	4,395,504	696,065	1,458,810	1,084,744	0	696,065	374,066

OTHER

Number	Activity	PACD	LOP	Cum. Obligation To-Date	Mortgage	Pipeline (12/31/95)	Planned Exp. 1/1-9/30/96	Proposed FY 96 Oblg.	Mortgage (9/30/96)	Pipeline (9/30/96)
367-0152	DTP	09/30/99	10,910,000	9,305,296	1,604,704	1,587,223	853,694	0	1,604,704	733,529
367-0159.33	Seminars	08/10/96	4,490	4,490	0	3,319	3,319	0	0	0
367-0159.41	N. Langworthy	03/02/96	88,096	88,096	0	13,692	13,692	0	0	0
367-0159	PVO's - Completed	XXXX	6,996,589	6,927,131	69,458	47,258	0	0	69,458	47,258
367-0161	Chambers of Com.	09/30/96	24,830	24,830	0	5,079	5,079	0	0	0
367-0161	ELP - Completed		5,087,364	5,087,364	0	120,346	0	0	0	120,346
367-0167	SIRE - completed		13,021,237	13,021,237	0	413,546	0	0	0	413,546
936-5542/5543	ISRP/SSTC	09/30/96	1,273,163	1,273,163	0	170,274	114,000	0	0	56,274
Total			37,405,769	35,731,607	1,674,162	2,360,737	989,784	0	1,674,162	1,370,953

Mission Total			160,990,658	124,136,990	36,853,668	34,526,073	21,048,683	20,485,000	26,498,668	23,832,390
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* Proposed Increase in LOP

+ Decision pending assessment of competing needs.

NOTE: All totals, except FY 96 obligation levels, are bilateral program only.

though, up to \$600,000 in micronutrient (Vitamin A) funds can appropriately be used in the funding of SO 1 activities.

For FY 96 and future years, the intermediate results of "expanded market participation" and "sustainable management of the productive resource base" (Program Outcomes 1.1. and 1.2) will receive priority funding allocations under SO 1. The privatization initiative will be eliminated from the proposed SO 1 program if a budget allocation of \$5 million or more is not possible in FY 96. Funding allocations of less than \$5 million in FYs 97 and 98 will necessitate a significant reduction in efforts devoted to the achievement of intermediate result 1.3, "increased adoption of improved technology for high-value agriculture." Any further funding shortage will necessitate a scaling-back or possibly elimination of support to four NGOs currently implementing innovative community forestry and biodiversity activities on behalf of intermediate result 1.2.

The loss of the privatization activity will send a negative signal to the new coalition government which has rapidly revived privatization efforts since coming to power in November, 1995. The privatization initiative in SO 1 is a legitimate and strategic means for increasing high-value crop production and sales. Privatization of the key agricultural parastatals will broadly affect farmers' decisions on crop diversification, moving from cereal crop production to higher value cash crops, particularly sugar and horticultural crops. For example, the lifting of price controls on sugar in 1994 led to the establishment of two new private sugar mills and expanded market opportunities for producers. A logical next step is to privatize government-owned sugar mills. The privatization of these milling parastatals would be targeted under the mission's policy agenda. Introduction of privatization as a program outcome for SO 1 also provides a tactical means for the Mission to transition itself out of the lead donor role on privatization in Nepal. To abruptly abandon privatization work completely would reduce the Mission's current ability to influence sectoral and macro-economic policy reforms.

The scaling-back of support to intermediate result 1.3 will mean reduced support to the National Agricultural Research Council (NARC) system. This will negatively impact USAID's ability to increase sales of high-value agricultural crops given that NARC adaptive research is an important means for selecting fruit and vegetable varieties that can be grown in Nepal's hill areas and which have the color, taste, and other characteristics demanded by Nepalese and Indian consumers. Reduced funding for program outcome 1.3 would also adversely affect plans for a coordinated 1998 phase-out of USAID support and assumption by the World Bank of a lead donor role in this area. Interruption of USAID support at this time would slow the pace of administrative reforms currently being implemented at NARC. Many of these reforms are preconditions for World Bank financing, and thus, the transition process to World Bank funding would be retarded.

Finally, three of the four NGOs currently being funded for natural resources management (forestry and biodiversity) will be dropped if adequate funding is not available at the end of their current grants (early CY 97). Being unable to maintain grant relationships with NGOs which have been at the forefront in introducing innovative environmental and natural resource management programs will lessen the Mission's role as a lead donor in this important sector, particularly for promoting improved environmental policies.

2. Strategic Objective 2: Reduced Fertility and Improved Maternal and Child Health

SO 2's integrated portfolio of population and child survival activities is designed to achieve the strategic objective of reduced fertility and improved maternal and child health. Achievement of this objective is necessary to reduce the alarmingly high population growth rate which undercuts Nepal's ability to move towards sustainable development. The approved Country Program Strategy specified funding levels of \$14,005,000 for FY 96, and \$13,606,000 for FY 97 for accomplishment of SO 2. Funding of SO 2 at these levels is not possible with the given overall budget planning levels.

An SO 2 budget allocation of \$11,800,000 is planned for FY 96. Proposed funding sources are the population account (\$8.6 million) and the child survival account (\$3.17 million). Of the total amount, Global Bureau Field Support activities will require over \$9.6 million, and \$1.55 million will be obligated to the bilateral Child Survival/Family Planning Services Project. The balance of the SO 2 budget will fund grants to NGOs working on behalf of the program objective.

The FY 96 funding shortage will require postponement of two large NGO programs which had been planned for the provision of family planning and child survival services to underserved areas in the mountains of Nepal. The Mission will also be forced to reduce agreed-upon funding to the bilateral project institutional contractor, local cost financing for the Ministry of Health, existing NGO activities, and technical assistance from Global Bureau Field Support. New funding from the FY 96 budget together with the pipeline of unexpended prior-year funds will only be adequate to carry-out the population and child survival programs at a reduced level; but sufficient to allow the Mission to achieve another year of targeted results. The FY 97 and FY 98 budgets must, however, be restored to the levels agreed-upon in the CPS if the Mission is to provide the levels of family planning and child health resources which are required to meet agreed upon future year targets in the management contract. Most of SO 2's current activities are programmed to end in mid-1997. Planning for the design of the program by which activities will be coordinated for the achievement of results through the end of the CPS planning period is underway now. If funding levels cannot be maintained at the annual level of \$13 million or more, the Mission may be forced to delete intermediate result 2.3 from the strategic framework of SO 2, and terminate

funding of child survival activities in favor of a more concentrated effort to achieve reduced fertility targets.

Activities which would have to be cut include: support to the national vitamin A program, which is currently delivering life saving capsules to 1.5 million children; and, focused support to the acute respiratory infection (ARI) and control of diarrheal disease (CDD) programs. ARI and CDD account for two thirds of the under-five mortality in Nepal. Funding of non-governmental organizations such as CARE, Save the Children and ADRA which have been relying on USAID to support effective and innovative child survival programs, would also have to be cut.

Without USAID's continued technical and local program cost support to child survival activities, Nepal's under-five mortality rate would begin to increase again after a steady decline. Women, as the primary caretakers of children, will be directly affected as more of their time will be spent caring for sick children, or in child-bearing to replace the children they lose. Opportunities for women's participation outside the home, such as literacy classes and economic endeavors would be diminished. Significant gains made in getting Nepal to a point where the "unmet need" for family planning services is driving the program and contraceptive prevalence is increasing steadily would be damaged if the "safety net" of reduced child mortality were removed at this critical juncture. Women and their children will be the losers in this funding scenario, as would the Agency's goal of Protecting Human Health.

3. Strategic Objective 3: Empowerment of Women

The SO 3 program, as now being developed, is expected to expend \$3 million annually through the CPS planning period. With the three intermediate results of literacy, rights and representation, and economic participation, the SO 3 program has been established to receive funding through basic education, democracy and micro-enterprise earmarks.

The FY 1996 budget allocation of \$3 million to SO 3 will be used to effect the transition from a project based portfolio to an integrated SO program. An SO Agreement with the Government of Nepal will be executed to obligate a large portion of the FY 96 allotment. At the same time, existing activities which are achieving results and contributing to accomplishment of SO 3 targets will be given a final tranche of funding to carry-on while the SO-funded program is becoming established.

USAID proposes to protect the validity of SO 3 with a planned budgetary allocation of at least \$3 million in FYs 96, 97, and 98 under any of the given overall budget planning levels. At this level, USAID will be able to achieve returns on a level consistent with the targets of SO 1 and SO 2.

4. Special Objective 1: Improved Macro-Economic Policy Environment

As explained in Part III A, SpO 1 is being deleted from the Mission's strategic framework. No FY 96 nor future year funding allocation is proposed under SpO 1.

5. Special Objective 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

The Mission will protect the minimum funding level of \$500,000 for SpO 2 under any of the given funding scenarios for 1996, 1997 and 1998.

6. Special Objective 3: Increased Democratic Decision-Making at the Local Level

In the development of a strengthened SO 3, the Mission is planning to incorporate the most essential and pertinent aspects of the SpO 3 program into SO 3. This is further explained in Part III A. No FY 96 nor future year funding allocation is proposed for SpO 3.

B. Program Management Requirements: Operating Expenses and Staffing

The Mission's FY 96 operating expense (OE) budget planning level of \$2,118,000 is 10.5% below the FY 95 base level, and almost 16% less than the actual FY 95 obligation level. Program focus is being narrowed and management efficiency improved to ensure effective administration of the bilateral program. The Mission first took a number of steps to narrow the focus of the program in the FY 95 CPS process, and USAID is now proposing to eliminate two of three special objectives to further improve focus and reduce the management and oversight burden of the program. In addition, through reengineering, the Mission is improving management efficiency (specifically team work and delegation of authority).

Staff salaries and US direct-hire allowances and housing costs have historically represented nearly 60% of operating expenses. In order to make the dramatic saving required in the current budgetary environment, the Mission has had to reduce staffing levels. In the past 18 months the Mission has reduced staff by 16 positions (1 USDH, 2 USPSC, and 13 FSNs). Dropping a USDH position represents a major savings for the Mission given that staff cost per person is much higher for a USDH than for a FSN. Nevertheless, FSN salary costs are significant and account for a full 30% of the OE budget. FSN staffing levels have been reduced through natural attrition, and most recently through reduction in force procedures. The prime consideration in controlling costs through staff reduction has been to ensure retention of capacity to manage appropriated resources and achieve program results. Accordingly, the majority of staff losses has occurred in support offices. Staffing under manpower contracts has also

been cut, and overtime costs have been reduced.

In addition to staffing cuts the Mission has adopted other cost saving measures: an innovative energy savings plan is being implemented; international travel costs have been reduced by limiting the number of trips taken and by using least-cost fares; USDH staff are voluntarily reducing consumable allowance costs; residential security costs have been capped; and the latest technological advances in international communication are being employed when cost-effective.

The Mission will continue to look for ways to reduce the cost of operations. Further significant cuts in operating expense budgets may, however, require major changes in the extent or nature of the Mission's activities, or a diminishment of USAID's in-country presence.

C. Technical Support Needs from USAID/W

This section provides brief descriptions of each of the field support services by Strategic Objective that the Mission intends to utilize in FY 96, FY 97 and FY 98. This section should be read in conjunction with Table 4 of Annex C.

1. Strategic Objective 1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products

a. Agriculture/Nutrition

936-4214 Regional Agribusiness Project (RAP) - The Mission will require continued assistance from the Regional Agribusiness Project (RAP) to implement household income and nutrition surveys in the Mid-Western Development Region. These surveys will provide baseline data for the Market Access for Rural Development (MARD) and the Environment and Forest Enterprise (EFE) activities and be used over the course of the activities to monitor key income and health and nutrition indicators. The purpose of the surveys is to measure the impact, and gauge the synergies, of income growth on health and nutrition indicators, particularly those related to vitamin A intake.

b. Markets

940-0026 Private Enterprise Development Project - The Mission is planning a buy-in to be effected in late FY 1996 or early FY 1997. The purpose of the proposed buy-in is to secure technical assistance for the implementation of the SO1/PO4 activity related to the privatization of state-owned enterprises.

c. Environment

936-5839 Environmental Education and Communications Project - The Mission will

negotiate a buy-in to the GreenCom Project for assistance in developing the "bottom-up planning" and communications component of the new Environment and Forest Enterprise Activity (EFEA). The buy-in agreement is expected to be completed by May 1996, and will run for three years.

936-5554 Conservation of Biological Diversity of Natural Resources - Biodiversity Support Program (BSP) - The Mission plans to effect a buy-in to the Biodiversity Support Program for assistance within EFEA for establishing and implementing an overall monitoring and evaluation program for the activity. A second component of assistance from BSP will be for implementation of the forestry-based microenterprise component of EFEA. The objective is to have this agreement in place by June 1996.

U.S.-Asia Environmental Partnership (USAEP) - The major collaboration with USAEP has been the highly successful implementation of the electric vehicle activity which will come to an end in November 1996. The Mission will support USAEP's NGO-Business Partnership Program which is implemented by The Asia Foundation. Funding for this program in Nepal is projected to be approximately \$75,000 per year.

2. Strategic Objective 2: Reduced Fertility and Improved Maternal and Child Health

a. Population

936-3023 Demographic and Health Survey (DHS) - Funding will be used in FY 96 to complete report preparation and to implement a dissemination workshop as part of the national level DHS survey for Nepal, which is currently underway. This survey constitutes the most important and reliable source of national and regional data on fertility, the use of family planning, under-five mortality, maternal health, and other important demographic and health information. It is the Mission's primary source of data for monitoring and evaluating program results in this sector. Funding is needed for short-term technical assistance, in-country technical support from specific research organizations, and headquarters technical and operational support. It is anticipated that no further funding will be required in FY 97, assuming that adequate funding is available in FY 96 to complete the final report for the 1996 Nepal DHS, disseminate findings, and carry out analyses using the new data.

936-3024 Population Technical Assistance (POPTECH) - Modest funding in FY 96 is needed to assist the Mission in designing a new SO 2 results package. In FY 97 and FY 98 modest funding is needed to assess discrete components of the SO 2 results package. Funding will be used for short-term technical assistance visits as necessary and agreed with the Mission; and, headquarters technical and operational support.

