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## NEPAL

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### FY 2009 FOREIGN ASSISTANCE GOALS

On May 28, 2008, Nepal became a republic, ending 240 years of monarchy. After a decade long conflict that took about 13,000 lives, a Comprehensive Peace Agreement was signed in 2006 and, in 2008, elections were held for a Constituent Assembly charged with writing a new constitution in addition to governing the country.

Since then, the initial exuberance has slowly ebbed, as the depth of the country's development challenges have become clear. Recent severe drought and unreliable monsoon rains have led to acute food shortages and the highest levels of hunger in 40 years. In the midst Nepal's ongoing political transition, the country continues to confront chronic poverty, lingering ethnic disparities, and challenging geography.

With GDP per capita income of \$470, Nepal ranks globally in the bottom 10 percent of countries, and an estimated 55 percent of Nepal's citizens fall below international poverty measures. Even with remarkable improvements over the last decades, education and health levels remain among the lowest in Asia. An estimated 85 percent of youth have completed less than ten years of school. Large areas are not well served by communications, transportation, power, water, irrigation, schools, or health clinics. For example, 10 of 75 districts have no road connections with the rest of the country. Power is in short supply, leading to frequent rationing, which left the capital city without electricity for 18 hours a day last winter.

Innovative programs by the United States Government (USG) continue to prove that development results are possible during extended periods of political instability. The USG's holistic support to the Government of Nepal (GON), police, army, Constituent Assembly, and community groups has helped to move the peace process forward. Cutting-edge technical approaches have contributed to positive improvement in indicators related to child and maternal mortality, HIV/AIDS transmission, and contraceptive prevalence rates. Strategically targeted activities have improved the income-generating potential of the poorest of the poor, and disaster preparedness and mitigation activities minimize the need for future assistance further stabilizing conflict-prone regions.

The United States Government and the Government of Nepal share the same long-term vision for Nepal: achieving measurable progress in expanding and deepening democracy, strengthening public and private institutions, and supporting policies to promote economic growth and poverty reduction. The ultimate goal is to support the aspirations of the people of Nepal for prosperous lives. As articulated by Basanta Kumar Mahato, a U.S. Agency for International Development (USAID) vocational education trainee: "Before the training, I was ignorant and knew nothing. I used to work in the fields, but it was never enough to support my family. Today, I'm skilled in basic carpentry and support my family, and I aspire to do better and earn more as I advance in my skills."

## **FY 2009 PERFORMANCE HIGHLIGHTS BY PROGRAM AREA**

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### **Peace and Security**

After 10 years of civil war, Nepal is struggling to build consensus on issues related to the peace process, and to establish legitimate channels for grievances as an alternative to the protests and strikes that have so often disrupted life in the country in recent years. In FY 2009, U.S. foreign assistance funded activities to support the peace process, establish necessary committees to implement the peace accord, and reestablish local governance to support Nepal's transition to an effective, democratic government.

USG-sponsored training activities fostered a climate of dialogue and cooperation among senior military, police, and political leaders, which has had direct bearing on the progress of the peace process. The USG has focused on developing the military's post-conflict role with training in peacekeeping, search and rescue, humanitarian relief, and disaster management. This contributes to a positive attitude of the military towards the peace process by having a clear vision of how they will contribute and continue to be important to the nation. According to the most recent survey by the United States Institute of Peace and the British non-governmental organization SaferWorld, the police have reached a 50 percent acceptance and satisfaction rating from local citizenry in 2009.

In collaboration with the Ministry of Peace and Reconciliation, the USG supported Local Peace Committees in 62 of 75 districts to resolve community conflict in a peaceful, productive manner. The USG also trained 1,157 individuals from the peace units of major political parties on citizen outreach and other key issues related to the peace process.

Reestablishing local government is essential to strengthen government credibility and mitigating conflict. In conjunction with the Ministry of Local Development, Village Development Committees (VDCs), and communities, the USG piloted a program for joint community and government planning of small-scale projects in 12 conflict-prone VDCs that have high populations of disadvantaged groups. These VDCs identified 37 infrastructure projects such as road or school repairs. The program provides immediate income, lasting infrastructure, and a visible, tangible role for local government and community-based organizations, giving them additional legitimacy in the eyes of the public and so reducing the motivation for local unrest such as strikes and banditry. This pilot will be expanded by the GON as it implements a nation-wide local governance program in FY 2010 with USG assistance.

Rabeeta Chaudhary is the president of the Sutaiya village youth club supported by the USG in a traditional, rural area of the restive Terai region along the Indian border. Poverty in that region is widespread, and Rabeeta's peers were affected by the protracted conflict. Rabeeta said she recognized that while an individual could have only a limited impact, a group could organize and do something larger and more meaningful for the community. She pointed out that she sees the

importance of the youth club's efforts every day when she passes by the prominent meeting hall the club built for the village. Rabeeta feels that the club has given youth a platform to show their talents and capabilities, helping to define a new constructive, non-violent role for youth as the country emerges from conflict.

