



INSTITUTIONAL ARCHITECTURE FOR FOOD SECURITY POLICY CHANGE: NEPAL

JULY, 2013

This publication was produced by the Enabling Agricultural Trade (EAT) project, implemented by Fintrac, for the United States Agency for International Development.

INSTITUTIONAL ARCHITECTURE FOR FOOD SECURITY POLICY CHANGE: NEPAL

Enabling Agricultural Trade (EAT) project

Contracted under EDH-I-00-05-00007-00. AID-OAA-TO-10-00055

TABLE OF CONTENTS

- TABLE OF CONTENTS..... 2**
- ACRONYMS 3**
- METHODOLOGY 6**
- INTRODUCTION..... 7**
- PART I: OVERVIEW OF THE INSTITUTIONAL FRAMEWORK FOR AGRICULTURE 8**
- PART II: AGRICULTURE & FOOD SECURITY POLICY CHANGE INSTITUTIONAL MAP 10**
- PART II: CAPACITY OF FOOD SECURITY POLICY CHANGE..... 11**
- POLICY ELEMENT 1: THE GUIDING POLICY FRAMEWORK..... 11**
 - Overview 11
 - Capacity for Policy Change Indicators 12
 - Conclusions 13
 - Recommendations 13
- POLICY ELEMENT 2: POLICY DEVELOPMENT AND COORDINATION..... 14**
 - Overview 14
 - Capacity for Policy Change Indicators 14
 - Conclusions 16
 - Recommendations 16
- POLICY ELEMENT 3: INCLUSIVITY AND STAKEHOLDER CONSULTATION..... 18**
 - Overview 18
 - Capacity for Policy Change Indicators 19
 - Conclusions 20
 - Recommendations 20
- POLICY ELEMENT 4: EVIDENCE-BASED ANALYSIS..... 21**
 - Overview 21
 - Capacity for Policy Change Indicators 21
 - Conclusions 23
 - Recommendations 23
- POLICY ELEMENT 5: POLICY IMPLEMENTATION 24**
 - Overview 24
 - Capacity for Policy Change Indicators 24
 - Conclusions 26
 - Recommendations 26
- POLICY ELEMENT 6: MUTUAL ACCOUNTABILITY..... 27**
 - Overview 27
 - Capacity for Policy Change Indicators 27
 - Conclusions 28
 - Recommendations 28
- CONCLUSION 30**
- ANNEX: CAPACITY FOR POLICY CHANGE INDICATORS..... 31**

ACRONYMS

ADB	-	Asian Development Bank
ADS	-	Agricultural Development Strategy
ADSISU	-	Agricultural Development Strategy Implementation Support Unit
AEC	-	Agro Enterprise Center
AMP	-	Aid Management Platform
APP	-	Agriculture Perspective Plan
ARPAR	-	Agriculture Related Policy, Act, and Regulation Committee
ATF	-	Agricultural Development Strategy Trust Fund
ATWG	-	Agriculture Technical Working Group
BFS	-	Bureau for Food Security
CA	-	Constituent Assembly
CADIC	-	Central Agricultural Development Implementation Committee
CEAPRED	-	Center for Environmental and Agricultural Policy Research, Extension and Development
CIP	-	Country Investment Plan
CPA	-	Comprehensive Peace Agreement
CSO	-	Civil Society Organizations
CYMMYT	-	International Maize and Wheat Improve Center
DADC	-	District Agriculture Development Committee
DADO	-	District Agricultural Development Office
DDC	-	District Development Committee
DFSN	-	District Food Security Networks
DLSO	-	Department of Livestock Service Office
DP	-	Development Partners
EG	-	Election Government
FNCCI	-	Federation of Nepalese Chambers of Commerce and Industry
GAFSP	-	Global Agriculture and Food Security Program
GDP	-	Gross Domestic Product
HLPC	-	High Level Political Committee
IAAS	-	Institute for Agriculture and Animal Sciences
IECCD	-	International Economic Cooperation Coordination Division
IIDS	-	Institute for Integrated Development Studies
IFC	-	International Finance Corporation

IRRI	-	International Rice Research Institute
LDO	-	Local Development Officer
LDM	-	Local Donor Meetings
LiBIRD	-	Local Initiatives for Biodiversity, Research and Development
M&E	-	Monitoring and Evaluation
MDA	-	Ministries, Departments, and Agencies
MDG	-	Millennium Development Goals
MLRM	-	Ministry of Land Reform and Management
MOAD	-	Ministry of Agricultural Development
MOCPA	-	Ministry of Cooperatives and Poverty Alleviation
MOE	-	Ministry of Energy
MOF	-	Ministry of Finance
MOFLD	-	Ministry of Federal Affairs and Local Development
MOFSC	-	Ministry of Forestry and Soil Conservation
MOI	-	Ministry of Industry
MOIR	-	Ministry of Irrigation
NADSCC	-	National Agricultural Development Strategy Coordination Committee
NADSIC	-	National Agricultural Development Strategy Implementation Committee
NARC	-	Nepal Agricultural Research Council
NARDF	-	National Agriculture Research and Development Fund
NARI	-	National Agriculture Research Institute
NASDP	-	National Agriculture Sector Development Priority
NASRI	-	National Animal Science Research Institute
NATWG	-	National Agriculture Technical Working Group
NBF	-	Nepal Business Forum
NDC	-	National Development Council
NEAT	-	Nepal Economic Agriculture and Trade Activity
NeKSAP	-	Nepal Food Security Monitoring System
NFNSSC	-	National Food and Nutrition Security Steering Committee
NPC	-	National Planning Commission
NPCS	-	National Planning Commission Secretariat
NPPR	-	Nepal Portfolio Performance Review
RADC	-	Regional Agricultural Development Committee
USAID	-	United States Agency for International Development
VDC	-	Village Development Committee

- VDCS** - Village Development Committee Secretary
- WFP** - World Food Programme

METHODOLOGY

The path and trajectory of policy change is a complex, non-linear process that is often unique to a particular country. While no two countries share precisely the same process, effective policy changes can and do share similar features; namely, predictable, transparent, inclusive, and evidence-based policy-making. The United States Agency for International Development's (USAID) Bureau for Food Security (BFS) is emphasizing the need for an understanding of the Institutional Architecture for Food Security Policy Change.¹

Institutional Architecture provides for a framework for analyzing a country's capacity to undertake food security change². This is accomplished by identifying implementation barriers, designing policy options, and coordinating actions across public and private institutions. This assessment examines the components of a policy-making process; providing USAID, local policymakers, and other key stakeholders with information on possible constraints that could stymie effective policy change. This work will help inform USAID as it explores new approaches for technical assistance to improve the capacity and performance of the policy change process.