936-3038 Family Planning Logistics Management/John Snow, Inc. (FPLM) - Funding is needed in FY 96, FY 97 and FY 98 to assist the Ministry of Health and NGO sectors in the preparation of annual contraceptive procurement tables and projections; and to continue to work with a private sector/NGO consortium to implement the MOH's Integrated Logistics Improvement Plan. Funding will be used for: a long-term technical advisor beginning in FY 97; short-term technical assistance visits as necessary and as agreed with the Mission; and, headquarters technical and operational support.

936-3051 Contraceptive Social Marketing III (SOMARC) - Funding will be used in FY 96 to continue work with the private sector Contraceptive Retail Sales (CRS) Company to: develop annual marketing and communication plans; assist with implementation of the social marketing program for Depo Provera and the long-term clinical methods; improve the existing distribution approach; increase condom sales related to STD/HIV prevention; and assist the company to achieve self-sustainability by the year 2000. Funding will provide technical assistance through short-term visits as necessary and as agreed with the Mission and headquarters technical and operational support. Assuming a follow-on CSM activity is in place following completion of the current contract in September 1997, additional funding would be requested for FY 97 and FY 98.

936-3052 Population Communication Services/Johns Hopkins University (JHU/PCS) Funding in FY 96, FY 97 and FY 98 will support on-going activities with the Ministry of Health, Ministry of Population and Environment, NGOs and private sector organizations to develop and test a full range of information, education, and communication interventions including both print and mass media. USAID assistance will also be used to provide technical support for: the Ministry's Family Planning Counseling Training Program; short-term technical assistance visits as necessary and as agreed with the Mission; long-term technical assistance from an in-country resident coordinator; in-country operational support; and headquarters technical and operational support.

936-3054 International Population Fellows Program - FY 96 funding will continue to support a Fellow at Save the Children/US until September 1996. Funding in FY 97 and FY 98 will support placement of a Fellow in USAID's Office of Health and Family Planning to work with the management of NGO/INGO community-based family planning activities and other SO 2 activities from July 1997-1999.

936-3057 Central Contraceptive Procurement (CCP) - Funding in FY 96, FY 97 and FY 98 will be used for procurement and shipping of condoms, contraceptive pills, IUDs, Depo-Provera and Norplant to be used in the Ministry of Health public sector program, the NGO programs and for social marketing through Contraceptive Retail Sales Company.

936-3058 CARE - Funding in FY 96 and FY 97 will be used to continue and expand community-based family planning programs in conjunction with CARE's integrated community development activities. Funding will support in-country operational costs and headquarters technical and operations support. Assuming that this CA will be continued past the current end date of April 1998, funding would be required in FY 98.

936-3059 Access To Family Planning Through Women Managers (ACCESS/CEDPA) Funding in FY 96 will continue support to the Family Planning Association of Nepal, the Nepal Red Cross Society, and the Institute for Integrated Development Studies to expand community-based family planning programs in 13 districts. Funding will be used for a long-term resident advisor and short-term technical assistance visits; support for community-based program costs; support for related training activities; in-country operational costs; and headquarters technical and operations support. Assuming that this CA will be continued past the current end date of August 1997, funding would be required in FY 97 and FY 98.

936-3068 Association for Safe and Voluntary Contraception (AVSC) - Funding in FY 96, FY 97 and FY 98 will support work with the Ministry of Health, NGOs and private clinics to increase the availability of clinical family planning services through fixed facilities. AVSC will also increase the MOH's capacity to provide regular quality of care and infection prevention support services. Funding will be used for: technical assistance through a long-term resident advisor and a reproductive health coordinator; short-term technical assistance visits as necessary and as agreed with the Mission; surgical and related supplies; in-country operational support; and, headquarters and regional technical and operational support.

936-3069 Johns Hopkins Program for International Training in Reproductive Health (JHPIEGO) - Funding in FY 96, FY 97 and FY 98 would be used to continue developing and/or strengthening pre- and in-service family planning training programs for medical and nursing students, physicians, nurses and paramedics in collaboration with the MOH, Maternity Hospital, the Institute of Medicine, Council for Technical Education and Vocational Training; and collaborate with the MOH on dissemination and follow-up activities with the National Medical Standard for Reproductive Health. Funding would be used to support technical assistance from a long-term reproductive health advisor; a long-term resident advisor; short-term technical assistance as necessary and agreed with the Mission; training and clinical skill building activities and related supplies and materials; in-country operational costs; and, headquarters technical and operational support.

936-3070 Population Leadership Program (or 936-5970 TAACS) - Funding in FY 96 will continue to support placement of a senior long-term technical advisor in the Office of Health and Family Planning at the Mission to assist with the management of the family planning, reproductive health and HIV-AIDS programs. FY 1996 funding will

continue to support the current advisor through July 1997. Funding will be required in FY 97 and FY 98 from PLP or TAACS to provide another senior advisor between July 1997 and July 1999.

936-3078 Policy - Funding in FY 97 and FY 98 will be used to work with the Ministry of Population and Environment and the Ministry of Health to update the RAPID and FAMPLAN presentations upon completion of the 1996 DHS. Funds will be used to provide short-term visits as agreed with the Mission; and headquarters technical and operational support. No FY 96 funding is requested.

936-3079 Family Health International - Funding in FY 96 and FY 97 will be used to work with the Ministry of Health and the Ministry of Population and Environment to improve their capacities to develop and implement family planning and reproductive health studies, and for work with NGOs on specific family planning and reproductive health studies. Funds will be used to provide long-term technical assistance through an in-country technical advisor; and headquarter technical and operational support.

b. Health

936-5122 Opportunities for Micronutrient Intervention (OMNI) - Funding in FY 96 will be used to continue work through Helen Keller International to provide support for development of a network of NGO gardening and nutrition surveillance activities to increase production of vitamin A-rich foods. Funding will be used to provide technical assistance through a long-term resident coordinator; short-term technical assistance through visits from the Regional Technical Advisor and others as necessary and agreed with the Mission; and HKI in-country, regional, and headquarters technical and operational support. No FY 97 funding is anticipated at this time.

936-5974.08 Rational Pharmaceutical Management (RPM/MSH) - Funding in FY 96 and FY 97 would be used to continue work with the MOH's Department of Drug Administration to develop a drug information network, carry out rational drug use studies, and assist in automating the MOH's drug procurement system. Funding would be used to provide short-term technical assistance visits as necessary and agreed with the Mission; and headquarters technical and operational support. This activity is scheduled to be completed by September 1997, therefore, no FY 98 funding is anticipated.

936-6004.8 Health and Child Survival Fellows Program - Funding in FY 96 will be used to extend the placement of the Child Survival Fellow in the Mission until July 1997. No FY 97 funding is anticipated.

936-6006 Basic Support for Institutionalizing Child Survival - Funding in FY 97 will be used to provide a long-term technical advisor with experience in controlling diarrheal diseases and acute respiratory infections. This advisor would work with the

Child Health Division of the Ministry of Health and the local NGO/private sector consortium which implements these programs at the community level. Funding would also be used for short-term technical assistance as necessary and agreed with the Mission; in-country operational costs; and, headquarters technical and operations support.

G/PHN USDH TDY Assistance - Three visits will be required in FY 97 for three weeks duration each to assist in finalization of a new SO 2 Joint Country Programming Plan/Strategy (1997-2002) and to assist with monitoring and assessing program progress.

3. Strategic Objective 3: Empowerment of Women

The SO 3 team will call upon Global Bureau Field Support services to assist both with the development of the SO 3 program as well as to facilitate implementation. The team is, however, unable to specify requirements at this time. A loan guarantee program to increase the amount of formal credit available to small and microenterprises, through the MSED (Microenterprise and Small Business Enterprise Development) Program of G/EG/CIS, is one example now being explored.

4. Special Objective 1: Improved Macro-Economic Policy Environment

This SpO is being deleted from the strategic framework of the Mission.

5. Special Objective 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

a. Health

936-5972.31 AIDSCAP - Funding in FY 96 would be used to continue work with NGOs and private firms in the target area to provide: peer education programs for persons with high risk behaviors; mass communication materials and activities to promote awareness of STD/HIV and promote condom use; STD clinical services through training of physicians, chemists and druggists; and support for local clinical service facilities. Expansion of these activities to additional districts is also being planned. Funding would be used for a long-term resident coordinator; short-term technical assistance visits as necessary and agreed with the Mission; in-country operational support; and, regional and headquarters technical and operational support. Assuming a follow-on HIV/AIDS activity is in place by September 1997, the end date of the current contract, FY 97 and FY 98 funding will be requested.

6. Special Objective 3: Increased Democratic Decision-Making at the Local Level

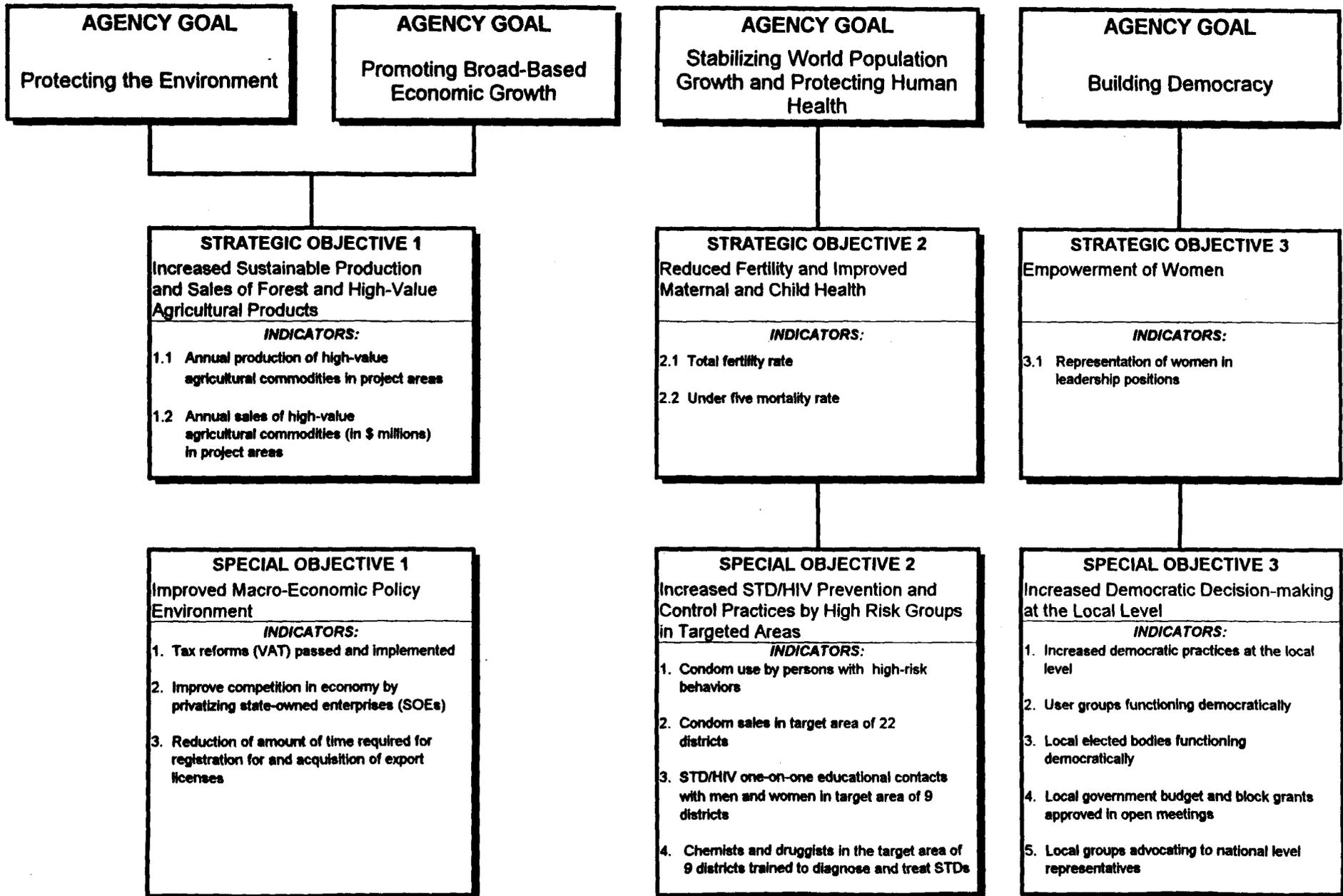
This SpO is being deleted. Any Global Bureau Field Support requirements related to democracy will be identified and requested during development of the SO 3 program.