### **Governing Justly and Democratically**

After Nepal successfully held Constituent Assembly (CA) elections in April 2008, numerous challenges confronted the citizens of Nepal, including abrupt changes in the government and the slow progression of the constitution drafting process. In response, USG programs provided technical assistance to constitution-drafting committees, helped to strengthen political parties and civil society organizations, and increased involvement of women in the political process, bringing Nepal closer to an effective, responsive, and democratic constitutional government.

The inclusion of women's voices is essential in establishing a strong foundation for Nepal's new democracy. Nepal has one of the highest percentages of women in its legislature, 33 percent, though most are not prepared for this national leadership role. In FY 2009, the USG trained 102 (out of all invited 197) women representatives of the CA, including 21 leaders from 13 political parties, as well as 50 women members from community groups and government agencies on constitution-drafting skills. In addition, 21 women CA members received advanced training on the judicial system, rule of law, holding public hearings, and the budgetary process. These women will continue to lead workshops for other CA members to share what they have learned. As a result of this training, women CA members have shown more confidence and assertiveness in participating in CA debates and in conducting public meetings. The USG also helped women CA members improve outreach to the people they represent through public hearings, community dialogues, and round table discussions. These activities involved a broad cross-section of society in 10 districts and engaged over 1,500 citizens.

To begin to promote reconciliation among people affected by the conflict, the USG supported the Ministry of Peace and Reconstruction to hold six public consultations on the Truth and Reconciliation Commission (TRC). This provided Nepali citizens opportunities to express their concerns and give input regarding the relief and compensation for conflict victims, as well as the prosecution of perpetrators of war crimes. The USG then provided technical assistance to incorporate these findings into the TRC Bill, which is under consideration by the CA as part of the peace process.

For the last several years, community groups and civil society organizations in Nepal have played a critical role in the peace process and in delivering services to rural communities when local government could not. In the absence of effective government in many rural areas, community forest user groups (CFUGs), originally created with assistance from the USG and other donors, are often the only organizations providing services at the local level. Formed around common interests related to the land from which they derive their livelihoods, 14,300 CFUGs are spread throughout the country, and represent over 35 percent of Nepal's total population and approximately 50 percent of the rural population. The members of these groups come together and jointly decide how to manage the forest - how much to harvest, when to re-plant, how to market and sell their products, and how to share the profits.

In FY 2009, the USG trained 1,462 CFUGs to function better and become more efficient; supported 246 advocacy campaigns aimed at increasing government accountability to citizens; and provided training and awareness classes on issues such as good governance, livelihoods

improvement, sustainable forest management, biodiversity conservation, and policy advocacy. The activities reached over 216,000 people, nearly 50 percent of whom were women.

The USG support to CFUGs has been a very successful method for advancing democratic objectives - members learn and support democratic principles through implementing them within their group, preparing positions or options, and then voting on key decisions. Excluded groups and the poor are empowered and more capable of improving their economic and social status. USG support to community groups, including CFUGs, is critical to ensuring that there remains an effective mechanism for citizens to advocate for important issues and provide a democratic “check” on government.

### **Investing in People**

While significant progress has been made in recent years, health indicators are among the worst in Asia, including those for malnutrition, infectious disease, and maternal, infant, and under-five mortality. In many areas, even basic health services are inaccessible, either due to poverty or to physical isolation.

The USG continued to demonstrate outstanding technical leadership in the health sector in Nepal. In partnership with the GON and other donors, the USG has made considerable progress this year in helping control HIV/AIDS prevalence, improving maternal and child health, and increasing access to family planning. USG-funded studies have confirmed that HIV prevalence among female sex workers and truck drivers along the border with India has leveled off at or below 3 percent, an impressive achievement that is due in part to sustained USG support. Another household survey this year showed that neonatal mortality rates dropped appreciably from 33 to 20 per 1000 live births, and infant mortality rates dropped from 48 to 41 per 1000 live births, since 2006. In the past year, Couple Years Protection, which measures annual contraceptive use, was 1,986,021 – 3.9 percent above the expected achievement, and a 7.4 percent increase over the last year’s results. The USG contributed to these notable improvements through a comprehensive and integrated approach that strengthens the health system from national to local levels, expands service delivery to hard-to-reach populations, increases availability of health products, and improves quality of services.

The USG has taken the lead in testing new approaches, documenting their success, and then coordinating the incorporation of the approach into the national health system. For the first time ever, health volunteers outside a clinic setting used Uniject gentamycin (an antibiotic) for treatment of newborn infection. The results from this successful pilot will enable the GON to deliver this needed medicine in rural and remote areas, thereby saving thousands of newborn lives throughout Nepal.

As a key partner in the GON’s universal health coverage initiative, the USG continued to support decentralization and local governance of health services. Training in leadership and management skills was provided to more than 600 community-level health facilities and their corresponding village management committees. Because members of marginalized populations are included on the committees, village officials and health staff have greater understanding of their particular needs, and are held accountable for equitable access and quality services.