Part I: Mapping of Institutional Architecture for Policy Change

The first part in this process maps out the key systems, processes, and relationships that influence food security policy development. This involves identifying and mapping: the guiding policy framework, the key institutions that hold primary responsibility for implementation, inter-ministerial coordination mechanisms; private and civil society organizations, as well as think tanks and research organizations, that impact and influence the food security policy change process. These factors are examined in the context of the broader economic and social dynamics that impact the policy change environment.

Assessment Team:

David Quinn, USAID EAT project

Ramananda Prasad Gupta, Independent Consultant

Part II: Capacity of Food Security Policy Change

The second part of this assessment involves an analysis of a country's capacity to undertake transparent, inclusive, predictable, and evidence-based policy change. The country is examined through the following six components of the policy formation process to determine its 'readiness for policy change':

- Policy Element 1: Guiding Policy Framework
- Policy Element 2: Policy Development and Coordination
- Policy Element 3: Inclusivity and Stakeholder Consultation
- Policy Element 4: Evidence-based Analysis
- Policy Element 5: Policy Implementation
- Policy Element 6: Mutual Accountability

Each of these components is analyzed through a set of indicators that determine the capacity and effectiveness of the overall policy change process. Each indicator is assessed using a three-tier rating system, which highlights the level of attention needed to improve the effectiveness of the component. A

¹Institutional Architecture is defined as the set of partner-country procedures and processes for data collection and analysis, consultation and dialogue, policy proposal, feedback, approval, implementation, and enforcement.

² Food Security is defined as "when all people at all times have access to safe and sufficient food to meet their dietary needs for a productive and healthy life. There are four main components: availability, accessibility, utilization, and stability of food."

Green rating means the component is realized to a sufficient degree, and additional attention is not required. A *Yellow* rating means that the conditions required to achieve the component are partially achieved, but additional attention is required. A *Red* rating means that significant attention is needed to ensure the component is achieved. Indicators will be accompanied with a narrative analysis of key gaps and constraints to the policy change process.

Part III: Summary Conclusions and Recommendations

The third part draws conclusions based upon the above set of findings, and develops recommendations for future action.

INTRODUCTION

Agriculture accounts for two-thirds of the labor force and one third of Gross Domestic Product (GDP) in Nepal, although this figure has been declining over the past two decades. The agriculture sector has grown by between 2-3% since 1997, with production focusing predominately on staple crops. Nepal suffers from low agricultural productivity and agricultural yields, and lags behind South Asian neighbors. Rice yields, for example, are only 89% of India, 88% of Pakistan, and 60% of Bangladesh.³

While there has been a strong political commitment to agriculture, this credibility has been undermined by low budgetary support to the sector, limited human resource capacity, and frequent changes in leadership within agricultural institutions. Additionally, poor accountability in program implementation and inadequate systems for monitoring and evaluation, have created a large disconnect between policy development and implementation.⁴ As a result, progress on implementing agricultural policy has been low.

After twenty years of direction under the **Agricultural Perspective Plan** (APP), the Government of Nepal is in the final stages of developing the **Agricultural Development Strategy** (ADS). The ADS has undergone a multi-year, multi-stakeholder review process and is expected to guide agricultural development for the next 20 years. The current political situation in Nepal, however, with a lapsed constitution and an interim governing arrangement, raises several questions about the ability of the **Ministry of Agricultural Development** (MOAD) to implement an ambitious and forward looking agenda. The degree of commitment and ownership of the government to ADS is a central question of this report.

³Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

⁴Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, October 2011

PART I: OVERVIEW OF THE INSTITUTIONAL FRAMEWORK FOR AGRICULTURE

The institutional structure for agriculture and food security in Nepal is complex, with numerous Ministries, Departments, and Agencies (MDAs) holding different, and often overlapping responsibilities for agriculture.

Executive power in Nepal is vested in the Council of Ministers, who has the responsibility for issuing general directives, and for regulating the administration of the Government of Nepal (GoN). The Council of Ministers is chaired by the Prime Minister, and is comprised of the Deputy Prime Minister and the other Ministers.⁵ The government ministries relevant to the agricultural sector include the MOAD, the **Ministry of Cooperatives and Poverty Alleviation** (MOCPA), the **Ministry of Federal Affairs and Local Development** (MOFALD), the **Ministry of Land Reform and Management** (MLRM), the **Ministry of Irrigation** (MOI), the **Ministry of Energy** (MOE), the **Ministry of Forestry and Soil Conservation** (MOFSC), and the **Ministry of Finance** (MOF).⁶⁷ Political parties play a dominating role in public administration, shaping all processes and outcomes of the GoN. The parties have served to undercut the functioning and accountability of the government, interfering public administration for political purposes and reinforcing rent-seeking behaviour.

MOAD holds primary responsibility for the development of the agriculture sector, including planning and budgeting. The political leader of MOAD is the Minister, with the Secretary serving as the administrative head. MOAD has five divisions, Agribusiness Promotion and Statistics; Planning, Monitoring and Evaluation; Gender Equality and Environment; and Administration. An additional division for Agricultural Policy and Foreign Aid Coordination is in the process of being established. The MOAD has are three Departments, Agriculture, Livestock Services, and Food Technology & Quality Control, each responsible for implementation of their topical area. Each department has a number of technical directorates. Additionally, MOAD has an autonomous research council, **Nepal Agriculture Research Council** (NARC), as well as National Boards for Dairy, and Tea and Coffee. In practice, these bodies have less autonomy than implied in the regulations.

The **National Development Council (NDC)**, a high-level political body chaired by the Prime Minister, is responsible for providing overall direction on the formulation of national plans. Membership of NDC comprises thirty five national representatives; including ministers, chairs of Parliamentary committees, and representatives from different sectors and classes. The **National Planning Commission (NPC)** is an advisory body of the NDC responsible for formulating development plans and policies. The role of the NPC includes overall policy coordination, the allocation of resources and monitoring and evaluation

⁵ Interim Constitution of Nepal, 2007

⁶ Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, Appendix 19: Legal Analysis, October 2011

⁷The rules governing the government are set out under two constitutional provisions: Allocation of Government Business Rules, 2007, and Transaction of Business of the Government 2007.

of policies and programs. Day to day functions of NPC are conducted by a full-time Vice Chairman. The Chief-Secretary of the office of the Prime Minister and the Finance Secretary of the Ministry of Finance are ex-officio members of NPC, which is supported by a dedicated secretariat (NPCS).⁸

At the regional level, Nepal is divided into five development regions and 75 districts. The **District Development Committee** (DDC) is the executive body at the district level, consisting of a President, Vice-President, and members elected by the village council. The DDC formulates and executes annual plans and district level policies based on directives from the NPC and line ministries. DDCs are governed by District Councils, comprised of representatives from all the **Village Development Committees** (VDCs) in the District.⁹ However, since declaration of Nepal as a Federal Republican Country in 2006, there have not been elections for these committees. As a result, the Districts are currently being led by **Local Development Officers** (LDO) and the villages are being led by **Village Development Committee Secretaries** (VDCS). Under the DDC, **District Agriculture Development Committees** (DADC) are responsible for monitoring the implementation of projects. DADCs are chaired by the LDO (in the absence of a DDC President), with representatives from the GoN, farmers' associations, **civil society organizations** (CSO), and related agricultural bank and corporations.