ANNEX A

STRATEGIC OBJECTIVE TREES

11

USAID/NEPAL OBJECTIVE TREE



STRATEGIC OBJECTIVE 1

**Increased Sustainable Production
and Sales of Forest and
High-Value Agricultural Products**

INDICATORS:

- 1.1 Annual production of high-value agricultural commodities in project areas**
- 1.2 Annual sales of high-value agricultural commodities (in \$ millions) in project areas**

INTERMEDIATE RESULT 1.1 Expanded market participation

INDICATORS:

- 1.1.1 Number of producers of high-value agricultural products in project areas**
- 1.1.2 Number of traders of high-value agricultural products**
- 1.1.3 Total number of off-farm enterprises in project areas**

INTERMEDIATE RESULT 1.2 Sustainable management of the productive resource base

INDICATORS:

- 1.2.1 Cubic meters of forest biomass produced**
- 1.2.2 Number of community conservation committees formed with conservation plans in project areas**
- 1.2.3 Increased cropping intensity in irrigation command areas**
- 1.2.4 Hectares of land managed by user groups in Rapti districts**

INTERMEDIATE RESULT 1.3 Increased adoption of improved technology for high-value agriculture

INDICATORS:

- 1.3.1 Number of farmers adopting new seed varieties**
- 1.3.2 Number of hectares planted with new seed varieties**

INTERMEDIATE RESULT 1.4 Privatization of State-Owned Agricultural Enterprise

INDICATORS:

- 1.4.1 Total number of parastatals involved in high-value agriculture or forestry enterprises**
- 1.4.2 Production and sales of privatized firms**

STRATEGIC OBJECTIVE 2

Reduced Fertility and Improved Maternal and Child Health

INDICATORS:

- 2.1 Total fertility rate
- 2.2 Under five mortality rate

INTERMEDIATE RESULT 2.1

Increased use of family planning services

INDICATORS:

- 2.1.1 Total contraceptive prevalence rate
- 2.1.2 Annual couple years of protection (CYP) for MOH supported services (including USAID supported NGO service sites and priority district service sites) and annual CYP provided through USAID supported private sector outlets
- 2.1.3 District stores stocking a three-month supply of contraceptives

INTERMEDIATE RESULT 2.2

Increased quality of family planning services

INDICATORS:

- 2.2.1 Health workers trained to competency as family planning service providers for clinical and non-clinical contraceptive methods
- 2.2.2 Service delivery points certified for provision of contraceptive services
- 2.2.3 Married women of reproductive age (MWRA) spontaneously knowing temporary family planning methods
- 2.2.4 Family planning service providers trained as family planning counselors

INTERMEDIATE RESULT 2.3

Increased use of selected maternal and child health services

INDICATORS:

- 2.3.1 Children 6-60 months receiving vitamin A supplementation in 32 high risk districts
- 2.3.2 Children 0-60 months with pneumonia symptoms taken for appropriate treatment
- 2.3.3 Use of oral rehydration solution in recent diarrheal episode in children 0-36 months
- 2.3.4 Percentage of births in the last 3 years in which the mother received antenatal services from a trained provider at least once

STRATEGIC OBJECTIVE 3

Empowerment of Women

INDICATORS:

3.1 Representation of women in leadership positions

INTERMEDIATE RESULT 3.1

Increased women's literacy

INDICATORS:

- 3.1.1 Adult women who are literate at a basic level
- 3.1.2 Women completing basic business literacy program
- 3.1.3 Women participating in legal literacy fora

INTERMEDIATE RESULT 3.2

Improved legal environment for women

INDICATORS:

- 3.2.1 Law which prohibits women from inheriting property
- 3.2.2 Women seeking legal redress from legal aid offices
- 3.2.3 Women-advocacy NGOs

INTERMEDIATE RESULT 3.3

Strengthened women's economic participation

INDICATORS:

- 3.3.1 Loans to women from Grameen bank groups
- 3.3.2 People employed by women-owned businesses in project areas

SPECIAL OBJECTIVE 1

Improved Macro-Economic Policy Environment

INDICATORS:

1. Tax reforms (VAT) passed and implemented
2. Improve competition in economy by privatizing state-owned enterprises (SOEs)
3. Reduction of amount of time required for registration for and acquisition of export licenses

SPECIAL OBJECTIVE 2

Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

INDICATORS:

1. Condom use by persons with high-risk behaviors
2. Condom sales in target area of 22 districts
3. STD/HIV one-on-one educational contacts with men and women in target area of 9 districts
4. Chemists and druggists in the target area of 9 districts trained to diagnose and treat STDs

SPECIAL OBJECTIVE 3

Increased Democratic Decision-making at the Local Level

INDICATORS:

1. Increased democratic practices at the local level
2. User groups functioning democratically in project areas
3. Local elected bodies functioning democratically
4. Local government budget and block grants approved in open meetings
5. Local groups advocating to national level representatives

ANNEX B

PERFORMANCE DATA TABLES

Table 1

PERFORMANCE DATA TABLE

Country Name: Nepal		Date/Month SO approved: June 1995			
STRATEGIC OBJECTIVE 1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products					
Indicator: 1.1 Annual production of high-value agricultural commodities in project areas: forests products, livestock, fruits and vegetables, seeds, processed goods.					
Unit of Measure: Total production in metric tons (MT) of forest products, livestock, fruits and vegetables, seeds, processed goods in project areas.			Year	Planned	Actual
Source: Project MIS, Central Bureau of Statistics		Baseline	1993		21,428
Comments: This indicator includes other cash crops, such as oilseeds, potatoes and spices. These data are provided by technical assistance contractor and grantee Quarterly Reports. Contractors and grantees collect these data from Producer Marketing Associations and farmers on a regular basis. In addition, a baseline survey on production, incomes and nutrition is currently being conducted and will be completed in August 1996. Project areas include: 10 districts in the Mid-Western Development Region, 11 irrigation systems across the Terai, 18 districts where NGO partners are active, and selected areas where agribusiness clients of the Agro-Enterprise Center are active.		Target	1994		32,000
			1995	55,103	57,400
			1996	75,372	
			1997	85,836	
			1998	97,891	
			1999	110,926	
			2000	128,476	

Country Name: Nepal

Date/Month SO approved: June 1995

STRATEGIC OBJECTIVE 1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products

Indicator: 1.2 Annual sales of high-value agricultural commodities (in \$ millions) in project areas: forests products, livestock, fruits and vegetables, seeds, processed goods.

Unit of Measure: Total sales in millions of dollars of noted high value agricultural commodities in project areas.

Source: Project MIS, Central Bureau of Statistics

Comments:

This includes other cash crops, such as oilseeds, potatoes and spices. These data are provided by technical assistance contractor and grantee Quarterly Reports.

Project areas include four districts (Humla, Dolpa, Chitwan and Sankhuwasabha).

	Year	Planned	Actual
Baseline	1993		3.2
Target	1994		4.8
	1995	7.6	8.1
	1996	11.97	
	1997	16.1	
	1998	20.55	
	1999	25.06	
	2000	29.74	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 1.1: Expanded Market Participation

Indicator: 1.1.1 Number of producers of high-value agricultural products in project areas
a) Male; b) Female

Unit of Measure: Number of producers of high-value agricultural products in project areas.

Source: Project MIS

Comments:

1995 data indicate that 35% of participating farmers are women. Based on 1995 data, USAID/N has adjusted future year output targets on gender disaggregation accordingly.

A baseline income and nutrition survey in Mid-Western Development Region will provide a basis for gender disaggregation. The survey is currently being conducted, and will be completed by May 1996, to establish the baseline for the MARD and EFEA activities. Reporting on these indicators will be a requirement of the MARD and EFEA contractors/grantees on a quarterly basis.

Small producers are defined as farmers owning less than 2 hectares of land.

Large producers are defined as farmers owning more than 2 hectares of land.

	Year	Planned	Actual
Baseline	1993		a) 252,330 b) 24,532
Target	1994		a) 260,035 b) 111,445
	1995		a) 303,732 b) 163,547
	1996	a) 377,349 b) 203,187	
	1997	a) 459,642 b) 269,947	
	1998	a) 597,399 b) 366,148	
	1999	a) 857,831 b) 503,805	
	2000	a) 1,235,704 b) 665,374	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 1.1: Expanded Market Participation

Indicator: 1.1.2 Number of traders of high-value agricultural products
 a) Small
 b) Large

Unit of Measure: Number of traders (male, female) of high-value agricultural products - (total shown) - to be disaggregated in survey.

Source: Project MIS

Comments:

A baseline income and nutrition survey in Mid-Western Development Region will be the basis for gender disaggregation. The survey is currently being conducted, and will be completed by May 1996, to establish the baseline for the MARD and EFEA activities. Reporting on these indicators will be a requirement of the MARD and EFEA contractors/grantees on a quarterly basis.

Small traders are defined as traders who handle less than 5 MT of commodities per year.

Large traders are defined as traders who handle more than 5 MT of commodities per year.

	Year	Planned	Actual
Baseline	1993		a) 5,298 b) 195
Target	1994		a) 8,830 b) 326
	1995		a) 12,615 b) 467
	1996	a) 15,674 b) 870	
	1997	a) 26,265 b) 1,459	
	1998	a) 34,688 b) 1,927	
	1999	a) 49,019 b) 2,723	
	2000	a) 68,439 b) 3,802	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.1: Expanded Market Participation

Indicator: 1.1.3 Total number of off-farm enterprises in project areas
 a) Small/micro (total, female-owned, male-owned)
 b) Medium (total, female-owned, male-owned)

Unit of Measure: Total number of off-farm enterprises in project areas, to be disaggregated by gender or entrepreneur in survey.

Source: Project MIS, Ministry of Commerce

Comments:

A baseline survey in the Mid-Western Development Region will establish all these indicators. The survey will be completed by May 1996. Reporting on this indicator will be a requirement of the MARD and EFEA contractors on a quarterly basis.

Small enterprises are defined as those enterprises with less than ten employees and less than \$200 per year in business turnover.

Large enterprises are defined as those enterprises employing more than 10 and a business turnover of more than \$200 per year.

		Year	Planned	Actual
Baseline	1995	a) TBD b) TBD		
	Target	1996	a) TBD b) TBD	
		1997	a) TBD b) TBD	
		1998	a) TBD b) TBD	
		1999	a) TBD b) TBD	
		2000	a) TBD b) TBD	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 1.2: Sustainable Management of the Productive Resource Base

Indicator: 1.2.1 Cubic meters of forest biomass produced

Unit of Measure: Forest biomass produced, sampled and measured in cubic meters.

Source: Project MIS

Comments:

This indicator includes biomass of miscellaneous sal forests in five Rapti districts. It is based on a sample survey. The contractor/grantees for EFEA will report a sample each year and expand its coverage to all districts covered by the activity.

The Bheri zone districts will be included after a baseline is developed through EFEA in 1996.

	Year	Planned	Actual
Baseline	1994		174,420
Target	1995		228,543
	1996	283,983	
	1997	353,283	
	1998	427,203	
	1999	501,123	
	2000	648,963	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.2: Sustainable Management of the Productive Resource Base

Indicator: 1.2.2 Number of community conservation committees formed with conservation plans in project areas

Unit of Measure: Number of community conservation committees formed with conservation plans in project areas.

Source: Project MIS

Comments:

A baseline for this indicator will be established by August 1996. After the baseline is established, data will be provided by technical assistance contractor and grantee quarterly reports.

Project areas include four districts (Humla, Dolpa, Chitwan and Sankhuwasabha).

	Year	Planned	Actual
Baseline	1996	TBD	
Target	1997	TBD	
	1998	TBD	
	1999	TBD	
	2000	TBD	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 1.2: Sustainable Management of the Productive Resource Base

Indicator: 1.2.3 Increased cropping intensity in irrigation command areas

Unit of Measure: Number of crops grown per unit of land in one year in irrigation command areas.

Source: Project MIS, Department of Irrigation

Comments:

This indicator was developed using Department of Irrigation (DOI) data. A more extensive baseline under the Irrigation Management Transfer Activity (IMTA) will be established by the technical assistance contractor by October 1996 and reporting on this indicator will be a requirement of the contract.

Irrigation command areas are located in ten districts: nine in the terai and one in the Rapti zone.

	Year	Planned	Actual
Baseline	1994		1.53
Target	1995		1.62
	1996	1.74	
	1997	1.80	
	1998	1.85	
	1999	1.90	
	2000	1.95	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 1.2: Sustainable Management of the Productive Resource Base

Indicator: 1.2.4 Hectares of land managed by user groups in Rapti districts:
 a) Forest user groups
 b) Water user groups

Unit of Measure: Number of hectares managed under user plans by sample checking in Rapti districts.

Source: Project MIS

Comments:

These indicators include five Rapti districts. The EFEA and IMTA technical assistance contracts will establish a more extensive baseline for all the districts covered by their activities. Reporting on these indicators will be a requirement of these contracts.

The Bheri zone will be included after a baseline is developed through EFEA in 1996.

	Year	Planned	Actual
Baseline	1994		a) 37,754 b) 4,000
	Target		
	1995		a) 49,469 b) 6,207
	1996	a) 61,469 b) 7,448	
	1997	a) 76,469 b) 8,937	
	1998	a) 92,469 b) 10,724	
	1999	a) 108,469 b) 13,941	
	2000	a) 140,469 b) 18,123	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.3: Increased Adoption of Improved Technology for High-Value Agriculture

Indicator: 1.3.1 Number of farmers adopting new seed varieties

Unit of Measure: Number of farmers (at research outreach sites, high-value agricultural sites) adopting new seed varieties.

Source: Project MIS, Ministry of Agriculture

Comments:

Most of the new crop varieties were not officially released and distributed until 1995 to the farmers in the command areas of 8 agricultural research stations under Nepal Agriculture Research Council (NARC) supported under the Agroenterprise Technology Systems (ATS) activity. The above figures reflect only crops such as rice, wheat, maize, soybean, pigeon pea, chick pea and cow pea.

Through ATS efforts crop varieties are targeted and released for cultivation in specific agro-ecological production environments. The varieties are being popularized by extension program through ATS research sites.

	Year	Planned	Actual
Baseline	1993		34,000
Target	1995		112,900
	1996	120,000	
	1997	135,000	
	1998	150,000	
	1999	175,000	
	2000	200,000	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.3: Increased Adoption of Improved Technology for High-Value Agriculture

Indicator: 1.3.2 Number of hectares planted with new seed varieties

Unit of Measure: Number of hectares on which new seed varieties are employed.

Source: Project MIS, Ministry of Agriculture

Comments:

Baseline and target figures shown in the table reflect the command areas under outreach research sites of eight Agricultural Research Stations (ARS) supported under Agroenterprise Technology Systems (ATS).

Although the new crop varieties developed by the Nepal Agriculture Research Council (NARC) were in the pipeline for several years, they were officially released and distributed to farmers only in 1995. The new seed varieties include 4 varieties of rice, 3 varieties of wheat, 2 varieties of maize, and 1 variety each of soybean, pigeon pea, chick pea and cow pea.

Figures on fertilizer and silviculture are presently omitted due to unavailability of information.

	Year	Planned	Actual
Baseline	1993		23,000
Target	1995		75,300
	1996	80,000	
	1997	90,000	
	1998	100,000	
	1999	115,000	
	2000	125,000	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.4: Privatization of State-Owned Agricultural Enterprise

Indicator: 1.4.1 Total number of parastatals involved in high-value agriculture or forestry enterprises

Unit of Measure: Total number of agriculture and forestry-related state-owned enterprises (SOEs).

Source: Ministries of Finance, Industry, Commerce, and Agriculture

Comments:
A one-year privatization activity will begin in 1996 and privatization of 7 major agriculture and forestry-related SOEs will be completed in 1997.

	Year	Planned	Actual
Baseline	1995		20 SOEs
Target	1996	20 SOEs	
	1997	13 SOEs	
	1998	13 SOEs	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 1.4: Privatization of State-Owned Agricultural Enterprise

Indicator: 1.4.2 Production and sales of privatized firms

Unit of Measure: Annual total production and sales of tea, sugar, dairy products, and herbs

Source: Ministry of Agriculture

Comments:

Baseline data will be collected through the government's Privatization Cell from the seven targeted enterprises by June 1996. Production and sales figures for subsequent years will be collected directly from the enterprises.

