

Observations and Remarks
on
Policy and Program of the Government of Nepal for FY 2077/2078

In light of the Nepal Government's recent announcement on national policies and programs for the coming year, Nepal Policy Institute (NPI), a free-thinking international think tank of global Nepali diaspora, took the liberty to share the policy program document with a large number of scholars, experts and practitioners across continents soliciting their views. This narrative, as summarized in this paper, largely reflects brief views expressed by the diaspora members from North Americas, Europe, Australia, Thailand, and Japan.

NPI sincerely desires that this presents an opportunity to reflect on the developmental concerns of the global Nepalese and, thus, shares this narrative with the National Planning Commission (NPC) with the expectation that this will be shared with relevant Government Ministries, institutions and bodies. NPI is hopeful that all relevant issues will be taken into consideration by the Government in the future policy planning process.

This high-level description on policy priority portrays longer period perspectives for not all declared programs could be delivered in a year on some of the program have multi-year dimension. It is understandable high-level proclamations often could not possibly be accomplished for various reasons. The Government's positive description of the state of programs in the middle of a global threat, looming over Nepal too, is little surprising because the narratives are short on what plans Government have developed to-date for the rescue and reintegration of stranded economic heroes of Nepal (hard-working citizens of Nepal) now-nearly abandoned by both receiving and home countries.

There is a growing fear that the world economy may endure an unprecedented recession and depression combined. The world is about to experience a disconnect in multilateralism impacted by ensuing global trading frictions and pandemic tensions between the economic and trading powers. The economic nationalism could alter the face of the liberal free-market and trading alliances. International experts believe this is as serious setback to economic liberalism with unknown socio-economic ramifications, not experienced since World War II.

The policy and program drafting process could have been desirable with participation of experts, civil society members, including diaspora experts. Nonetheless, sharing diaspora observations could be an important milestone for the Government to reflect on NPI inputs to the upcoming national annual budgetary processes, and I am gratified for this opportunity to share diaspora views with the Government.

A handwritten signature in black ink, appearing to read 'Khagendra Dhakal', written in a cursive style.

(Khagendra Dhakal)
Chair, Nepal Policy Institute

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General Observation

Policy and Program announced by the President of Democratic Republic of Nepal at the parliament is a comprehensive narrative document that covers what one would want to hear from a self-impressed government to the nation. It is, however, short of progress in achievement details made during the year. This high-level narrative does provide government policy priorities not only for coming years but for longer period perspectives because not all declared programs could be delivered in a year. This policy program has multi-year dimension rather than of a year's time frame and are not different than announced by the government in previous years and which have remained unfulfilled or with little or no progress. The government's positive description of state of programs in the middle of a global threats, which is just looming over Nepal, is little surprising because the narratives are short on what plans government have developed to-date for rescue of stranded **economic heroes of Nepal** (unsuspecting hard working migrant workers of Nepal) now - nearly abandoned by both receiving and home countries.

There is growing fear that world economy may have to endure an unprecedented recession and depression combined. At the same time, the world must bear the brunt of shaky and uncertain multilateralism created by the global trading frictions and pandemic tension between friendly states and major economic and trading powers. There is a coming threat of economic nationalism that could alter the face of liberal free market economy with shifting trends in trading alliances. International economic experts and global observers believe it could be a serious blow to economic liberalism and the world may go through unknown political ramifications, a situation never experienced since the World War II.

If this situation is combined with probable impacts of contagious disease, like novel coronavirus, Nepal could have adverse economic repercussions of larger dimension. Nepal is strongly linked with world economy because it is thriving in high imports cushioned by remittances. Nepal's GDP growth is driven not by industrial production but by soft services and subsistence agriculture and the country may plunge into stagflation.

The rapid spread of global pandemic has highlighted fragility more prominently in health care systems and inequalities fault lines in societies which could have long term social, political, and economic ramifications, unnoticed before. The Government of Nepal has rightly drawn people's attention to novel coronavirus situation but has not offered details on how it intends to mitigate probable impacts on economic life, nation's growth and welfare of the population under the theme of " Prosperous Nepal Happy Nepali", a goal pursued by the government, in months and year. It is also unclear how Sustainable Development Goals will be moved forward in the coming year by the government since there is general concerns that COVID-19 pandemic will derail timely implementation, requiring re-adjustments and/or re-prioritization of goals. This evolving situation would disproportionately impact on poverty, hunger, health, and education.

Economic recovery will be slow, and Nepal will not be escaped from this reality as country is heavily depended on basic food imports, pressure exerted by return of migrant workers, rising poverty, and unemployment. This situation will be exacerbated by peoples' fear factor of getting infected, sick and death as Nepal eases restrictions. This will have consequences for both foreign and internal investment, consumptions and businesses; the Government policy program did not articulate on how the future situation will be managed.

There are several other interest areas of the government, as in the past, included in the policy program declaration on Education, Domestic Employment, Poverty and Hunger, Foreign Direct Investment, Food Security, Forestry, Tourism, Urban Development, Water Resources, Internet Access, Rural Postal System and Corruption Perceptions.