A Note on the Current Constitutional Crisis

Pro-democracy demonstrations in early 1990 led to the adoption of a new constitution in November 1990. Executive powers were vested in a Cabinet, headed by a Prime Minister, and the King retained limited power as the head of state. However, the multiparty system of democracy continued to reinforce longstanding political marginalization and inequalities.

In 1996, the Community Party of Nepal-Maoists launched an insurgency to overthrow the monarchy, which led to a protracted and violent conflict. The socio-economic and political issues which fuelled the conflict were deep rooted in society, and the Maoists grew into a formidable political force. In 2006, a **Comprehensive Peace Agreement** (CPA) was signed between the Maoists and a Seven Party Alliance of the main political parties. The CPA brought the Maoists into the political system, bringing a formal end to the insurgency.

In 2007, an interim constitution was promulgated, and in 2008, elections were held for a **Constituent Assembly** (CA). The CA dissolved the monarchy and declared Nepal a federal republic. The CA was charged with formulating a new constitution, but due to political infighting and cabinet instability, the CA missed four drafting deadlines. As a result, the Supreme Court issued a ruling dissolving the CA in May 2012.

The prolonged transition has resulted in increased political uncertainties and a constitutional vacuum. An **Election Government** (EG) was formed by the **High Level Political Committee** (HLPC) of the three major political parties. The EG consists of former bureaucrats and technocrats in the Cabinet of Ministers and is chaired by the Chief Justice of the Supreme Court. There was a call for a new CA election on 19 November 2013. However, there are a number of political parties who have decided to boycott the election and to disturb it by all means.

⁸ Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, Appendix 19: Legal Analysis, October 2011

⁹ Ibid

PART II: AGRICULTURE & FOOD SECURITY POLICY CHANGE INSTITUTIONAL MAP

PART II: CAPACITY OF FOOD SECURITY POLICY CHANGE

POLICY ELEMENT 1: THE GUIDING POLICY FRAMEWORK

Nepal has a comprehensive guiding policy framework for agriculture, although there is a degree of overlap and duplication in policies and priorities. The ADS sets out a more complete and consistent national vision for agriculture.

OVERVIEW

Nepal has a comprehensive framework of policies and strategies for agricultural development and food security. Since 1995, agricultural development in Nepal has been guided by the APP. The APP promoted sustainable agricultural growth and poverty reduction through four priority areas: the expansion of irrigation, the application of fertilizers, the adoption of modern technology, and the development of market feeder roads. Recent review of the APP has highlighted mixed performance. While there has been improvement in areas such as infrastructure and horticulture, targets were not met in seed, fertilizer and cereal production.¹⁰ Limited political ownership, inadequate resources, and insufficient institutional authority meant that in reality, the APP was never fully adopted by the government.¹¹ Additionally, the ratio of resource allocation for agriculture was reduced as a result of commitments to the **Millennium Development Goals** (MDGs), which focused GoN priorities and resources to education and health.

Nepal's overall development strategies are outlined in Five Year Plans, with the tenth plan covering the period 2002-2006. As a result of the current interim political situation, Three Year Interim Plans have replaced the Five Year Plans for 2007/08-2009/10 and 2010/11-2012/13. The **Nepal Agriculture and Food Security Country Implementation Plan** (CIP) was endorsed in 2010 and identifies a set of 10 agriculture and food security priority programs and sub-programs. The 2010/11 – 2014/15 **National Agriculture Sector Development Priority** (NASDP) forms the government's medium term agriculture framework and platform for coordinated activities with development partners. Eight priority areas are identified, with 29 proposed outputs. However, specific policies, institutional arrangements, and implementation plans were not developed within the framework. Additionally, there have been a number of other plans, programs, and policies for the agriculture sector, including The National Agriculture Policy (2004), the Agro-business Promotion Policy (2008), the National Fertilizer Policy (2002), Irrigation Policy (2003), National Seed Policy (2000), National Tea Policy (2007), Dairy Development Policy (2007), and the Agricultural Biodiversity Policy (2007). All policies are broadly aligned to the APP.

¹⁰ A thorough review of the APP was conducted in: Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, Appendix 19: Legal Analysis, October 2011

¹¹ Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, Appendix 19: Legal Analysis, October 2011

The GoN is currently in the process of reviewing the draft ADS, a new 20 year agricultural development strategy that was conducted by an independent team with the support of the ADB and twelve other Development Partners. It is based around four core components: improved governance, productivity, commercialization, and competitiveness. The ADS recognizes a number of constraints to policy making in the agriculture sector, including lack of policy consistency, weak coordination, lack of integrated planning, and weak implementation. Accordingly, the ADS prioritizes governance issues and introduces a number of new mechanisms to overcome these constraints (discussed in Policy Component 5). The ADS Final Draft was presented to the GoN on 1st July 2013, but it is unclear whether the government has the institutional arrangements, funding, or even the authority to begin implementing such a realistic but ambitious plan.