	Year	Planned	Actual
Baseline	1995		TBD
Target	1996	TBD	
	1997	TBD	
	1998	TBD	

Country Name: Nepal

Date/Month SO approved: June 1995

STRATEGIC OBJECTIVE 2: Reduced Fertility and Improved Maternal and Child Health

Indicator: 2.1 Total fertility rate.

Unit of Measure: Number of children a woman would bear during her life-time given current age-specific (15-49) fertility rates, nationwide.

Source: 1991 and 1996 Demographic and Health Surveys, 1991 Census

Comments:

Expected level of fertility is assumed to decline linearly, and increased contraceptive use is assumed to contribute to most (80%) of the decline.

	Year	Planned	Actual
Baseline	1991		5.6
Target	1996	5.1	
	2001	4.5	

Country Name: Nepal

Date/Month SO approved: April 1996

STRATEGIC OBJECTIVE 2: Reduced Fertility and Improved Maternal and Child Health

Indicator: 2.2 Under five mortality rate.

Unit of Measure: Number of children dying between birth and the fifth birthday per 1,000 live births, nationwide.

Source: 1991 and 1996 Demographic and Health Surveys

Comments:

The expected level of under five mortality is assumed to decline linearly (approximately 9.5 points per annum).

Other donors and the Government of Nepal are more involved with Child Survival activities than USAID. However, USAID/Nepal's support to selected child health interventions (ARI, CDD, Vitamin A, and child spacing) will contribute significantly to reducing the national under five mortality rate.

	Year	Planned	Actual
Baseline	1990		165
Target	1996	108	
	2001	70	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.1: Increased Use of Family Planning Services

Indicator: 2.1.1 Total contraceptive prevalence rate.

Unit of Measure: Percentage of married women of reproductive age (15-49) currently using any contraceptive method.

Source: 1991 and 1996 Demographic Health Surveys

Comments:

Contraceptive Prevalence Rate (CPR) provides an excellent measure of population coverage of contraceptive use, taking into account all sources of supply and all contraceptive methods. It is the most widely reported measure of outcome for family planning programs around the world, and considered to be one of the most valid measures for comparison purposes.

The major constraint with this indicator is that it is based on surveys, such as the Demographic and Health Surveys (DHS), which are done every five years in Nepal. At present, the 1996 DHS is underway. Thus, the actual figure for this indicator will not be available until August/September 1996.

	Year	Planned	Actual	
Baseline	1991		24.0%	
Target	1992	25.5%	N/A	
	1993	27.0%	N/A	
	1994	28.5%	N/A	
	1995	30.0%	N/A	
	1996	31.5%		
	1997	33.0%		
	1998	34.5%		
	1999	36.0%		

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.1: Increased Use of Family Planning Services

Indicator: 2.1.2 Annual couple years of protection (CYP) for MOH supported services (including USAID supported NGO service sites and priority district service sites) and annual CYP provided through USAID supported private sector outlets.

Unit of Measure: Number used to estimate protection provided by family planning services during a one year period, based upon volume of all contraceptives sold or distributed to clients during that period for all of Nepal and also disaggregated by USAID supported site type.		Source: MOH's Health Management Information System (HMIS) and MOH's Logistics Management Information System (LMIS), NGO and private sector progress reports		a) MOH supported services; a1) USAID supported NGO sites, and a2) USAID supported priority districts; and b) USAID supported private outlets.	
Year	Planned	Actual	Baseline	Target	Comments:
1995		a) 890,000 a1) 115,000 a2) 530,000 b) 100,000			
1996		a) 935,000 a1) 126,000 a2) 583,000 b) 110,000			
1997		a) 1,028,000 a1) 139,000 a2) 641,000 b) 120,000			
1998		a) 1,131,000 a1) 153,000 a2) 705,000 b) 130,000			
1999		a) 1,244,000 a1) 168,000 a2) 775,000 b) 140,000			

CYP measures the volume of program activity. It is used by program managers and donor agencies to monitor progress in the delivery of contraceptive services at the program and project levels on a monthly basis. This method is currently one of the most widely-used indicators of output in international family planning programs. There are several advantages of the indicator: 1) It can be calculated from data that are usually collected on a routine basis through programs or projects, thus minimizing the data collection burden; 2) these data can be obtained from all the different service delivery mechanisms (clinics, CBD, Social/Commercial marketing); and 3) the CYP calculation is relatively simple to do.

The 1995 figures provided are based on the Nepal Fiscal Year (July 15, 1994 to July 15, 1995) since this is the cycle used by the Government of Nepal. Two categories used to track program performance are listed as follows: a) MOH supported services; and b) USAID supported private sector programs (commercial retail sales and private practitioners). Within the first category, there are two additional sub-categories including: a1) USAID supported NGO sector programs; and a2) USAID supported priority districts. The figures included for 1996 cover the period July 1995 to February 1996. Since the data set is not entirely complete, the figures only represent a portion of the achievements to date. Based on information available in the field, and progress made to date, the program is expected to achieve its goals for FY 1996. Based on the fact that CYP is increasing annually, we expect a corresponding increase in contraceptive prevalence.

This includes 21 districts receiving comprehensive support from USAID programs. Note that these districts account for nearly 60 percent of the overall national CYP.

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.1: Increased Use of Family Planning Services

Indicator: 2.1.3 District stores stocking a three-month supply of contraceptives.

Unit of Measure: Percentage of MOH district-level stores stocking a minimum 3-months supply of all contraceptive products.

Source: Ministry of Health's Logistics Management Information System

Comments:

Without contraceptives in place, services cannot be provided. Because there had been shortages throughout the country, USAID provided support for an integrated logistics management system. This indicator, which focuses on the supply situation, will help track the progress of the logistics system, using existing data which are already available on a monthly basis.

In November 1995 and again in January 1996, spot inventories were done in selected districts throughout Nepal. The results indicated that approximately 25 percent of the sites had at least three months supply of all contraceptives in stock. This is consistent with our goal of reaching 30 percent by 1996.

	Year	Planned	Actual
Baseline	1995	10%	25%
Target	1996	30%	
	1997	50%	
	1998	60%	
	1999	70%	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.2: Increased Quality of Family Planning Services

Indicator: 2.2.1 Health workers trained to competency as family planning service providers for clinical and non-clinical contraceptive methods.

Unit of Measure: Cumulative number of health workers trained to competency as family planning service providers for clinical and non-clinical contraceptive methods.

Source: Ministry of Health National Health Training Center (NHTC) progress reports

Comments:

- a) Clinical method courses
- b) Comprehensive family planning course

Data are collected annually through the Ministry of Health's Annual Report covering the July-June HMG fiscal year.

a) The difference between planned and actual figures reflects the fact that 10 persons who were scheduled for training did not attend.

b) The indicator tracks persons trained using five different course curricula revised or developed with USAID assistance. These curricula are being phased in during 1994 and 1995. The "planned" figures have been adjusted to reflect this. Please note that "planned" figures for 1997 and beyond are estimates. They will be adjusted each year as per the Ministry of Health's actual training targets for that year.

	Year	Planned	Actual
Baseline	1994		a) 0 b) 0
	Target		
	1995	a) 28 b) 400	a) 28 b) 390
	1996	a) 119 b) 800	
	1997	a) 254 b) 1,200	
	1998	a) 389 b) 1,600	
	1999	a) 524 b) 2,000	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.2: Increased Quality of Family Planning Services

Indicator: 2.2.2 Service delivery points certified for provision of contraceptive services

Unit of Measure: Cumulative number of service delivery points certified to provide the full range of contraceptive services in 21 priority districts.

Source: Ministry of Health's quarterly progress reports

Comments:

The MOH identified 21 high population density districts as priorities for establishing at least one site per district (i.e., the district hospital or primary health care center) which will provide the full range of contraceptive services, including voluntary surgical contraception, on a year-round basis. USAID is assisting the MOH to identify the necessary manpower, arrange appropriate training, provide needed equipment and supplies, and conduct quality assurance monitoring. In 1995, an additional 4 sites were planned to start up. However, the change in government and uncertainty in the status of the MOH development staff led to only 2 sites being readied this year, bringing the cumulative total to 7. Plans are underway to make up the difference in FY 96 so that the planned 15 sites will be available by the end of the year.

	Year	Planned	Actual
Baseline	1994		5
Target	1995	9	7
	1996	15	
	1997	17	
	1998	21	
	1999	21	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.2: Increased Quality of Family Planning Services

Indicator: 2.2.3 Married women of reproductive age (MWRA) spontaneously knowing temporary family planning methods.

Unit of Measure: Percentage of MWRA spontaneously knowing temporary family planning methods.

Source: 1991 and 1996 Demographic and Health Surveys

a) Orals; b) Injectables; c) Condoms; d) Norplant

Comments:

Baseline data for this indicator were selected from the 1991 Nepal Fertility and Health Survey. The 1996 Demographic and Health Survey (DHS) is currently underway and data will be available in mid-1996. The next DHS survey is planned for 2001. Planned figures are not shown for interim years in which actual figures are not available. However, the assumption is that knowledge of all 4 contraceptive methods listed will increase by 5% annually as a result of national information/education/communication activities.

	Year	Planned	Actual
Baseline	1991		a) 28% b) 22% c) 12% d) 9%
Target	1996	a) 38% b) 42% c) 36% d) 12%	
	2001	a) 48% b) 60% c) 58% d) 23%	

Country Name: Nepal

Date/Month SO approved: April 1996

PROGRAM OUTCOME 2.2: Increased Quality of Family Planning Services

Indicator: 2.2.4 Family planning service providers trained as family planning counselors.

Unit of Measure: Cumulative number of family planning service providers trained as family planning counselors.

Source: Ministry of Health National Health Training Center (NHTC) progress reports

Comments:

This training program was developed during FY 95 and became fully operational as of January 1996. Data are collected annually from the Ministry of Health's Annual Report covering a July-June HMG fiscal year. Please note that this activity is a pilot project and currently runs for two years, through FY 97. A follow-on activity will depend on success of the pilot phase, available funding and MOH interest. An evaluation will take place in late 1996 or early 1997.

	Year	Planned	Actual
Baseline	1995	12	12
Target	1996	332	
	1997	652	

ADDENDUM

Performance Data Tables for Program Outcome 2.2

It is well established within the field of reproductive health that increasing access to family planning services must be accompanied by increased quality of those services not only in order to attract and retain users of family planning but also as an ethical imperative. Thus the link between PO 2.1, "Increased Use of Family Planning Services," and PO 2.2, "Increased Quality of Family Planning Services," is very strong. Ultimately, USAID expects the activities under PO 2.2 to result in increased use of family planning services, as measured by increased Couple Years of Protection provided, increased total Contraceptive Prevalence Rate and a reduction in the Total Fertility Rate.

Indicators 2.2.1 and 2.2.4

2.2.1 Health Workers trained to competency as family planning service providers for clinical and non-clinical contraceptive methods.

2.2.4 Family planning service providers trained as family planning counselors.

Training, like other functional areas of family planning service delivery, contributes to the overall objectives of increasing contraceptive prevalence rates, reducing fertility and improving maternal and child health. However, it has this effect by strengthening the family planning supply environment: in increasing access to services, improving quality of the services (e.g., better counseling, improved clinical skills of providers), and enhancing the image of the program². This indicator, the number of persons trained, is a proxy for information on how well trainees perform these services at their work site after having received training and what impact their improved service delivery skills has on contraceptive use at that site.

It was selected because there is currently no cost effective way of measuring the impact of national training programs directly and on a regular basis. This would require work-site observation and evaluation of provider skills after training by other trained service providers, as well as surveys of client satisfaction, both of which would be costly to do regularly or extensively. Evaluations of the training activities covered by these indicators are planned during 1996 and 1997 and service-site and client-level impact data will be collected. They will provide summary information, but cannot provide annual information on all providers trained.

²Adapted from the USAID-supported publication, Handbook of Indicators for Family Planning Program Evaluation, The Evaluation Project, Bertrand et al., 1994.

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.3: Increased Use of Selected Maternal and Child Health Services

Indicator: 2.3.1 Children 6-60 months receiving Vitamin A supplementation in 32 high risk districts.

Unit of Measure: Percent of children in target areas aged 6-60 months who have received a Vitamin A capsule in the preceding semi-annual national capsule distribution day.

Source: VITAL/OMNI reports

Comments:

Original projections for coverage were estimated at 40%, increasing to 60% over the term of the current USAID support to the Vitamin A program. However, during the phased hand over to the MOH of management of the vitamin A capsule distribution activities, targets were modified to reflect high levels of TA in the initial phases, with high coverage expected to level off at 60% by the end of the current USAID support in July 1997.

	Year	Planned	Actual
Baseline	1993	40% (0 districts)	90% (8 districts)
Target	1994	40% (12 districts)	90% (12 districts)
	1995	50% (23 districts)	86% (23 districts)
	1996	60% (32 districts)	
	1997	86% (32 districts)	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.3: Increased Use of Selected Maternal and Child Health Services

Indicator: 2.3.2 Children 0-60 months with pneumonia symptoms taken for appropriate treatment.

Unit of Measure: Percentage of children 0-60 months with pneumonia symptoms taken for appropriate treatment by Female Community Health Volunteers and Village Health Workers in four target districts.

Source: JSI reports

Comments:

Appropriate treatment is defined as the patient having completed a course of antibiotics as confirmed in a follow-up visit.

	Year	Planned	Actual
Baseline	1994		0% (4 districts)
Target	1995	50% (4 districts)	70% (4 districts)
	1996	55% (4 districts)	
	1997	60% (4 districts)	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.3: Increased Use of Selected Maternal and Child Health Services

Indicator: 2.3.3 Use of oral rehydration solution (Jeevan Jal) in recent diarrheal episode in children 0-36 months.

Unit of Measure: a) Percentage of children 0-36 months with a diarrheal episode in the previous two weeks who received Jeevan Jal.
b) Number of Jeevan Jal packets distributed by MOH in previous 12 month period.