The narrative alludes government is to refocus work program on health, education, employment, and economic recovery seems to be the priority because of COVID 19. There is no mention of progresses made during the past year on these areas. Are we to expect a progress report later by the Finance Minister in the budget speech?

It is over six months of the emergence of deadly virus and nearly five months of WHO declaring it as global pandemic but Nepal government has not elaborated preparedness to deal with the pandemic, rescue and repatriation and reintegration plan, and basic subsistence assistance program for workers who lost their means of livelihood and jobs, and family-based micro and small businesses which are important component of economy. There is also no mention on how the government intends to mount relief and rehabilitation for returnee migrant population and if cash and/or material assistance are to be provided.

The government fails to recognize again and misses to declare migrant worker as "Economic Heroes of Nepal" and accord them due recognition of their significant contribution to national GDP. Migrant workers' foreign currency remittances have kept economy floating. This may have partly resulted in disproportionate imports of luxury goods. At the same time, remittances may have possibly saved economic collapse because Nepal's economy is largely based on subsistence farming and services sector activities, which are seasonal.

Inspirational optimism looks shallow in the absence of achievement details on economic front, especially progress on eradication of poverty – the single most challenges of this nation which is likely to be aggravated due to impending situation of increased unemployment created by the global pandemic, loss of jobs, reintegration of returnee population and food shortages.

What achievements have been made in ameliorating corruption perception is not there and it leaves a lot of room to be desired for in the rhetoric of reducing corruption in government program. This only attributes to negative trusts perception.

The biggest issue facing Nepal is lack of objective evaluation of plan and program as these are mostly influenced by political expediency rather than cost-benefit and economic analysis, ineffective project implementation, and project budget over-runs.

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The government has missed comparative economic opportunities due to absence of economic reforms. It must, thus, focus on how it delivers approved program, monitors and ensures effective implementation for timely delivery of outputs. These issues are fundamental to government's credibility performance and corruption perception.

Nepal has constitutionally federal structure but in policy program matters roles of different levels of government at federal, provincial, and local, needs to be clarified in budgetary process as it could otherwise create juristic limitation affecting program implementation at working levels.

Except for general reference on global pandemic situation there is scant details on what possible mitigating measures to reduce anticipated effects in Nepal and how post-COVID 19 economy recovery is perceived are ambiguous, except for referring to establishment of COVID Fund.

Policy statement is not only to sustain political euphemism but to promote growth and development, otherwise it sounds too glorious, given the less than satisfactory citations on achievements against the backdrop of growing fear of pandemic spreading in the country and government's lackluster display and lack of robust preparedness in managing the contagion.

One only hopes government's optimism will continue to prevail on Nepal's development plan as the Policy Program narratives demonstrate.

More specific observations and remarks

Health: health infrastructure is inadequate in the country. Building new hospitals, as proposed, could not guarantee effective delivery of health services. Priority should be in enhancing future capabilities of service deliveries by state and private institutions. It lacks emphasis on strengthening of rural health outreach network and building preventative steps on awareness and basic health education at the community level. Instead of building big hospitals, empowering small healthcare-providing centers and increasing their numbers both in rural and urban areas can be more effective in preventing larger health crisis and costs.

Establishment of Centre for Disease Control, Food and Drug Administration and Quality Assurance and Services system are welcome endeavors. On the other hand, one wonders why is government failing to address ailing unsustainable business enterprise like Nepal Airlines, as an example, and continues to invest taxpayer's money at this difficult time when resources could be channeled to life saving measures created by the pandemic? Due to expected deep fall in international travel and tourism industry international airlines are either restructuring operations or looking up for other innovative business options while in Nepal taxpayers are bleeding to support white elephants.

One of the early lessons learned from the spread of contagious disease like COVID-19 warrants investment in preventative health care measures and rural health program. Government's policy, however, focus is on "curative" measures with no mention of

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“preventative” measures. Likewise, importance of basic health education in schools could have been a right way forward.

Education: Achieving ‘**Saachhar Nepal**’ (Literate Nepal) in three years is a tall order given that there have been continuing school drop-outs, particularly in rural areas where economically disadvantaged, individuals with physical disabilities and marginalized people are either unable to pursue classes or have no means to attend classes in absence of specifically targeted policy program to re-redress the gaps. The government should consider providing free access to all needy students, including those under 5 Child Welfare Program.

Politically high sounding “Chinoun Aafno Maato, Banawoun Aafanai Desh” (recognize own soil and build own country) campaign reminds ‘Go Back to Village’ (Gaon Farka Avyian) campaign of Panchayat era but it is not clear on what specific program foreseen and how it be would be implemented.

Education reform proposal for standard upgrades and quality improvement are worth the investment, if qualitatively implemented and achieved. This is a big challenge because these are not new simple issues but are the results of continuing lack of satisfactory past performance, poor implementation, and lack of effective monitoring. There is absolute need to focus on quality and maintaining standard in technical schools and elevating technical education standard comparable to world class institutions. It is imperative to develop technical quality assurances system comparable to international education standards.

Not all job seekers, unemployed work force and domestic workers included, have professional skills and technical knowledge. Enroll them in technical schools, provide free access for professional development and, if necessary, support financially during the period of learning.