CAPACITY FOR POLICY CHANGE INDICATORS

a. Clearly Defined and Consistent Policy Framework

Status: Yellow

While the guiding policy framework for the agricultural sector has remained broadly consistent, each agricultural policy (such as the CIP, NASDP, ADS) has outlined different priority plans, which creates a lack of clarity on overall policy priorities.

b. Predictability and Transparency of the Policy-Making Process

Status: Yellow

There has been continuous fluctuation of leadership in institutions involved in the agriculture sector. Over the past 15 years, for example, there have been 16 Ministers of MOAD. This has created an environment where policies are often conflicting or remain unimplemented. The issue of inconsistent application and enforcement of policy was identified during the development of the ADS. Inconsistent treatment of agricultural subsidies, for example, were found to have limited policy credibility and created uncertainty on behalf of private investment.

c. Clear and Functional Legislative System

Status: Red

Nepal is currently operating without a constitution. As a result, parliament was dissolved in May 2012. The HLPC was established with a representative of each of the three main political parties, and one representative from a collation of a few small parties. The Committee established an Interim Cabinet of Ministers and the Interim Ministers, who are all technocrats and previous Ministerial Secretaries. The Chief Justice of the Supreme Court was nominated as Chairman of the Interim Cabinet of Ministers. This body has limited authority to pass a set number of laws, and the remainder of laws awaits the resumption of parliament.

d. Appropriate Dispute Resolution Process/Judicial Framework

Status: Yellow

The judicial system has demonstrated its independence on several occasions (most notably the decision of the Supreme Court that the CA could not be extended beyond May 2012). The effectiveness of the Supreme Court, however, is limited by a poor enforcement capacity. In the past, a lack of cooperation from the Executive and law enforcement

agencies delayed or prevented enforcement. This lack of enforcement capacity is even greater at the local level, where tribunals remain vulnerable to political pressure and corruption. A lack of technical capacity and resources is also a problem at all levels.

e. Clearly Defined Institutional Responsibilities

Status: Yellow

Institution responsibilities are clearly defined within the policies, although poor cross-Ministerial coordination means there are often overlapping institutional responsibilities across different ministries. There is, for example, some duplication of responsibilities regarding irrigation services between MOAD and MOI.

CONCLUSIONS

Nepal is regarded by stakeholders as having strong and comprehensive policies for the agricultural sector. However, lack of political leadership and central coordination, rent-seeking behavior, and frequent high-level staff turnover has led to the creation of multiple overlapping policy documents and policy inconsistency. Additionally, new policies have often been approved without the appropriate legal and regulatory framework in place. The seed policy, for example, was approved without the regulations necessary for its implementation.

The ADS provides a framework for agricultural development for the next 20 years, and is regarded by stakeholders as inclusive and participatory. It was prepared by an independent team and the assessment team made every effort to consult with government and other stakeholders. However, it remains to be seen how much commitment and resources the GoN will be able to provide, given the current interim political situation. Financial and technical support from DPs will be required to implement the ADS. Interviews with the MOAD suggest that they fully support the document, although they acknowledge that some changes will need to be made. It is estimated by stakeholders within MOAD and in the private sector, that the ADS will take at least two more years to get approved by GoN and to prepare an action plan.

RECOMMENDATIONS

1. **Prioritization of outcomes and activities under ADS:** With over 225 specific action plans identified within the ADS, there is a need to prioritize those activities that can begin to be implemented immediately and within existing budgetary resources.

POLICY ELEMENT 2: POLICY DEVELOPMENT AND COORDINATION

The system for policy development in Nepal is in place, but its effectiveness is limited by a lack of capacity to undertake policy planning and analysis, and poor coordination mechanisms. However, proposals have been developed under ADS to address these constraints.

OVERVIEW

The impetus for a new policy can come from a range of political, technical, institutional, or social actors. While the government remains the primary driver of new policies, the private sector has demonstrated a growing influence in the process. The high-level management team of the MOAD decides on policy priorities. It is then the responsibility of the line Ministries to develop sectoral policies and programs, which are initiated within the relevant technical directorates of the Departments or Agencies. The technical directorate will usually establish a technical committee to produce a policy draft, comprising technical experts and representatives. Guidelines for preparing a policy draft are provided by the NPC. The draft will then be discussed at the directorate and department level before it is submitted to MOAD.

The Planning Division of MOAD has primary responsibility for policy development and coordination. The Division has a **Policy Unit** that supports the lead technical directorate in ensuring that the draft is consistent with GoN priorities and properly written within the framework provided by NPC. Once drafted, there are a further range of consultations with relevant Ministries, technical experts, and other stakeholders, although this is largely ad hoc. Written comments are received from relevant line Ministries and further workshops are called as needed. The MOF must approve the draft, but often only approves the technical content without committing any financial resources. The draft is also sent to the NPC for evaluation and approval. For agricultural policies, the **National Food and Nutrition Security Steering Committee** (NFNSSC) reviews the proposal and provide guidance to NPC. NFNSSC is chaired by the Vice-Chairman of the NPC, and has cross-sectoral representation through the Secretaries of the other ministries.¹² Once comments have been integrated, the final draft is submitted to the Cabinet for approval.

CAPACITY FOR POLICY CHANGE INDICATORS

a. Approved Food Security Strategy/Investment Plan

Status: Green

The APP has guided agriculture development in Nepal since 1995/96. Over this period, several additional plans and policies have been formulated, consistent with the APP. The ADS is set to replace the APP as the primary food security strategy for the next 20 years, commencing in 2015.

b. Predictable Policy Agenda and Priorities Developed

Status: Green

The present policy agenda is guided by numerous strategies, with numerous policy priorities that have not been fully implemented. ADS has identified and documented specific policy objectives for the development of the national agriculture and food security

¹² Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

agenda. Priorities have been developed across four themes, 35 outputs, and 225 specific action steps, and are detailed in the ADS Final Draft Report.¹³

c. Annual Work Plans

Status: Green

Based on the guidelines and priorities of MOAD, planning begins at district level. It is then reviewed and compiled at the regional level through planning workshops. The departments then compile these findings and finalize the annual plans with the MOAD. The planning documents are then sent to the NPC and MOF for approval and fund allocation. The system works effectively and is participatory, although funding is often not available for implementation.

d. Functioning Coordination Process

Status: Yellow

Coordination with MOAD and across sectors is limited. The PU serves in a coordination role, but its capacity is limited. Coordination has increased through a partnership between the GoN, **Agro Enterprise Center (AEC)** and USAID/Nepal Economic Agriculture and Trade (NEAT) activity (see Policy Component 4) to establish the **Agriculture Related Policy, Act, and Regulation Committee (ARPAR)**. This ad-hoc committee comprises high-level cross-ministerial representatives, including NPC, MOAD, MOF, MOCPA, and the private sector. The committee meets when demanded, but has been meeting up to once a week to serve as a forum on policy issues. The committee has successfully coordinated on a number of policies including the Agricultural Mechanization Policy and the Agribusiness Promotion Policy. There are plans to institutionalize the committee, but this will not happen until after parliamentary elections.¹⁴

e. Secretariat/Administrative Support Function

Status: Red

The lack of political leadership and frequent changes in the heads of divisions, departments, and support staff creates a constraint to the smooth functioning of the Secretariat and administration support. Additionally, there is a challenge of brain-drain within MOAD, where the best professionals are drawn to international organizations with higher salaries and better working conditions in comparison to GoN.

f. Technical Capacity

Status: Red

Despite being central to the policy development process, the Policy Unit suffers from severe capacity constraints. A staff of only three full time policy analysts, led by an Under Secretary, means that the capacity of the Policy Unit to undertake its functions is limited. The Policy Unit helps to ensure drafts are properly written, but in reality, does not

¹³Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

¹⁴Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

undertake policy analysis and monitoring. Provisions have been proposed in ADS to strengthen the Policy Unit.

g. Political Support and Approval

Status: Yellow

The importance of agriculture to the national economy has been recognized in national planning documents, including the APP, the NAP, and the Three-Year Interim plans. However, the percentage of national budget dedicated to agriculture has been steadily declining over the past decade. The continuous change in leadership with the agriculture sector is also serving to undermine policy support.

h. Engagement of Parliament/Legislative Body

Status: Red

There is no functioning legislative body at the moment.