Source: 1) 1996 Demographic and Health Survey; 2) MOH LMIS; 3) UNICEF Multiple Indicator Survey 1995

Comments:

Baseline for unit of measure a) is from the 1995 UNICEF Multiple Indicator Survey. The 1996 and 2001 figures will be determined by the DHS.

Unit of measure b) will be reported yearly by the MOH and serves as a secondary indicator to determine progress.

* Nepali fiscal year is July 15, 1994 - July 14, 1995.

	Year	Planned	Actual
Baseline	1994 (94-95) *		a) 27% b) 781,519
Target	1995	a) N/A b) 800,000	a) TBD b) TBD
	1996	a) N/A b) 850,000	
	1997	a) N/A b) 900,000	
	1998	a) N/A b) 950,000	
	1999	a) N/A b) 1,000,000	
	2000	a) N/A b) 1,050,000	
	2001	a) 40% b) 1,100,000	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 2.3: Increased Use of Selected Maternal and Child Health Services

Indicator: 2.3.4 Percentage of births in the last 3 years in which the mother received antenatal services from a trained provider at least once.

Unit of Measure: Percentage of births in the preceding 3 years in which the mother received at least one antenatal service from a trained provider.

Source: 1991 and 1996 Demographic and Health Surveys

Comments:
Indicator can only be measured by DHS every five years.

	Year	Planned	Actual
Baseline	1991		17.7%
Target	1996	26%	
	2001	36%	

Country Name: Nepal

Date/Month SO approved: June 1995

STRATEGIC OBJECTIVE 3: Empowerment of Women

Indicator: 3.1 Representation of women in leadership positions.

Unit of Measure: Greater representation of women in leadership positions (user groups, Village Development Committees [VDCs], and the private sector).

Source: Sample survey

Comments:
Mission has not yet confirmed that this is the best indicator for the strategic objective. More study and analysis is required.

	Year	Planned	Actual
Baseline	1996		
Target	1997		
	1998		
	1999		
	2000		

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.1: Increased Women's Literacy

Indicator: 3.1.1 Adult women who are literate at a basic level.

<p>Unit of Measure: Number of adult women passing literacy tests in USAID sponsored literacy programs.</p>		<p>Year</p>	<p>Planned</p>	<p>Actual</p>
<p>Source: Government of Nepal census and INGO/NGO MIS</p>	<p>Baseline</p>	<p>1991</p>		<p>889,641 (nationwide)</p>
<p>Comments:</p> <p>National data from the 1991 census are used for the baseline. However, the census is conducted only every ten years. Therefore, data for intermediate years will only include women in USAID sponsored literacy programs. These data will be reported in absolute numbers and as a percentage of the original baseline census figure for the number of literate adult women. The data will be cross-checked with other data from the World Bank-sponsored Living Standards Measurement Survey and the Demographic and Health Survey, both of which will be completed later this year.</p> <p>* Target reflects reduced USAID funding levels. GON has a goal of eliminating illiteracy by the year 2000, but the current level of budgeted resources for adult literacy programs is inadequate.</p>	<p>Target</p>	<p>1995</p>	<p>71,760 passing tests or 8% of base</p>	<p>116,000 passing tests or 13% of base</p>
		<p>1996</p>	<p>94,600 additional 210,600 cumulative or 24% of base</p>	
		<p>1997</p>	<p>62,840 additional 273,000 cumulative or 31% of base</p>	
		<p>1998 *</p>	<p>100,000 additional 373,000 cumulative or 42% of base</p>	
		<p>1999 *</p>	<p>100,000 additional 473,000 cumulative or 53% of base</p>	
		<p>2000 *</p>	<p>100,000 additional 573,000 cumulative or 64% of base</p>	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.1: Increased Women's Literacy

Indicator: 3.1.2 Women completing basic business literacy program.

Unit of Measure: Number of women completing a basic business literacy program.

Source: Project MIS

Comments:

Activity implementation slowed by delays in completion of follow-on contract and a change in the contractor's country director.

The targets have been revised due to the delays in start up.

The indicator may change when the new SO3 program is put in place.

	Year	Planned	Actual
Baseline	1994	0	0
Target	1995	100	0
	1996	50 (cumulative: 50)	
	1997	1,500 (cumulative: 1,550)	
	1998	10,000 (cumulative: 11,550)	
	1999	30,000 (cumulative: 41,550)	
	2000	30,000 (cumulative: 71,550)	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.1: Increased Women's Literacy

Indicator: 3.1.3 Women participating in legal literacy fora.

Unit of Measure: Number of women participating in legal literacy fora.

Source: Project MIS

Comments:

In 1995, major partners include:

1. SUSS - 1,527 women participants in 23 districts.
2. LEADERS - 395 women in 2 districts.
3. TAF's Community Mediation Pilot Project - 2,287 women in 6 districts; TAF's SDI grant originally targeted 2,000 during project period (ending April 1996) but this grant is now being re-programmed to meet new SO3 objectives. LEADERS' Kamaiya project (ending September 1997) targets 2,000 (male/female) legal literacy participants during project period.

* SUSS only.

— SUSS, TAF, LEADERS.

	Year	Planned	Actual
Baseline	1994	300	325 *
Target	1995	2,900	4,209 **
	1996	1,700	
	1997	5,000	
	1998	15,000	
	1999	40,000	
	2000	40,000	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.2: Improved Legal Environment for Women

Indicator: 3.2.1 Law which prohibits women from inheriting property.

Unit of Measure: Recision of law which prohibits women from inheriting property.

Source: Project MIS

Comments:

USAID anticipates that recision will occur in 1997 and enforcement/implementation will begin in 1998.

	Year	Planned	Actual
Baseline	1995		
Target	1996		
	1997	recision	
	1998		
	1999		
	2000		

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.2: Improved Legal Environment for Women

Indicator: 3.2.3 Women-advocacy NGOs.

Unit of Measure: Number of women-advocacy NGOs.

Source: Project MIS

Comments:

Existing partner NGOs - 4
Civic groups/NGOs, partner I/NGOs working with - 21

These are formally registered advocacy NGOs working for the cause of women (not necessarily women-managed per se, but also mixed gender managed NGOs working for advocacy for women).

* 7 less than 1995 actual because 2 activities will be phasing out in July 1996.

	Year	Planned	Actual
Baseline	1994	0	0
Target	1995	25	25
	1996	18*	
	1997	35	
	1998	40	
	1999	45	
	2000	50	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.3: Strengthened Women's Economic Participation**Indicator: 3.3.1 Loans to women from Grameen-like NGO lenders.**

Unit of Measure: Number and value of loans to women from Grameen-like NGO lenders.		Year	Planned	Actual
Source: Project MIS; (monthly reports Grameen-like NGOs)	Baseline	1994	2,000	
Comments: Actual performance exceeded targets due to rapid increase of number of branches and units. USAID supported the training of staff which permitted this rapid expansion. The loan size to borrowers has also been raised from Rs.2,000 to Rs.5,000 (from approximately \$35 to \$85).	Target	1995	# new 1,500 cumulative # 3,500 cum. value Rs.3,000,000	5,200 7,200 Rs.29,800,000
		1996	# new 6,000 cumulative # 13,200 cum. value Rs.59,800,000	
		1997	# new 8,000 cumulative # 21,200 cum. value Rs.99,800,000	
		1998	# new 11,000 cumulative # 32,200 cum. value Rs.154,800,000	
		1999	# new 15,000 cumulative # 47,200 cum. value Rs.229,800,000	
		2000	# new 20,000 cumulative # 67,200 cum. value Rs.329,800,000	

Country Name: Nepal

Date/Month SO approved: June 1995

PROGRAM OUTCOME 3.3: Strengthened Women's Economic Participation

Indicator: 3.3.2 People employed by women-owned businesses in project areas.

Unit of Measure: Number of people employed by women-owned businesses in project areas.		Year	Planned	Actual
Source: Project MIS; (consultant's reports and annual sample survey)	Baseline	1995	1,700	*
<p>Comments:</p> <p>This indicator may be modified after the new SO3 program is formulated. Baseline data will be collected through a sample survey by December 1996.</p> <p>Complementary achievements that have contributed to the expansion of employment opportunities for women are described in the SO3 narrative.</p>	Target	1996	new total 2,100 3,800	
		1997	new total 2,500 6,300	
		1998	new total 3,100 9,400	
		1999	new total 3,700 13,100	
		2000	new total 5,000 18,100	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 1: Improved Macro-Economic Policy Environment

Indicator: 1.1 Tax reforms (VAT) passed and implemented

Unit of Measure: Sales Tax/VAT Revenue collection in rupees (adjusted for inflation).

Source: Ministry of Finance yearly data, Nepal Rastra Bank monthly data

Comments:

A full VAT will replace sales, entertainment, hotel and contract taxes. Prior to full implementation, baseline and target figures will include revenue collection for these taxes. An adjustment for inflation has been made to ensure that any increases are in real terms. The target for 1995/96 reflects an increase of 19%, approximately the average real growth for the past three years. The targets for the following two years reflect a 30% growth rate based on the expectation that VAT will substantially improve revenue collections. The positive spillover effects on income and customs tax collections and the improved business climate are not captured in this indicator.

The exchange rate is approximately Rps.55/US dollar.

	Year	Planned	Actual
Baseline	1992/93		Rs.3.7 billion
Target	1995		Rs.5.6 billion
	1996	Rs.6.6 billion	
	1997	Rs.8.5 billion	
	1998	Rs.11.2 billion	
	1999	Rs.11.2 billion	
	2000	Rs.11.2 billion	

Country Name: Nepal

Date/Month SO approved: April 1996

SPECIAL PROGRAM OBJECTIVE 1: Improved Macro-Economic Policy Environment

Indicator: 1.2 Improve competition in economy by privatizing state-owned enterprises (SOEs).

Unit of Measure: Total number of state-owned enterprises.

Source: Ministry of Finance, Industry, Commerce, Supplies and Agriculture

Comments:

The indicator has been re-worded to specify the objective more clearly. The unit of measure has been modified from "number of enterprises where government monopoly rights are removed." SOEs do not have complete monopolies, though they often dominate the market and inhibit competition by pricing practices. The new unit of measure better reflects the role of SOEs in the economy. USAID expects five SOEs will be privatized in 1996. If additional USAID resources are used for privatization, seven more will be privatized in 1997.

	Year	Planned	Actual
Baseline	1992		76 SOEs
Target	1995	66 SOEs	66 SOEs
	1996	61 SOEs	
	1997	54 SOEs	
	1998	54 SOEs	
	1999	54 SOEs	
	2000	54 SOEs	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 1: Improved Macro-Economic Policy Environment

Indicator: 1.3 Reduction of amount of time required for registration for and acquisition of export licenses

Unit of Measure: Time from submission of registration or export form to decision.

Source: Department of Industry, Department of Commerce

Comments:

This indicator has been deleted. Due to budgetary constraints, USAID is not focusing activities on this problem.

	Year	Planned	Actual
Baseline	1994		
Target	1995		
	1996		
	1997		
	1998		
	1999		
	2000		

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

Indicator: 2.1 Condom use by persons with high risk behaviors:
 - Commercial Sex Workers (CSWs)
 - Clients of Commercial Sex Workers (CSWs)

Unit of Measure: Percentage of CSWs and clients in target area of 9 districts reporting condom use during last intercourse of risk.

Source: AIDSCAP periodic surveys

Comments:

Baseline data were collected in the target area in late 1994. A follow-up survey in the same area is currently scheduled for mid-1996 with results to be reported in next year's R4. Please note that this activity is currently scheduled to end in September 1997. A follow-on activity has not been confirmed at this time.

	Year	Planned	Actual
Baseline	1994		CSWs 35% Clients 34%
Target	1996	CSWs 60% Clients 60%	

Country Name: Nepal

Date/Month SO approved: April 1996

SPECIAL PROGRAM OBJECTIVE 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

Indicator: 2.2 Condom sales in target area of 22 districts.

Unit of Measure: Annual number of condoms sold in 22 districts by Contraceptive Retail Sales (CRS) Company, Pvt. Ltd.

Source: CRS Company annual sales reports

Comments:

Contraceptive Retail Sales (CRS) Company has been contracted to increase the availability of condoms in a target area of 22 districts through non-traditional outlets (e.g., pan shops, tea stalls, etc.) where commercial sex workers and their clients congregate. Please note that this activity is currently scheduled to end in September 1997. A follow-on activity has not been confirmed at this time.

	Year	Planned	Actual
Baseline	1994		3,600,000
Target	1995	4,000,000	4,200,000
	1996	4,800,000	

Country Name: Nepal

Date/Month SO approved: April 1996

SPECIAL PROGRAM OBJECTIVE 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

Indicator: 2.3 STD/HIV one-on-one educational contacts with men and women in target area of 9 districts.

Unit of Measure: Annual number of STD/HIV one-on-one educational contacts with men and women in the target area of 9 districts.

Source: AIDSCAP annual progress reports

Comments:

The indicator tracks the annual number of individual contacts made with men and women in the target area of 9 districts by outreach workers providing education about STDs and HIV. Please note that this activity is currently scheduled to end in September 1997. A follow-on activity has not been confirmed at this time.

	Year	Planned	Actual
Baseline	1994		M - 0 F - 0
Target	1995	M - 10,000 F - 3,000	M - 11,193 F - 3,135
	1996	M - 15,000 F - 8,000	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas

Indicator: 2.4 Chemists and druggists in the target area of 9 districts trained to diagnose and treat STDs.

Unit of Measure: Number of chemists and druggists in the target area of 9 districts trained to diagnose and treat STDs using the syndromic case management approach.

Source: AIDSCAP progress reports

Comments:

Please note that this activity is currently scheduled to end in September 1997. A follow-on activity has not been confirmed at this time.

	Year	Planned	Actual
Baseline	1994		M - 0 F - 0
Target	1995	M - 25 F - 0	M - 27 F - 0
	1996	M - 375 F - 125	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 3: Increased Democratic Decision-Making at the Local Level

Indicator: 3.1 Increased democratic practices at the local level.

Unit of Measure: a) Advocacy groups petitioning to local governments
 b) Proposals included on agendas of selected elected bodies
 c) Associations of groups formed

Source: Project records, surveys

Comments:
 Contractors and grantees provide these data in quarterly reports.