“When I come to visit the village, women say ‘Mira is coming, she must have something new for us,’” says Mira Sunar, a female community health worker who is also a Dalit - the lowest tier of the now-banned Nepalese caste system. “I feel proud and empowered by my popularity and recognition in the village.” Historically, members of this caste have been labeled “untouchables,” and are expected to behave submissively to members of superior classes. However, since she started

working as a female community health volunteer as part of the Nepal Family Health Program developed by USAID, Sunar has gained respect across the caste system. Each month, Sunar treats five to eight pneumonia cases. She also counsels 15 to 20 mothers on postnatal care, delivery, and family planning. She provides iron to pregnant women and vitamin A to postpartum mothers. In addition, she administers polio vaccinations during campaigns and vitamin A supplements during twice-annual distributions to young children.

### Economic Growth

Nepal is one of the poorest, least-developed countries in Asia. Poverty is widespread – 55 percent of the population subsists on less than \$1.25 per day. The workforce is largely unskilled, unemployment is high, and Nepal is a highly vulnerability to natural disasters - mostly floods and landslides, which annually disrupt the lives of tens of thousands. Agriculture accounts for 32 percent of GDP and 68 percent of the labor force, but Nepal is unable to meet domestic demand for food. Industry is limited and uncompetitive due to location, high costs, inconsistent energy supply, low product quality, labor unrest, and political instability.

In FY 2009, USAID's agriculture program increased the incomes of 16,690 poor Nepali households by more than 50 percent, exceeding the annual target. The USG promoted new agricultural technologies to increase yields, improve the quality of produce, reduce losses from spoilage, and improve processing and marketing of agricultural products. Furthermore, the USG supported the development of institutions for the long-term promotion of knowledge and skills. The agricultural program increased income and local investment, which supported broad-based economic revitalization in rural communities. Beneficiaries included traditionally excluded groups and the most economically disadvantaged, such as women and the lower castes.

One of the major achievements of the USG's agricultural program has been the replication of its methods by the GON. The GON has been so impressed with the results of USG's efforts that they fully adopted the approach and, with technical assistance from the USG, have contributed their own funding and resources to expand the program to more districts. Last year, the GON expanded the program to six additional districts. This year, the GON has expanded the approach to eight more districts. Out of 75 districts, 26 now benefit from improved agricultural productivity and higher incomes; 14 directly supported by the GON, along with the original 12 directly supported by the USG.

The USG also supported a comprehensive nine-month literacy program with an emphasis on conflict mitigation and peace-building skills for 29,000 youths (ages 16-30). In FY 2009, the USG provided vocational, literacy, and agricultural training to 21,254 people (16,722 women) from disadvantaged groups. An impact assessment was conducted three months after the completion of the training, and an estimated 84 percent are employed or self-employed with an average annual income of \$384.

This success is due in part to the careful selection of participants. All of the beneficiaries in the project are youth in conflict-affected zones, and are amongst the poorest and most disadvantaged in the region. It is anticipated that 70,000 youth will be trained by January 2013.

### **Humanitarian Assistance**

Severe floods in 2007 affected 600,000 people in Nepal, causing serious destruction to lives and property. The USG provided immediate assistance at the time with non-food items such as medicine, blankets, baby kits, and pots and pans. In addition to the humanitarian response, the

USG started a flood recovery program in June 2008 to address the recovery and rehabilitation needs and rebuild the livelihoods of flood-affected people in six districts in the troubled Terai region of Nepal bordering India.

Through this program, the USG works with community groups and local governments to deliver goods and services to marginalized communities where only limited services are available. By meeting these local needs in a volatile area, the project supports broader goals related to ensuring peace, security, and a visible, responsive local government presence.

In FY 2009, the flood recovery program assisted 348,617 people with an integrated package of flood recovery assistance. The program completed 79 community infrastructure projects, including constructing or repairing classrooms, school latrines, irrigation systems, embankments or small dams, simple road repair, culverts, and small bridges. These infrastructure projects generated 110,000 person-days of daily labor work for those affected by the flood.

Bishwo Nath Sah, an 84-year-old beneficiary and chief of the village, shared, “Last year, 13 hectares of fertile land and almost 20 houses were swept away by the river. Overnight the livelihood of many disappeared. Previous protection measures initiated by villagers were washed away twice and our efforts proved futile. Before this program began, we were powerless because we had no resources or skills to set up required defenses.”

To help improve disaster response and the delivery of services, the USG trained 2,436 beneficiaries (2,051 women) in a 10-month program on community development, leadership, and disaster management. The USG also provided livelihood training to 2,164 farmers (574 women) on care of seedlings, crop production, integrated pest management, and marketing and of high-value products. The project assisted in installing 340 motorized irrigation pumps, 258 manual pumps, and 25 drip irrigation sets which improves crop yield. The participating farmers increased their average net income by \$269 per farmer (an increase of 473 percent) in the first 6 months compared to traditional crops.

## **CONCLUSION**

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As FY 2009 draws to a close, lengthy daily power outages are again expected this winter and the political situation remains tense. The USG will again be challenged to achieve development outcomes during unpredictable times. A strategic and innovative approach will sustain results in democracy and governance, health, and livelihoods, while expanding in food security and natural resource management. Working together with the Government of Nepal, the USG trusts that this new page will become a peaceful and prosperous chapter in the history of Nepal.