CONCLUSIONS

Nepal possesses the required systems and processes for effective policy development. However, human resources and technical capacity constraints limit the ability of MOAD to fully utilize these systems. There is a limited capacity within the Policy Unit to undertake policy analysis and monitoring. Planning is hampered by limited coordination between departments and across ministries. Policy planning also doesn't cover private sector and civil society programs, which are generally unknown. Additionally, as approval is given by MOF on new policies without obligating the required funds, there is no financial accountability in the development process, and as a result, a lot of policies are approved without any budget.

MOAD needs to be strengthened across all areas of agricultural planning, analysis, and coordination. This is recognized within the Ministry and progress is being made in this regard. The Planning Division recently restructured to create a new Joint-Secretary position responsible for the Policy Unit, Foreign Aid Coordination, and the ADS Implementation Committee (still to be established). The role of the Policy Unit is expected to be expanded within this new structure.

Additionally, the draft ADS proposes a number of new institutional structures to improve coordination. The **National ADS Coordination Committee** (NADSCC) will be established to provide overall coordination of policies and programs, under the Vice-Chairperson of the NPC. CADIC, RADIC and DADC will fall under the NADSCC, and will representation in these bodies will be expanded to include farmer organizations, cooperative organizations, and the private sector. The NADSCC will have a number of technical sub-committees, which will take the lead on technical coordination for new policies.

RECOMMENDATIONS

1. **Provide capacity building support to the Policy Unit:** Capacity building to increase the number of analysts, and technical support to conduct policy analysis would serve to greatly improve the policy development capabilities of MOAD. The recommendation of the ADS to upgrade the Policy Unit to a Policy Analysis Division should be immediately implemented.

2. **Safeguard the role of the ARPAR in the new ADS structures:** ARPAR has proved very successful in contributing to the policy development process, yet has not been included in the proposed new structures for ADS. The role of ARPAR should be institutionalized as part of the ADS.

POLICY ELEMENT 3: INCLUSIVITY AND STAKEHOLDER CONSULTATION

There is a growing acceptance of private sector input in the agriculture policy development process. The participation of civil society is limited, however, by the lack of a coherent voice and poor transparency of CSO projects. Additionally, the role of women in the policy development process is limited.

OVERVIEW

The private sector has a growing role in the policy development process. There are a number of Farmers' Unions, which are affiliated to political parties and have a strong political voice, including the Peasants' Coalition and the All Nepal Peasants' Federation. There are a number of active producers and industry associations, including the **Association of Floriculturists, Association of Nepalese Rice, Oil and Pulses Industry** (ANROPI) and the **Seed Entrepreneurs Association** of Nepal (SEAN). There are also cooperative unions at the national and district, including the District Cooperative Unions, and the National Federation of Milk Producers Cooperatives.

AEC is the agricultural wing of the **Federation of Nepalese Chambers of Commerce and Industry** (FNCCI), and was established with support from USAID. AEC is involved in policy advocacy, agro-business information services, trade and business development, strengthening of agro-commodity associations and implementation of agribusiness development projects. In its policy advocacy role, AEC has been actively engaging the GoN in the formulation of new national policies, including the Agro-Business Promotion Policy and the Agricultural Mechanization Policy.

Additionally, the **Nepal Business Forum** (NBF) is a platform for public-private dialogue on improving the investment climate. Chaired by the Prime Minister, the NBF has 75 members from across government, private sector, civil society, and development partners. The Forum meets bi-annually to provide overall policy direction. Under the NBF, Working Groups are formed on sectoral or thematic issues to provide analysis and offer recommendations. Working Groups are co-chaired by the Secretary of the relevant Ministry and the President of the relevant private sector association. Additionally a Steering Committee and Private Sector Development Committee meet to coordinate issues across Working Groups and to monitor implementation. The NBF is supported by a Secretariat, under the MOI, and supported by the **International Financial Corporation** (IFC). While the NBF has not focused strongly on agriculture policy to date, there are plans to establish a dedicated committee for agriculture.

The space for civil society has steadily increased since 1990s, when the legal environment for NGOs was improved. There are a growing number of CSOs involved in agricultural development and food security, including FORWARD Nepal, **Center for Environmental and Agricultural Policy, Research, and Extension** (CEAPRED), **Local Initiatives for Biodiversity, Research and Development** (LiBIRD), and the **Food-first Information and Action Network** (FIAN). The **NGO Federation of Nepal** (NFN) serves as the umbrella organization for CSOs in Nepal, with over 5,000 members. Women are represented through the apex **Federation of Women Entrepreneurs' Associations of Nepal** (FWEAN). There is also a Women's Department within the **National Cooperative Federation of Nepal**.

CAPACITY FOR POLICY CHANGE INDICATORS

a. Inclusive Participation within the Policy Coordination Management Entity

Status: Yellow

There is currently no functioning policy coordination unit with MOAD, so there is no participation from the private sector and CSOs. Given this constraint, the AEC has successfully worked with the GoN to establish the ARPAP. This ad-hoc committee comprises high-level cross-ministerial representatives and the private sector. The committee has been meeting at least once a week, as needed, to serve as a forum on policy issues, and has successfully coordinated on a number of policies including the Agricultural Mechanization Policy and the Agribusiness Promotion Policy. There are plans to institutionalize the committee, but this will not happen until after parliamentary elections.

b. Outreach and Communications

Status: Green

The NBF serves as the primary platform for stakeholder interaction in Nepal, although its focus on agriculture has been limited to date. The Forum provides an up to date website, and produces a number of key publications on public-private dialogue. Additionally, AEC provides an up to date website of policy analysis, activities, and negotiations with GoN.