	Year	Planned	Actual
Baseline	1994		a) 0 b) 0 c) 0
Target	1995	a) 5 b) 15 c) 0	a) 208 b) 256 c) 3
	1996	a) 20 b) 100 c) 3	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 3.1: Increased Democratic Practices at the Local Level

Indicator: 3.1.1 User groups functioning democratically in project areas.

Unit of Measure: Number/percent increase in user groups functioning democratically

- constitution/by-laws
- election of officers
- deliberation of issues in open meetings
- decision by majority vote
- publication of decisions

Source: Project MIS, sample surveys

Comments:

Targets and actual figures drawn from SO3 and SO1 activities. Forestry and irrigation user groups data are based on activities in the Rapti zone. Data for other user groups are drawn from project activities in Gorkha and Siraha districts.

Contractors and grantees provide these data in quarterly reports.

	Year	Planned	Actual
Baseline	1994	313	161
Target	1995	425	532
	1996	620	
	1997	TBD	

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 3.1: Increased Democratic Practices at the Local Level

Indicator: 3.1.2 Local elected bodies functioning democratically.

Unit of Measure: Number of local elected bodies functioning democratically

- constitution/by-laws
- election of officers
- deliberation of issues in open meetings
- decision by majority vote
- publication of decisions

Source: Project MIS

Comments:

The contractor provides these data in quarterly reports.

This activity was originally planned for 12 Village Development Committees (VDCs) of Dang, Siraha and Gorkha districts, but due to implementation constraints 10 VDCs in only two districts (Siraha and Gorkha) were covered.

* Activities will be completed in July 1996.

	Year	Planned	Actual
Baseline	1994		0
Target	1995	15	12
	1996	12	
	1997	20	*

Country Name: Nepal

Date/Month SO approved: June 1995

SPECIAL PROGRAM OBJECTIVE 3.1: Increased Democratic Practices at the Local Level

Indicator: 3.1.3 Local government budget and block grants approved in open meetings.

Unit of Measure: Number of budgets and block grants approved in open meetings

Source: Sample surveys

Comments:

This indicator covered block grants to District Development Committees (DDCs) until the United Marxist-Leninist government's established the Build Our Village Ourselves (BOVO) program. The indicator was then converted to cover BOVO grants and the present government's Village Development and Self-Reliance Program (VDSP).

* Activity ends in July 1996.

	Year	Planned	Actual
Baseline	1994		0
Target	1995	TBD	
	1996	TBD	*
	1997	TBD	*

ANNEX C

BUDGET TABLES

Table 2
ALL RESOURCES TABLE
USAID/NEPAL
(\$000)

Funding Category	FY 1996*	FY 1997		FY 1998	
		Base**	Base - 20%	Base - 10%	Base -30%
Sustainable Development					
Economic Growth	5,000	6,000	4,000	5,000	4,000
Of which: Field Support ***	700	500	400	300	200
Child Survival/Disease	3,670	2,339	1,971	3,500	1,037
Of which: Field Support ***	1,000	950	950	500	500
Basic Education	1,000	2,000	1,000	1,000	1,000
Of which: Field Support ***	0	0	0	0	0
Population	8,630	11,000	10,000	10,000	9,000
Of which: Field Support ***	8,630	8,430	8,430	8,005	8,005
Environment	1,185	2,000	1,500	1,405	1,000
Of which: Field Support ***	0	0	0	0	0
USAEP	0	100	100	100	100
Democracy	1,000	1,000	1,000	1,000	1,000
Of which: Field Support ***	0	0	0	0	0
Economic Support Funds					
Of which: Field Support ***	0	0	0	0	0
Of which Child Survival	0	0	0	0	0
Of which: Field Support ***	0	0	0	0	0
Of which Basic Education	0	0	0	0	0
Of which: Field Support ***	0	0	0	0	0
PL480:					
Title II	0	0	0	0	0
Title III	0	0	0	0	0
Other (HG, MSED)	0	0	0	0	0
GRAND TOTAL	20,485	24,339	19,471	21,905	17,037

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP level.

** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

*** Refers to Field Support -- both Global-funded and Mission-funded.

Table 3
Funding Scenarios by Objective
(\$000)

OBJECTIVE	FY 1996*	FY 1997		FY 1998	
		Base**	Base - 20%	Base -10%	Base - 30%
SO1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products					
Development Assistance Funds	5,185	7,000	4,500	5,405	4,000
Total SO 1:	5,185	7,000	4,500	5,405	4,000
SO2: Reduced Fertility and Improved Maternal and Child Health					
Development Assistance Funds	11,800	12,839	11,471	13,000	9,537
Total SO 2:	11,800	12,839	11,471	13,000	9,537
SO3: Empowerment of Women					
Development Assistance Funds	3,000	4,000	3,000	3,000	3,000
Total SO 3:	3,000	4,000	3,000	3,000	3,000
SpO1: Improved Macro-Economic Policy Environment					
Development Assistance Funds	0	0	0	0	0
Total SPO 1:	0	0	0	0	0
SpO2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas					
Development Assistance Funds	500	500	500	500	500
Total SPO 2:	500	500	500	500	500
SpO3: Increased Democratic Decision-Making at the Local Level					
Development Assistance Funds	0	0	0	0	0
Total SPO 3:	0	0	0	0	0
GRAND TOTAL	20,485	24,339	19,471	21,905	17,037

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP level.

** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

Table 4

GLOBAL FIELD SUPPORT

Mission Strategic Objective	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)								
				FY 1996**		FY 1997***				FY 1998****		
				Obligated by:		FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%		
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	
SO1: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products	936-4214 - Regional Agribusiness Project	Medium-High	10/97				500		400			200
	936-0000 - USAEP	Medium-High	N/A				100		100			100
	940-0026 - PEDS	Medium	12/97	700			0		0			0
	SO1 - Sub-Total			700			600		500			300
SO2: Reduced Fertility and Improved Maternal and Child Health	POPULATION											
	936-3023 - DHS	High	9/97		500		0		0			0
	936-3024 - POPTECH	Low	12/98		50		25		25			25
	936-3038 - FPLM (JSI)	High	9/2000		306		400		400			300
	936-3051 - CSM III	Medium	9/97		350		250		250			250
	936-3052 - PCS	High	9/2000		700		800		800			750
	936-3054 - Michigan	Medium-High	9/2000		44		50		50			50
	936-3057 - CCP	High	Ongoing		2,400		2,800		2,800			2,800
	936-3058 - CARE	Medium	4/98		280		280		280			280
	936-3059 - Access	High	8/97		1,000		1,000		1,000			1,000

	936-3068 - AVSC	High	8/98		1,100		1,000		1,000		1,000
	936-3069 - JHPIEGO	High	9/98		1,500		1,125		1,125		900
	936-3070 - Western C.	High	9/99		50		200		200		200
	936-3078 - POLICY	Low	9/2000		0		150		150		150
	936-3079 - FHI	High	9/97		350		350		350		300
	POPULATION - Sub-Total				8,630		8,430		8,430		8,005
	CHILD SURVIVAL/HEALTH										
	936-5122 - OMNI	Medium	9/98		200		0		0		0
	936-5972.31 - AIDSCAP	High	9/97	500	200	500	200	500	200	500	200
	936-5974.08 - RPM/MSH	Medium-High	9/97		500		350		350		0
	936-6004.08 - H/CS Fellow	Medium	9/99		100		0		0		0
	936-6006.01 - BASICS	Medium-High	9/98		0		400		400		300
	CHILD SURVIVAL/HEALTH - Sub-Total			500	1,000	500	950	500	950	500	500
	SO2 - Sub-Total			500	9,630	500	9,380	500	9,380	500	8,505
GRAND TOTAL				1,200	9,630	500	9,980	500	9,880	500	8,805

*For Priorities use high, medium-high, medium, medium-low, low

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the 1996 CP level.

*** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

Table 5
Staff Requirements (FY 1996)

Staff	SO1: Increased Sustainable Production and Sales of Forest and High Value Agricultural Products	SO2: Reduced Fertility and Improved Maternal and Child Health	SO3: Empowerment of Women	SpO1: Improved Macro-Economic Policy Environment	SpO2: Increased STD/HIV Prevention and Control Practices by High Risk Groups in Targeted Areas	SpO3: Increased Democratic Decision-Making at the Local Level	Other	Total Staff by Class
USDH	3	2	1.5	0.5	0	0	5	12
FSN (OE)	12	5	4	1	1	0	45	68
FSN (TF)	0	0	0	0	0	0	0	0
FSN (Prog.)	0	0	1	0	0	1	0	2
PSC (OE)	0	0	0	0	0	0	1	1
PSC (Fellow)	0	2	0	0	0	0	0	2
PSC (Program)	0	1	1	0	0	0	0	2
TCN (OE)	0	0	0	0	0	0	0	0
TCN (TF)	0	0	0	0	0	0	0	0
TCN (Program)	0	0	0	0	0	0	0	0
Total Staff by Objective	15	10	7.5	1.5	1	1	51	87

Table 6
Operating Expense Requirements
(\$ 000)

OE/Trust Funded Levels by Major Function Code	FY 1996
U100 USDH	297
U200 FN Direct Hire	241
U300 Contract Personnel	541
U400 Housing	195
U500 Office Operations	591
U600 NXP	253
Total Mission-Funded OE	2,118
.....Of which Trust Funded	0

ROUTINE



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CONFIDENTIAL OUTGOING

DEPARTMENT OF STATE
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PAGE 01 OF 04 STATE 154076 270514Z 001966 S093394
INFO: NP (03) ECON (01)

STATE 154076 270514Z 001966 S093394
(OMB) AND CONGRESS ARE NOW DEMANDING MEASURABLE RESULTS AS

----- 27/12352 AS MAH (TOTAL COPIES: 004)

DRAFTED IN CONGRESS FOR THE FY 1996 BUDGET PROPOSES
AUSTERE CUTS IN BOTH DEVELOPMENT ASSISTANCE AND OPERATING
EXPENSE FUNDS, WHICH IN TURN WILL SEVERELY RESTRICT USAID
FLEXIBILITY IN BOTH THE NUMBER OF PROGRAM ACTIVITIES AND
OVERSEAS STAFF TO RUN THEM. IN ADDITION, EARMARKS AND
DIRECTIVES CONTINUE TO CONSTRICT FLEXIBILITY, GIVEN SUCH
A SCENARIO, USAID MUST INVEST SCARCE DEVELOPMENT RESOURCES
IN PROGRAMS WHICH WILL PRODUCE THE GREATEST IMPACT. USING
CREATIVE APPROACHES USAID/NEPAL'S STRATEGY MAKES THE MOST
OF THESE SCARCE RESOURCES. END SUMMARY

ORIGIN AID-00
INFO LOG-00 AGRE-00 TEDE-00 NEA-00 SA-00 /002R

GENERAL

DRAFTED BY: AID/ANE/SEA:DSOULES:LAT
APPROVED BY: AID/AA/ANE:NCARPENTER
AID/ANE/SA:JVANDENBOS (DRAFT) AID/DAA/ANE:LMORSE
AID/PPC:CBRADFORD AID/M/B:SRYSNER (DRAFT)
AID/G/PDSP:THAHONEY (DRAFT) AID/G/ENV/AA:GTAYLOR (DRAFT)
AID/G/DG:RFIGUEREDO (DRAFT) AID/G/PWW/POP:IKOEK (DRAFT)
AID/ANE/SEA:DDIJKERMAN (DRAFT) AID/ANE/ORA:FYOUNG (DRAFT)
AID/GC/ANE:JM-GOODMAN (DRAFT) AID/ANE/ENS:RGRAY (DRAFT)
AID/ANE/USAEP:READE (DRAFT) AID/PPC:SCHLOTHAUER (DRAFT)
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FM SECSTATE WASHDC
TO AMEMBASSY KATHMANDU

5. U.S. INTERESTS. THE QUESTION WAS RAISED CONCERNING
USAID'S ROLE IN ADVANCING U.S. STRATEGIC INTERESTS IN
NEPAL. STATE DEPARTMENT REPRESENTATIVES DEFINED THOSE
INTERESTS AS (1) PROMOTION OF DEMOCRACY--PARTICULARLY
HUMAN RIGHTS, (2) ECONOMIC GROWTH--PARTICULARLY IN TRADE
AND INVESTMENT, AND (3) GLOBAL CONCERNS, PARTICULARLY
POPULATION, ENVIRONMENT, REGIONAL COOPERATION AND
STABILITY. BY SUPPORTING DEMOCRACY AND PROMOTING ECONOMIC

UNCLAS STATE 154076

AIDAC

E.O. 12356: N/A
TAGS:
SUBJECT: NEPAL COUNTRY PROGRAM STRATEGY DOCUMENT FINAL
USAID AGREEMENTS - JUNE 1, 1995

PROGRESS, USAID CAN INFLUENCE THE ECONOMIC GROWTH OF NEPAL
LE DISCOURAGING DESTABILIZING FORCES IN THE REGION.
FOR PUBLIC CONSUMPTION, A SEPARATE STRATEGY SUMMARY WILL
BE PREPARED THAT WILL HIGHLIGHT THE CONGRUENCE OF THE
USAID/NEPAL STRATEGY AND THE BROADER U.S. INTERESTS
EXPRESSED IN THE MISSION PROGRAM PLAN (MPP).

REF: STATE 139614

SUMMARY

6. THE STRATEGY SUPPORTS THE MISSION PROGRAM PLAN (MPP)
TO THE EXTENT THAT USAID'S COMPARATIVE ADVANTAGE, RESULTS
REQUIREMENTS, AND RESOURCE CONSTRAINTS ALLOW. VIEWS OF
THE GOVERNMENT OF NEPAL WERE ALSO INCORPORATED INTO THE

1. DURING PROGRAM WEEK MAY 31-JUNE 2, USAID REACHED
AGREEMENT ON THE STRATEGY AND ACTION PLAN FOR NEPAL. THE
STRATEGY IS APPROVED, SUBJECT TO THE COMMENTS AND ACTIONS
TO BE COMPLETED DELINEATED BELOW.