The government announcement to provide **Internet access** in all schools throughout the country is welcome and is an appreciative endeavor. Both students and teachers must acquire computer literacy for advancing knowledge and future employment opportunities, and to encourage distance learning.

Schools curriculum should include courses in climate change, biodiversity, environment conservation, personal basic hygiene, disaster preparedness and reproductive health education for youth’s awareness.

Poverty and Hunger: Program to reduce poverty has been on-going for several decades but effective monitoring of implementation of activities against the core objective of reducing poverty is lacking and inadequate. The government needs to consider regular but effective monitoring of nutrition, poverty, and unemployment at household level through health/nutrition outreach program at the community level. There is no explicit mention of what fiscal measures or stimulus plan government is contemplating to implement if situation deteriorates due to COVID-19 impacts.

Foreign Direct Investment: The government should consider opening foreign investment in micro, small and medium enterprises (MSMEs) if an enterprise employs

10 domestic employees and invests US\$ 100,000 in equivalent in local currency and grant long-term business and income tax exemptions.

Due to possible economic recession and depression (yet to be clear) large-scale infrastructure and productive sectors may face funding shortages. Consider partnership (foreign and domestic) for investment in quality infrastructure development and in travel and tourism, and to attract productive supply chain possibilities. Nepal must seek to bring manufacturing to be part of the international supply chain as changes are taking place in the regional and global arena.

Food Security and Agriculture: The Government should give top priority to food production and make basic food items available at affordable prices and ensure agricultural products are accessible to consumer market.

It is simply unrealistic that land-use management survey will be completed in one year and maps published.

At household family level, promote kitchen gardening and/or small leisure farming near urban areas and support "Grow locally consume locally" to enhance nutrition and self-sufficiency in food.

The government of Nepal should consider implementation of intellectual property rights to the locally produced foods and agricultural or natural products, like Lapsi , Yarshagumba. Has Nepal ensured the intellectual property of Gundruk which is a typical Nepali food popular among Nepali worldwide?

The Government should promote and support collaborative approaches in production of special items and international marketing of local products with international brands to gain easy access to international niche market for fine Nepali products like coffee, spices, and herbal items, etc.

Forestry: Promote planting ten trees for one felling tree at village level and include environment awareness in school education and in community programs.

Tourism and Urban Development: Develop places of national heritage and preserve, promote cultures and architecture of Kathmandu Valley, develop national natural conservation locations, and develop sites linked to faith and religion and focus on quality tourism with due consideration of fragility of biodiversity and eco-system. Promote domestic tourism because international travel and tourism is unlikely to revive quickly.

Think beyond resort building and promote Nepal as high class "**retirement village**" in collaboration with foreign partners, like it is already successfully implemented in several ASEAN countries. It will boost investment in domestic market and create employment, and support small, micro, and medium enterprises.

Scientists suggest Kathmandu valley is prone to high risks of future earthquakes like that of 2015 and quality of life of residents will be compromised due to continued environmental degradation and unhealthy urbanization. Consider relocating capital city

away from the valley, like several other countries around the world have done. Develop Kathmandu valley as a modern but authentic prime heritage tourism destination.

The tourist arrival infrastructure and services at the airport must be standardized and visit sites must be hassle free for tourists so that tourists feel safe and comfortable in their Nepal stay which will result in word-of-mouth goodwill in their countries.

Water Resources: Nepal currently produces less than 2,000 MW hydropower and government have been promoting investments in small projects for years. Currently Nepal suffers from production of low clean energy and consumption. Based on the past progress of the sector it is unlikely government targets would be met on stipulated timeline nor clean energy would be available at affordable price. Promote solar energy as this is a simple technology and affordable. Large foreign investments in development of macro hydropower projects and transmission lines should be seriously considered because development of small projects could not meet the clean energy demand. Nepal has one of the lowest per capita energy consumptions in the world. Low access to clean energy will not attract investment and development of large industries and manufacturing.

Rural Postal System: Consider expanding functions of postal system and use this system to function as rural banking. This would give rural population a self-identity through postal registration at the grass root level and access to government programs. It will allow people's access to basic savings and loans possibilities. Rural population will directly benefit from one window service on government's rural safety programs, including cash transfer services.

Foreign Policy: The Government should consider peace building and harmonious co-existence philosophy of '**Buddhatwa**' to promote "Nepal in Peace and Harmony" with all nations as part of Nepal's diplomacy and foreign policy strategies. Buddhatwa in this context refers to peaceful and harmonious relations between nations. Nepal has to leverage the origin and historical associations of Buddha and Buddhatwa to create an impact not only for the cultural diplomacy but also in areas of foreign policy. Nepal could advance its international relations by using Buddhatwa as a soft power that advocates non-coercive approach.

Nepal should formulate a helping-hand regional policy whenever there are natural or other disasters in neighboring nations in ways it could, if not financial, then human resources or others. For instance, Nepal could offer some help to cyclone hit Bangladesh by sending rescuers to the zone or overwhelmed hospitals in Sri Lanka with terrorist's attacks by sending doctors and nurses. Such policies will be translated into goodwill and, thus, will bring other tangible benefits to the country.

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