c. Private Sector Participation – Opportunity/Space

Status: Green

There has been a growing acceptance of the role of the private sector in policy making. Private sector has been a key participant in the two major draft policies produced by MOAD in the past twelve months. The private sector lobbied strongly in the formulation of the ADS, and as a result the ADS notes that ‘success depends on the participation and the ownership of farmers organizations, cooperative organizations, and private sector organizations’.¹⁵ Private sector representation has been included in all major coordination bodies related to ADS formulation, implementation, and monitoring.

d. Private Sector Participation – Capacity to Participate

Status: Green

The capacity of the private sector to engage in policy development is high, with FNCCI and numerous farmers groups, producers associations, and cooperative groups demonstrating capacity to articulate policy positions and provide evidence-based analysis to support their viewpoints.

e. Participation of CSOs – Opportunity/Space

Status: Yellow

The participation of CSOs has traditionally been a ‘one way’ process, initiated by GoN MDAs on an ad hoc basis. Additionally, there is poor tracking of existing CSO projects by GoN and MOAD, and as a result, they are not integrated into the national planning process. In recent years, there has been a growing openness to participation of CSOs and other stakeholders at all levels of the policy development and implementation process.

¹⁵Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

The importance of an active and inclusive civil society, including women's groups and cooperatives, has been recognized in the draft ADS report. However, there is no forum currently in place for regular CSO-GoN coordination on policy.

f. Participation of CSOs – Capacity to Participate

Status: Yellow

The majority of CSOs are involved in service delivery and run a number of development projects. The role of civil society in policy advocacy is more limited and the voice of civil society is much weaker than the voice of the private sector and this is largely down to a lack of a coherent single voice. There is poor coordination between these CSOs and responsible government ministries and agencies.

CONCLUSIONS

The ADS recognizes the importance of participation and ownership by farmer organizations, cooperatives, and the private sector. While previous strategies had limited stakeholder involvement, formulation of the ADS included consultation with a number of farmer and private sector organizations. The inclusion of stakeholder representatives has been institutionalized for planning, implementing, and monitoring and evaluation of the ADS. This will include membership in key groups, including: NADSCC (and subcommittees), CADIC, Steering Committee of the ADS Implementation Support Unit, DADC and RADs, and the NARC Board.

One area of inclusion that is still lacking is the role of women in the policy making process. The existing policy framework for agriculture does not contain a clear vision and plan for gender inclusion. Additionally, there is no provision for women's participation in the policy review and budgetary process, from local to central level. The draft ADS proposes establishing mechanisms to assure gender equity in policy planning and implementation through capacity building.

RECOMMENDATIONS

1. **Introduce a reference database of all CSOs projects engaged in the sector:** There is currently a lack of information on the different CSOs engaged in the agriculture sector. The introduction of a reference database would increase the ability of civil society to coordinate on policy advocacy and implementation. This information should also be integrated within the MOF Aid Management Portal (see Policy Component 6).
2. **Provide capacity building for private sector and CSO participation in ADS implementation:** The ADS institutionalizes the role of the private sector and civil society in the development, management, implementation, and review of the ADS. In line with increased participation, capacity building support should be provided to enable these groups to meaningfully contribute to ADS implementation.
3. **Conduct a review to identify where women are not represented along the national policymaking process for agriculture:** While the ADS recognizes the importance voice of women, it does not offer specific proposals to increase women's participation in local and central level policy coordination and implementation groups. A review should be conducted to fulfill this gap.

POLICY ELEMENT 4: EVIDENCE-BASED ANALYSIS

There is a comprehensive system for agricultural research in Nepal, although capacity constraints limit effective policy analysis and coordination. Reliable and timely annual production data is needed.

OVERVIEW

Agricultural research in Nepal is largely government driven, and comes primarily from three sources: the **Central Bureau of Statistics** (CBS), the MOAD, and NARC. CBS is the lead agency for statistics in Nepal, reporting to the NPC, and responsible for providing timely and quality statistics to inform policy development. CBS conducts an agricultural census every ten years and is in the process on analyzing data from the 2010/2011 census. MOAD has a central statistics unit and collects data at the village and district level. It publishes agricultural data annually, although this data is based on reporting by officers and is regarded as less scientifically rigorous than the CBS census.

NARC is an autonomous agency responsible for prioritizing, implementing and coordinating the national research agenda for agriculture. NARC has a governing Council, which serves as the coordination body on policy concerning agricultural research. The Council is chaired by the Minister of MOAD, with representatives from line Ministries and NPC. An Executive Board, chaired by the Executive Director of NARC, implements the research program approved by the Council. **Agriculture Technical Working Groups** (ATWG) operate at the regional and district levels to identify field problems and distribute appropriate technology. The **National Technical Working Group** (NATWG) provides overall coordination to the ATWGs. A number of research institutes also work under NARC, including the **National Agricultural Research Institute** (NARI), the **National Animal Science Research Institute** (NASRI), and the **Regional Agricultural Research Stations** (RARS).¹⁶ The **National Agricultural Research and Development Fund** (NARDF), established in 2001, is part of MOAD provides grants to government and non-government organizations to conduct agricultural research and development. Additionally, the **Institute of Agriculture and Animal Sciences** (IAAS) conducts academic and development research related to agriculture and livestock development. There are also a number of international research partnerships with MOAD and NARC, including **International Maize and Wheat Improvement Center** (CIMMYT) and the **International Rice Research Institute** (IRRI).

The **Nepal Food Security Monitoring System** (NeKSAP) was established by the **World Food Programme** (WFP) and is implemented by MOAD and NPC. NeKSAP conducts food security monitoring activities, including Food Security Bulletins, Crop Situation Updates, Market Watch Updates, and early warning information. At the local level, **District Food Security Networks** (DFSN) monitor food security at the district level and produce a draft food security classification map. The networks are chaired by CDO, vice-chaired by the LDO, and the Member Secretary is the DADO. Membership is open to all stakeholders, including private sector, CSOs, and development partners.