STRATEGY. THE STRATEGY RECOGNIZES THE U.S. GOVERNMENT'S
INTEREST IN AN INDEPENDENT AND STABLE NEPAL, AND ADDRESSES
COMMON GOALS OF NURTURING DEMOCRACY, BOLSTERING ECONOMIC
GROWTH AND SLOWING POPULATION GROWTH. WHILE THESE ARE THE
MAIN THRUSTS OF THE APPROVED USAID/NEPAL STRATEGY, OTHER
SPECIAL OBJECTIVES INCLUDE A PROGRAM TO ADDRESS HIV/AIDS
IN NEPAL AND THE MACROECONOMIC GOALS OF TAX REFORM, MARKET
DEREGULATION AND THE SIMPLIFICATION OF LICENSING AND
REGISTRATION OF SMALL BUSINESSES.

2. ALL USAID/W OFFICES FOUND THE STRATEGY DOCUMENT TO BE
EXTREMELY WELL WRITTEN AND PERSUASIVELY PRESENTED.
STATE/SA FULLY PARTICIPATED IN THE PRESENTATION AND
DISCUSSION OF ISSUES AND REVIEW OF THE STRATEGY, A PROCESS
WHICH WAS BOTH COLLABORATIVE AND PRODUCTIVE. USAID/NEPAL
IS CONGRATULATED FOR A JOB VERY WELL DONE.

7. THE STRATEGY DOCUMENT ALSO IS CONSISTENT WITH USAID'S
NEW PARTNERSHIP INITIATIVE (ANNOUNCED BY VICE PRESIDENT
GORE), WHICH EMPHASIZES LOCAL GOVERNANCE AND DELIVERY OF
ASSISTANCE THROUGH NONGOVERNMENT ORGANIZATIONS (NGOS).
THE "EMPOWERMENT OF WOMEN" STRATEGIC OBJECTIVE, WHICH
REFLECTS A USAID/NEPAL PROGRAM EMPHASIS ALREADY IN PLACE,
IS VIEWED BY USAID/W AS A REAL GROUND-BREAKER. THIS
STRATEGY CLEARLY REPRESENTS A FRESH APPROACH TO USAID
INVESTMENT IN NEPAL, AND ITS SYNERGY AND INNOVATION IS
VERY MUCH APPRECIATED.

3. USAID/NEPAL SHOULD NOW PROCEED WITH IMPLEMENTING THE
STRATEGY AND REPORTING ON RESULTS. FORMAL DELEGATION OF
AUTHORITIES TO MANAGE AND IMPLEMENT THE STRATEGY UNDER A
RE-ENGINEERED USAID SYSTEM IS DEFERRED UNTIL THE USAID
FINALIZES REMAINING OPERATIONAL CONSIDERATIONS (E.G.,
CONTENT AND DETAIL OF USAID/W-USAID/NEPAL MANAGEMENT
CONTRACT, EXTENT OF THE DELEGATIONS OF AUTHORITIES). AT
THAT TIME, ANE WILL WORK WITH USAID/NEPAL TO CONVERT THE
CURRENT STRATEGY AGREEMENT INTO A FORMAL MANAGEMENT
CONTRACT, AS NECESSARY.

8. TRANSITION. THE QUESTION WAS RAISED AS TO WHEN USAID
WOULD CONSIDER TRANSITION OUT OF NEPAL. NEPAL HAS
FARTHER TO GO THAN ITS NEIGHBORS TOWARDS ACHIEVING
SUSTAINABLE DEVELOPMENT, BUT CONDITIONS ARE NOW FAVORABLE
FOR INCREMENTAL IMPACT. USAID/NEPAL, IN CLOSE
COORDINATION WITH OTHER DONORS, EXPECTS TO ACHIEVE
SIGNIFICANT MEASURABLE RESULTS OVER THE NEXT FIVE YEARS OR
SOONER, AND WE EXPECT A SLOW, BUT PERCEPTIBLE DIMINUTION
OF RELIANCE ON DONOR RESOURCES OVER TIME. IT IS STILL
PREMATURE, HOWEVER, TO SAY WITH CERTAINTY WHICH SECTORS
WILL HAVE SUFFICIENT MOMENTUM AT THE END OF FIVE YEARS TO

4. THE STRATEGY DOCUMENT IS CONSIDERED TO BE
APPROPRIATELY FOCUSED, THUS OVERCOMING THE LONG-STANDING
CONCERN THAT THE NEPAL PROGRAM HAS BEEN TOO BROAD AND
UNFOCUSED. IT RESPONDS FULLY TO USAID DIRECTIVES TO ALL
USAID MISSIONS WORLDWIDE TO FOCUS THEIR STRATEGIES FOR
MEASURABLE RESULTS. THE OFFICE OF MANAGEMENT AND BUDGET

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PAGE 02 OF 04 STATE 154876 270514Z

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WARRANT TRANSITION. MOREOVER, WHEN THE AGENCY FACES SEVERE BUDGET CUTS, THE ACTUAL AND EXPECTED IMPACT OF THE NEPAL PROGRAM MIGHT NOT COMPARE FAVORABLY TO ITS MORE ROBUST NEIGHBORS. THIS, COUPLED WITH A RELATIVELY LOWER LEVEL OF U.S. INTEREST, MIGHT MEAN THAT TRANSITION OUT MAY COME BEFORE SUSTAINABLE DEVELOPMENT CAN BE ACHIEVED.

STRATEGY

9. PROGRAM FOCUS. THERE IS BROAD USAID/W RECOGNITION THAT USAID/NEPAL MADE A CONCERTED EFFORT TO FOCUS THE PROGRAM IN THE DEVELOPMENT OF THIS STRATEGY. OVER THE NEXT TWO TO THREE YEARS USAID/NEPAL WILL PHASE OUT 21 ACTIVITIES DELINEATED IN THE ACTION PLAN. USAID/NEPAL

NOTED THAT EVEN WITH THE SIGNIFICANT PARING DOWN OF THE PROGRAM, IT REMAINS VERY AMBITIOUS, BUT DOABLE. USAID/W

AGREED THAT THE PROGRAM FOCUS IS NEITHER TOO BROAD NOR TOO NARROW, BUT IS APPROPRIATE GIVEN PROJECTED RESOURCE LEVELS AND OTHER CONSTRAINTS SUCH AS EARMARKS. FURTHERMORE, THERE WAS WIDE USAID/W AGREEMENT THAT THERE IS STRONG SYNERGY BETWEEN THE STRATEGIC OBJECTIVES AND TARGETS OF OPPORTUNITY (SPECIAL OBJECTIVES), AND THE STRATEGY TAKEN AS A WHOLE IS ONE THAT WILL SIGNIFICANTLY STRENGTHEN DEMOCRACY IN NEPAL.

10. SPECIAL OBJECTIVES. THE TARGETS OF OPPORTUNITY WILL BE RENAMED SPECIAL OBJECTIVES AS DEFINED IN THE USAID'S RE-ENGINEERING PROCESS. IN SO DOING, THESE ACTIVITIES WILL BE MEASURED AND CARRY THE SAME DEGREE OF ACCOUNTABILITY AS THE STRATEGIC OBJECTIVES. SPECIAL OBJECTIVES ARE DESCRIBED IN THE DRAFT AUTOMATED DIRECTIVES SYSTEM (ADS) GUIDANCE DATED MAY 19, 1995: "UNDER EXCEPTIONAL CIRCUMSTANCES, A MISSION OR OFFICE MAY INCLUDE ACTIVITIES IN ITS PORTFOLIO WHICH COULD NOT QUALIFY AS A STRATEGIC OBJECTIVE DUE TO THEIR LIMITED DEVELOPMENT IMPACT, BUT WHICH PRODUCE RESULTS TO SUPPORT OTHER U.S. GOVERNMENT ASSISTANCE OBJECTIVES. SPECIAL OBJECTIVES MAY BE JUSTIFIED IF ONE OR MORE OF THE FOLLOWING CRITERIA ARE MET: (1) THE ACTIVITY REPRESENTS A RESPONSE TO A LEGISLATED SPECIAL INTEREST WHICH DOES NOT MEET THE CRITERIA FOR A STRATEGIC OBJECTIVE; (2) IT IS A CONTINUATION OF ANY ACTIVITY INITIATED PRIOR TO THE STRATEGIC PLAN WHICH NEEDS ADDITIONAL TIME FOR ORDERLY

PHASEOUT; (3) IT IS AN EXPLORATORY/ EXPERIMENTAL ACTIVITY IN A NEW PROGRAM AREA WHICH MERITS FURTHER EXPLORATION OR WHICH RESPONDS TO NEW DEVELOPMENTS IN A NEW PROGRAM AREA IN THE COUNTRY, REGION, OR SECTOR; OR (4) IT IS A RESEARCH ACTIVITY UNRELATED TO THE COUNTRY PORTFOLIO BUT WHICH CONTRIBUTES TO THE ACHIEVEMENT OF AN AGENCY (USAID) OBJECTIVE. THESE ACTIVITIES ARE TO BE SMALL IN SCOPE RELATIVE TO THE PORTFOLIO AS A WHOLE...."

SUSTAINABLE DEVELOPMENT AREA: ECONOMIC GROWTH AND ENVIRONMENT

11. ROLE OF NATURAL RESOURCES IN AGRICULTURE. THE WORDING OF STRATEGIC OBJECTIVE 1 IS REVISED AS FOLLOWS: "INCREASED SUSTAINABLE PRODUCTION AND SALES OF FOREST AND HIGH-VALUE AGRICULTURAL PRODUCTS TO BETTER REFLECT THE ENVIRONMENTAL COMPONENT OF THIS SO. USAID/NEPAL ALSO AGREED TO REFINE PROGRAM OUTCOME 1.2--SUSTAINABLE MANAGEMENT OF THE

PRODUCTIVE RESOURCE BASE--TO BETTER REFLECT BIODIVERSITY ACTIVITIES IN THE PROGRAM.

12. GREEN V. BROWN. CONCERNING THE ENVIRONMENT, THE ISSUE WAS RAISED AS TO WHETHER THE USAID PROGRAM SHOULD

CONTINUE ITS FOCUS ON IMPROVED MANAGEMENT OF AGRICULTURE AND FORESTRY (THE GREEN ISSUES) OR BROADEN ITS FOCUS TO INCLUDE POLLUTION IN THE KATHMANDU VALLEY (THE BROWN ISSUES). IN NEPAL, THERE ARE A GREAT NUMBER OF NEEDS IN THE AREA OF ENVIRONMENT, WHETHER IN THE GREEN, BROWN, AND BLUE AREAS. USAID/NEPAL CHOSE TO WORK IN THE GREEN AREA

DUE TO ITS LONG EXPERIENCE IN THE AREA, THE HIGH DEGREE OF SYNERGY WITH THE STRATEGY AS A WHOLE (PARTICULARLY HIGH-VALUE AGRICULTURE, COMMUNITY FORESTRY, DEMOCRACY AND WOMEN'S EMPOWERMENT), AND THE MUCH GREATER LIKELIHOOD OF DEMONSTRATING IMPACT. BROWN ISSUES ARE ALSO SIGNIFICANT, PARTICULARLY IN THE KATHMANDU VALLEY, WHERE AIR AND WATER POLLUTION THREATEN SUSTAINABLE GROWTH AND THE QUALITY OF LIFE THERE. HOWEVER, MITIGATING FACTORS SUCH AS LACK OF GOVERNMENT OF NEPAL (GON) COMMITMENT AND SUBSTANTIAL OTHER DONOR INVOLVEMENT (96 PROJECTS IN THE KATHMANDU VALLEY ALONE), ARGUE AGAINST USAID ADDRESSING BROWN ISSUES IN NEPAL AT THIS TIME. USAID/W THEREFORE AGREES THAT THE PRESENT FOCUS ON GREEN ISSUES OF ENVIRONMENT IS APPROPRIATE.

13. MACROECONOMIC POLICY REFORM. GIVEN THE UNCERTAINTIES WITH THE NEW GON, USAID/NEPAL PLACED MACROECONOMIC POLICIES AS A SPECIAL OBJECTIVE IN THE STRATEGY FRAMEWORK. THOUGH USAID/NEPAL CONSIDERED THESE POLICIES IMPORTANT, THEY WERE NOT CONSIDERED ESSENTIAL TO ACHIEVING THE STRATEGIC OBJECTIVES. THOSE POLICIES THAT ARE ESSENTIAL FOR ACHIEVING STRATEGIC OBJECTIVES ARE BEING DEALT WITH AT THE SECTORAL LEVEL IN THE CONTEXT OF THE RESPECTIVE STRATEGIC OBJECTIVES.

SUSTAINABLE DEVELOPMENT AREA: DEMOCRACY

14. CENTRAL V. LOCAL GOVERNMENT. THE PROPOSED STRATEGY, AND ESPECIALLY SPECIAL OBJECTIVE 3 (INCREASED DECISION-

MAKING AT THE LOCAL LEVEL), ASSERTS THAT THE BEST WAY FOR USAID TO ASSIST THE CONSOLIDATION OF NEPAL'S DEMOCRACY-OVERALL IS TO STRENGTHEN DEMOCRATIC INSTITUTIONS AT THE LOCAL LEVEL. THE QUESTION WAS RAISED WHETHER THE DEMOCRACY SPECIAL OBJECTIVE SHOULD BE BROADENED TO INCLUDE CONTINUED SUPPORT TO DEMOCRACY AT THE CENTER. NEPAL IS A FLEDGLING DEMOCRACY AND THERE IS MUCH THAT NEEDS TO BE DONE TO DEVELOP THE NATIONAL INSTITUTIONS AND POLITICAL PARTIES. NONETHELESS, THE USAID CONCLUDES THAT GIVEN LIMITED USAID RESOURCES (E.G. NO NEW DEMOCRACY FUNDS IN FY 1995 AND USAID/NEPAL MAY NOT RECEIVE MUCH IF ANY IN FY 1996--SEE REFTEL, PARA 5) AND THE NEED TO DEMONSTRATE IMPACT, THE BEST WAY FOR USAID TO CONSOLIDATE DEMOCRACY IN NEPAL IS AT THE GRASSROOTS LEVEL, WHERE USAID HAS OTHER RESOURCES (E.G. ECONOMIC GROWTH FUNDS) AND WHERE IMPACT

CAN BE ACHIEVED.