CAPACITY FOR POLICY CHANGE INDICATORS

- a. Economic and Financial Analysis Completed as a Component of Planning:

¹⁶ NARC, Strategic Vision for Agricultural Research (2011-2030), 2010

Status: Yellow

There is a process in place to provide analysis for policy planning. Feedback is solicited from the village and district level to the department level, and submitted by the MOAD to the NPC and MOF for national planning. However, economic and financial analysis of is limited as part of the planning process, particularly on issues of production and yield.

b. Performance Monitoring Measures and Targets Developed

Status: Yellow

Specific annual performance targets are based on an annual review process, which has been developed through consultations at the regional and district levels, and finalized among NPC, MOAD, and MOF. There is, however, no alignment between the targets outlined in this annual planning process and the priorities outlined in the strategic plans.¹⁷

c. Quality Data Exists for Policy Monitoring

Status: Yellow

Agriculture research in Nepal is considered by stakeholders as generally strong, with the exception of national production and yield data, particularly for livestock. The CBS conducts an agriculture census every ten years, with the last census completed in 2011/12 but not yet published. Additionally, MOAD conducts annual surveys of production, although these rely on self-reporting by village and district officers, and lack methodological independence and accuracy.

d. Quality Data is available for Policy Making

Status: Green

Although there are gaps in the collection of data, the available data is made publically available in Nepal. The CBS publishes all information on its website. Similarly, MOAD makes its annual reports publically available.

e. Inclusion of Analysis in the Policy Development Process

Status: Yellow

Although there are substantial capacity constraints within the MOAD to conduct technical analysis, there is an understanding on the part of GoN of the importance of evidence-based analysis. Where resources are available (i.e. the ADB for the ADS, AEC for the Agriculture Mechanization Act), comprehensive technical review has been conducted.

f. Annual Performance Measurement Report Produced and Reviewed

Status: Green

There is a comprehensive system in place for measuring annual performance. There are three review sessions per year in the regional directorates where the districts present on progress. These review sessions feed into an annual review process held at the department, ministry, and national level.

g. Independent Analysis Capacity Exists

Status: Green

¹⁷ Government of Nepal, NEP Preparation of the Agricultural Development Strategy Assessment Report, 2011

There are a number of private sectors and CSOs involved in agriculture research, including the IAAS, CEAPRED, and the **Institute for Integrated Development Studies (IIDS)**.

CONCLUSIONS

The system for agricultural research in Nepal is regarded by policy-makers as strong, although capacity constraints limit effectiveness. Agricultural research has suffered from budget constraints, which has limited funding for core research and research programs. NARC's share of the MOAD budget, for example, has fallen from 14.40% in 1997/98 to 8.85% in 2008/09.¹⁸ This is causing human resource pressures, with researchers are getting paid substantially more to work through donors, international agencies and CSOs within and outside of Nepal.

Additionally, there is a gap in reliable annual production data, particularly for livestock. The agricultural census is only conducted every ten years, and the current data collected by the MOAD suffers from methodological limitations as it relies on estimations at the village and district level. CBS previously conducted annual crop and livestock surveys, supported by the ADB, however, funding dried up for the project and CBS doesn't have the current institutional configuration to conduct annual surveys. There is scope, however, for CBS to develop a mechanism for appropriate data gathering and train the DLOs to collect, process, and disseminate the information to CBS for processing and analyzing.

RECOMMENDATIONS

1. **Conduct a feasibility study to determine the most effective approach for low-cost annual production surveys:** Recognizing resource and capacity constraints within CBS and MOAD, a feasibility study should be conducted on the methodological approach and institutional home for annual production surveys. This would serve to provide policy makers will more reliable production data on an annual basis.
2. **Prioritize the NARC Strategic Vision for Agricultural Research and ensure harmonization with ADS:** NARC is currently undergoing a substantial reform process. It has completed Strategic Vision for Agricultural Research (2011-2030), which outlines a new system for national agricultural research. However, this document is awaiting approval by government and should be harmonized with the ADS.,

¹⁸ NARC's Strategic Vision for Agricultural Research (2011-2030)

POLICY ELEMENT 5: POLICY IMPLEMENTATION

Policy implementation in Nepal has traditionally been weak, as a result of poor coordination, weak policy monitoring, and inadequate resources.¹⁹ New structures have been recommended in the ADS to overcome these constraints and their introduction should be prioritized.

OVERVIEW

Implementation of projects and programs in Nepal is decentralized, in line with the Local Self Governance Act (1999). While policy development comes from the MOAD, it is the responsibility of the Departments, and in some cases the Development Boards and Corporations, to implement projects and other agricultural development activities. The Departments have similar structures at the regional and district level. Regional Directorates operate at the regional level, which **District Agricultural Development Offices (DADO)** and **Department of Livestock Service Offices (DLSO)** operate at the district level. Programs are implemented in coordination with the DDC, which is the primary agency for policy implementation at the district level. While implementation is decentralized, the districts suffer from severe capacity constraints. This is largely because decentralization was not accompanied with adequate measures to implement the Act at local government level and the responsibility for expenditures has remained at the central level.

Implementation of agricultural policies is also spread across a number of Ministries (agricultural roads fall under the MFADL, irrigation falls under the MOIR, agricultural cooperatives fall under the MOCOPA, etc.). All of the Ministries have similar structures at the regional and district level. Additionally, DPs and CSOs are directly implement policies. However, there remains no functioning coordination mechanism for policy implementation. Under APP, a number of coordination bodies were created. The **Central Agriculture Development Implementation Committee (CADIC)**, chaired by the Secretary MOAD, is responsible for coordinating the implementation of agricultural programs. Similar coordination mechanisms exist at the regional level, with the **Regional Agricultural Development Committee (RADC)**, and at the district level, with DADC. However, while these groups were established, they were never provided enough technical resources to function effectively. This has been highlighted in the ADS as one of the key constraints to implementation of the APP.

CAPACITY FOR POLICY CHANGE INDICATORS

a. Implementation Plans Developed

Status: Yellow

The lack of a clear and detailed implementation plan has been highlighted by the GoN as one of the greatest constraints to the success of APP. Within the APP, there was no clear plan of the required institutional capacity, resources, and legal framework needed for implementation. The ADS has developed clear priorities and specific action steps, although no clear prioritization of the 225 action steps. A more detailed implementation plan, with priorities and timelines will need to be developed once the ADS is approved.

¹⁹ Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

b. System in Place to Analyze Implementation Capacity Constraints

Status: Green

The process for drafting the ADS has included a comprehensive analysis of the systemic, institutional, and financial constraints for implementation. These constraints have been identified in the Draft ADS, and action steps have been outlined to address these constraints.

c. Food Security Policy Priorities Aligned with Work Plans of Line Ministries

Status: Red

Cross-Ministerial coordination under the APP has been limited, with no functioning coordination entity overseeing policy harmonization. Under the ADS, the NPC will be empowered to ensure integration of multi-ministry plans, and the where policy inconsistency is identified, the **ADS Implementation Support Unit** (ADSISU) will be charged for proposing actions to harmonize the policies.

d. Policy Implementation Budget Committed by Host Country

Status: Red

The GoN has been unable to carry out effective budget planning and timely release of project funds. In 2013, the Budget for the fiscal year July 16th 2013 to July 15th 2014 was not released until the fiscal year had already began. This results in slow disbursement of project funding, and creates pressures to spend a majority of the project budget within the last quarter.

e. Supplemental Implementation Funds Secured

Status: Yellow

Under ADS, it is proposed that a multi-donor **ADS Trust Fund** (ATF) will be established and managed under NADSCC. The ATF will be chaired by the Vice-Chairman of the NPC, with representations from the Secretaries of MOAD, MOIR, MFALD, MOF, Development Partners, and the President of FNCCI. The ATF will be used to support technical assistance of implementation of the ADS, as well as funding for review of implementation progress of the ADS.²⁰

f. Administrative and technical capacity of staff to implement policy change.