AS NOTED IN REFTEL PARA 5, "THE (USAID) MISSION HAS FOUND CREATIVE WAYS TO PROMOTE DEMOCRATIC PARTICIPATION THROUGHOUT THE STRATEGIC OBJECTIVE AREAS, BUILDING ON ACTIVITIES WITH OTHER KINDS OF FUNDING. THIS INTEGRATIVE APPROACH IS FULLY CONSISTENT WITH USAID'S NEW PARTNERSHIP INITIATIVE ANNOUNCED BY (VICE PRESIDENT) GORE, WHICH

DEPARTMENT OF STATE
ARA/NEA REARCS

PAGE 03 OF 04 STATE 154076 270514Z 001968 S093394 STATE 154076 270514Z 001968 S093394

EMPHASIZES LOCAL GOVERNANCE AND DELIVERY OF ASSISTANCE THROUGH NGOS. THIS LOCAL LEVEL FOCUS ALSO CONTRIBUTES TO THE OVERALL SYNERGY OF THE PROGRAM, AS DEMOCRACY ACTIVITIES AT THE LOCAL LEVEL CONTRIBUTE TO THE SUCCESS OF ALL THREE STRATEGIC OBJECTIVES. IN FACT THE STRATEGY TAKEN AS A WHOLE COULD BE CONSIDERED A BROAD-BASED

DEMOCRACY STRATEGY, AS VIRTUALLY ALL AS PARTS OF THE PROGRAM EMPHASIZE PARTICIPATION AND EMPOWERMENT OF A BROAD SPECTRUM OF NEPALS.

15. THIS LOCAL EMPHASIS DOES NOT PRECLUDE WORKING WITH THE CENTER. USAID NEPAL WILL CONTINUE TO ADDRESS NEEDS AT THE NATIONAL LEVEL THROUGH ITS EXISTING DEMOCRACY PROJECT, WHICH IS FUNDED WITH PRIOR YEAR FUNDS AND IS PROJECTED TO END IN 1996. WE ARE PLEASED TO NOTE THAT OTHER DONORS, ESPECIALLY THE DANES, ARE HEAVILY INVOLVED IN THIS SECTOR. USING ECONOMIC GROWTH FUNDS FOR GRASSROOTS ACTIVITIES, THE USAID MISSION PLANS TO CONTINUE WORKING TO STRENGTHEN LINKS BETWEEN CENTRAL AND LOCAL DEMOCRATIC INSTITUTIONS, SUCH AS TAKING MEMBERS OF PARLIAMENT TO RURAL AREAS TO HEAR THE CONCERNS OF THEIR CONSTITUENTS AND CONSIDER LEGISLATION TO ADDRESS THEIR PROBLEMS.

ACTION PLAN

16. SENSITIVITY ANALYSIS. USAID/NEPAL PRESENTED AND SUCCESSFULLY DEFENDED THE SENSITIVITY ANALYSIS IN THE ACTION PLAN, WHICH EXPLAINS HOW BUDGET REDUCTIONS WOULD BE HANDLED. THE USAID SUPPORTS THIS ANALYSIS, BUT WOULD LIKE TO REMIND USAID/NEPAL THAT EVEN MORE DRASTIC MEASURES-- SUCH AS COMBINING SOS 1 AND 3, MAY BE REQUIRED UNDER EVEN

MORE SEVERE REDUCTIONS. ALSO THE EFFECTS OF OPERATIONAL EXPENSE (OE) CUTS NEED TO BE TAKEN INTO ACCOUNT AS REDUCTIONS IN THIS AREA MAY UNDERMINE PROGRAM EFFORTS. THIS SHOULD BE ADDRESSED IN THE UPCOMING USAID BUDGET EXERCISE.

17. RESOURCE MIX. THE SIZE AND MIX OF THE STAFFING LEVELS ARE CONSISTENT WITH THE PROPOSED PROGRAM, TAKING INTO ACCOUNT THAT SOME OF THE 21 PHASEOUT ACTIVITIES MAY TAKE

TWO TO THREE YEARS TO CLOSE OUT, AND THAT STARTING UP NEW ACTIVITIES (ESPECIALLY SO-3) WILL REQUIRE CONSIDERABLE STAFF TIME AND EFFORT. THERE IS A CONCERN ABOUT THE DEGREE OF LABOR INTENSITY REQUIRED IN THE PROPOSED PROGRAM, ESPECIALLY TRAVEL TIME REQUIRED IN RESPONSE TO THE RURAL EMPHASIS OF THE STRATEGY. USAID MISSION SHOULD CONTINUE TO LOOK FOR LABOR-SAVING APPROACHES SUCH AS USE OF INTERNATIONAL NONGOVERNMENT ORGANIZATIONS (INGOS). THE NEW PROGRAM ECONOMIST WILL SPEND MUCH OF HER TIME IN HELPING USAID/NEPAL MEET INCREASED REQUIREMENTS FOR PROGRAM PERFORMANCE MEASUREMENT.

18. GLOBAL BUREAU PROJECTS. THE FOLLOWING ARE GLOBAL BUREAU FIELD SUPPORT PROJECTS ACTIVE IN NEPAL. THE GLOBAL BUREAU VERIFIES THAT THIS LIST IS COMPLETE:

- 398-0263 ASIA-AMERICAN FREE LABOR INSTITUTE
- 499-0002 ASIA DEMOCRACY PROJECT
- 936-3023 DHS
- 936-3024 POPTCH

- 936-3036 FAMILY PLANNING LOGISTICS MANAGEMENT
- 936-3046 RAPID
- 936-3051 SOCIAL MARKETING FOR CHANGE
- 936-3052 JOHNS HOPKINS UNIVERSITY /POPULATION COMMUNICATION SERVICES (JHU/PCS)
- 936-3054 POPULATION SERVICES FELLOWS PROGRAM
- 936-3055 FAMILY PLANNING MANAGEMENT DEVELOPMENT
- 936-3057 CONTRACEPTIVE PROCUREMENT
- 936-3058 CARE
- 936-3059 CENTRE FOR DEVELOPMENT AND POPULATION ACTIVITIES (CEDPA)
- 939-3068 ACCESS TO VOLUNTARY AND SAFE CONTRACEPTION (AVSC)
- 936-3069 JOHNS HOPKINS PROGRAM FOR INTERNATIONAL EDUCATION IN REPRODUCTIVE HEALTH (JHPIEGO)
- 936-3070 WESTERN CONSORTIUM
- 936-3078 POLICY
- 936-3079 FAMILY HEALTH INTERNATIONAL (FHI)
- 936-5120 SUSTAIN
- 936-5122 OPPORTUNITIES FOR MICRONUTRIENT INTERVENTIONS (OMNI)
- 936-5466 DEMOCRACY PROGRAM SUPPORT PROJECT
- 936-5451 INTERNATIONAL FOUNDATION FOR ELECTORAL SYSTEMS
- 936-5451 INTERNATIONAL POLICY CHANGE
- 936-5972 AIDS CONTROL AND PREVENTION (AIDSCAP)
- 936-5974 RATIONAL PHARMACEUTICAL MANAGEMENT (RPM)
- 936-6004 HEALTH/CHILD SURVIVAL FELLOWS PROGRAM

BHR/PVC CHILD SURVIVAL MATCHING GRANTS:
SAVE THE CHILDREN

ADVENTIST DEVELOPMENT RELIEF AGENCY

USAID/NEPAL IS DISCUSSING SEVERAL FIELD SUPPORT OPTIONS WITH THE G/ENVIRONMENT CENTER.

19. CORE RESEARCH. LATER IN FY 1995 THE GLOBAL BUREAU WILL ASSEMBLE A LIST OF CORE RESEARCH ACTIVITIES BEING FUNDED IN NEPAL. USAID/NEPAL AND ANE WILL REVIEW THIS LIST TO SEE IF RESEARCH ACTIVITIES CAN BE MORE SUPPORTIVE OF AND CONSISTENT WITH THE OVERALL STRATEGY.

20. PIPELINE. A CURRENT ANALYSIS SHOWS USAID/NEPAL HAS A PIPELINE OF 2.1 YEARS, WHICH REFLECTS THE RECENT MAJOR OBLIGATION OF THE SUSTAINABLE INCOME AND RURAL ENTERPRISE (SIRE) PROJECT. THE PIPELINE SHOULD DROP SIGNIFICANTLY BELOW THE 2.0 LEVEL OVER THE NEXT YEAR.

21. NEW ACTIVITY DESCRIPTION (NAD). THE PVO COFINANCING NAD IS APPROVED WITH THE UNDERSTANDING THAT IT WILL MOST LIKELY BE OBLIGATED AS PART OF A STRATEGIC OBJECTIVE AFTER RE-ENGINEERING, AND NOT AS A SEPARATE PROJECT.

CLARIFICATIONS

22. TARGETS AND INDICATORS. USAID/NEPAL SHOULD DEFINE ITS INDICATORS MORE CLEARLY TO DEMONSTRATE RESULTS. DETERMINATION OF THE YEARS FOR BASELINE AND TARGETS FOR INDICATORS WILL ALSO NEED TO BE BETTER DEFINED. IN CASES

OF GENDER DISAGGREGATION, TARGETS FOR MEN AND WOMEN WILL NEED TO BE IDENTIFIED SEPARATELY. INDICATORS FOR STRATEGIC OBJECTIVE 3 WILL BE STRENGTHENED TO REFLECT IMPACT IN THE THREE AREAS: INCOME, LITERACY, AND LEGAL ENVIRONMENT. HEALTH INDICATORS WILL BE CLARIFIED THIS

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DEPARTMENT OF STATE
ARA/NEA REARCS

PAGE 04 OF 04 STATE 154076 270514Z 001966 0893394 STATE 154076 270514Z 001966 0893394
SUMMER DURING THE TDY OF USAID NEPAL'S CHIEF OF THE HEALTH AND FAMILY PLANNING OFFICE TO WASHINGTON.

23. ROADS. USAID MISSION WILL CONTINUE TO MONITOR ROADS FUNDED BY ASIAN DEVELOPMENT BANK (ADB) WHICH ARE NEEDED FOR MARKETING OF HIGH-VALUE COMMODITIES E.G., APPLES, CITRUS, AND VEGETABLE SEEDS.

24. MICRONUTRIENTS. VITAMIN A CAPSULE DISTRIBUTION HAS BEEN EXTREMELY SUCCESSFUL IN AVERTING BLINDNESS AND DEATH FOR MANY THOUSANDS OF CHILDREN. THE LONGER TERM SOLUTION

THE RECENT DECISION BY THE ANE AND GLOBAL BUREAUS TO TRANSFER EARMARKED MICRONUTRIENT FUNDS TO SUPPORT THE EXPANSION OF VITAMIN A-RICH FOOD PRODUCTION AND CONSUMPTION WITH A FOCUS IN THE MID-WESTERN REGION OF

NEPAL IS SOUND. HIGH-VALUE ANNUAL CROPS--E.G., CARROTS, TOMATOES, FRESH GREENS--ARE GENERALLY CONSUMED LOCALLY, NOT EXPORTED IN LARGE QUANTITIES.

25. IMPACT OF MCH ACTIVITIES. WITH MATERNAL AND CHILD MORTALITY RATES EXTREMELY HIGH, THE QUESTION WAS RAISED AS TO WHETHER FAMILY PLANNING AND MATERNAL CHILD HEALTH ACTIVITIES WERE FULLY INTEGRATED, AND WHAT THE MISSION WAS DOING TO IMPACT ON MATERNAL AND REPRODUCTIVE HEALTH. THE

FAMILY PLANNING/MATERNAL CHILD HEALTH PROGRAM IN NEPAL IS TOTALLY INTEGRATED AT THE FIELD LEVEL, AND TRAINING AT THE COMMUNITY LEVEL FOR THE CORE PACKAGE OF MCH ACTIVITIES EMPHASIZES FAMILY PLANNING, CONTROL OF DIARRHEAL DISEASES, ACUTE RESPIRATORY INFECTION, VITAMIN A, AND MATERNAL HEALTH (PRE-NATAL CARE).

26. THROUGH ITS BILATERAL CHILD SURVIVAL ACTIVITIES, USAID IS THE LEAD DONOR IN VITAMIN A AND PROVIDES THE MAJOR TECHNICAL ASSISTANCE ON THE CONTROL OF DIARRHEAL DISEASE AND ACUTE RESPIRATORY INFECTION (ARI) SINCE DIARRHEAL DISEASE AND ACUTE RESPIRATORY INFECTION ACCOUNT FOR TWO-THIRDS OF UNDER-FIVE MORTALITY, THESE USAID INTERVENTIONS SHOULD HAVE A MAJOR IMPACT ON REDUCING INFANT MORTALITY.

27. MALARIA. BY NEXT YEAR'S ACTION PLAN, USAID MISSION, IN COORDINATION WITH GLOBAL BUREAU, WILL CLARIFY WHAT USAID'S INVOLVEMENT IN MALARIA AFTER 1996, IF ANY, MIGHT BE.

28. LINKAGE OF WOMEN'S EMPOWERMENT: USAID/W NOTED THE EXCELLENT PROGRESS AND COMMITMENT OF USAID/NEPAL AND PROGRAM IN EMPOWERING WOMEN, INCLUDING GREATER PARTICIPATION IN ALL ACTIVITIES RELATED TO SOS 1 AND 2. IN PARTICULAR, THE ROLE OF WOMEN IN COMMUNITY FORESTRY, IN THE PRODUCTION AND MARKETING OF HIGH VALUE COMMODITIES, AND BETTER ACCESS TO FAMILY PLANNING AND HEALTH SERVICES IN RURAL NEPAL HAVE TREMENDOUS POTENTIAL FOR GREATER SYNERGISM ACROSS USAID MISSION ACTIVITIES. STRATEGIC OBJECTIVE 3 WILL INCREASE OPPORTUNITIES FOR WOMEN THROUGH

IMPROVED LITERACY, AND GREATER ACCESS TO LEGAL RIGHTS AND SMALL BUSINESS SUPPORT. THE USAID/W REVIEW NOTES THAT THE CPS DOCUMENT DOES NOT ELABORATE BROADLY ENOUGH ON THESE OPPORTUNITIES FOR INTEGRATION ACROSS USAID/NEPAL ACTIVITIES OR DOCUMENT SUCCESSES OR IMPACT TO DATE. WE REQUEST THAT USAID/NEPAL MONITOR AND DOCUMENT THE INTEGRATION OF ACTIVITIES AND, WHERE POSSIBLE, THE IMPACT OF THIS INTEGRATION.

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