Status: Yellow

Administrative and technical capacity of staff is limited, and does not align with the implementation needs of policies and projects. There is, for example, only one extension agent to serve every 2,000 farmers. Capacity is particularly constrained at the district level. A District Agricultural Officer interviewed noted that this year's program budget was only 10% of their total budget, far less than the 40% provided as guidelines by the NPC.

g. Monitoring and Evaluation

Status: Yellow

There is a system in place for regular monitoring and evaluation (M&E) of government programs and projects from district to central levels. There is a central M&E unit within MOAD and each MOAD Department also has an M&E unit. However, these units currently lack sufficient capacity to fulfill their mandate, and the quality of data and information available is

²⁰ Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

poor. The GoN conducts an annual review of programs, but these are not linked over time, and do not incorporate the programs implemented by the agricultural corporations, boards, and councils. The draft ADS recommends strengthening the capacity of M&E units at central and district level. Additionally, the draft ADS proposes as establishing a systematic monitoring and evaluation program to ensure review of major agricultural programs, overall effectiveness in the implementation of ADS, and performance of the units and agencies involved in implementation.²¹

CONCLUSIONS

Policy implementation has undoubtedly been the greater constraint to effective policy development in agriculture. The APP has been the primary implementation plan for the agriculture sector over the past 18 years, but has been marred by slow progress and a considerable implementation shortfall. A number of constraints to implementation have been identified during the ADS review process, including inadequate resources, poor coordination, and an absence of policy monitoring and accountability.

Proponents of the ADS have been determined to avoid the implementation shortfalls of the APP. The ADS proposes a number of new institutional structures to improve coordination and monitoring and evaluation. The **National ADS Coordination Committee** (NADSCC) will be established to provide overall coordination of policies and programs, under the Vice-Chairperson of the NPC. CADIC, RADC and DADC will fall under the NADSCC, and will representation in these bodies will be expanded to include farmer organizations, cooperative organizations, and the private sector.

Additionally, the **National ADS Implementation Committee** (NADSIC), chaired by the Minister of MOAD, will be established to coordinate implementation of projects and programs across MDAs.²² An **ADS Implementation Support Unit** (ADSISU) will be established as a unit within MAOD to support capacity building of institutions and agencies involved in the coordination and implementation of ADS. ADSISU will provide for continuity in policy formulation, analysis and coordination. Sub-units of ADSISU will also work within MOF, MOIR, MFALD, and FNCCI.

RECOMMENDATIONS

1. **Prioritize the recommendations in the ADS on improved implementation coordination:** Improved structures for implementation of the ADS have been clearly defined in the Draft ADS. The introduction of these structures should be prioritized and put in place to ensure that MOAD is well positioned to implement the rest of the ADS.

²¹ Government of Nepal, Agricultural Development Strategy Draft Final Report, May 2013

²² Ibid

POLICY ELEMENT 6: MUTUAL ACCOUNTABILITY

There is a positive working relationship between the GoN and Development Partners, although there is room for greater regular coordination, particularly on project implementation.

OVERVIEW

Nepal receives development assistance from over 40 DPs, as well as hundreds of CSOs. Development assistance represents 25% of the national budget, or about 5.4% of GDP. Assistance to agriculture makes up one quarter of total aid provided from DPs. For the fiscal year, 2011-2012, there were \$223.45 million in DP projects for the agriculture sector, with the ADB the lead donor with \$78 million invested.²³

The MOF is mandated with overall coordination of development partners. The **International Economic Cooperation Coordination Division** (IECCD) serves as the focal point for coordination and aid reporting and is the Secretariat to the **High Level Committee on Foreign Aid Coordination and Mobilization**, chaired by the Minister of Finance.²⁴ IECCD hosts the **Nepal Portfolio Performance Review** (NPPR), an annual meeting organized by the GoN and development partners to promote dialogue on implementation performance and to serve as the national mutual accountability mechanism. Within MOAD, there is a **Foreign Aid Coordination Unit**, under a newly established Joint-Secretary.

IECCD also hosts an **Aid Management Platform** (AMP)²⁵, which provides details of all 700 development partner programs and projects in Nepal, as well as donor profiles, financial commitments, and tracking of development indicators. IECCD enters all key data for on-budget projects, and donors enter all data for planned and actual projects. All data is publically available and updated three times a year.

CAPACITY FOR POLICY CHANGE INDICATORS

a. A Forum Exists for Regularly Scheduled Donor-Government Meetings

Status: Yellow

The NPPR serves as the primary donor-government mutual accountability forum; although it's primary focus is economy wide, not just for agriculture. There is no dedicated forum for regular dialogue and priority setting between GoN and DPs for the agricultural sector.

b. Joint Policy Priorities Developed

Status: Green

Every year, the NPPR approves an Action Plan which specifies implementation targets and responsible ministries. In 2012, there were five actions and fourteen indicators agreed in the Action Plan, although none of the indicators related to agriculture. Progress against

²³ Ministry of Finance, Development Cooperation Report, Fiscal Year 2011-2012

²⁴ Ibid

²⁵ Foreign Aid in Nepal Portal, <http://portal.mof.gov.np/>

the action plan is measured periodically by the MoF, with participation from relevant line ministries and development partners.

c. Monitoring System Exists

Status: Green

Progress on the NPPR Action Plan is reviewed every quarter by the MoF, with participation from relevant line Ministries and DPs. Additionally, IECCD published an annual Development Cooperation Report, which presents analysis of technical assistance and alignment of programs based on AMP data.²⁶ Out of 52 performance indicators from 2011, 29 were designated completed, seven were designated partially completed, and 16 indicators remain works in progress.²⁷

d. Donor Coordination – Alignment and Harmonization

Status: Green

There is an established system to agree, approve and channelize donor investment in Nepal. Development partners are engaged across a number of sectors, with the MoF noting that each donor on average is found to be engaged with 11 different Ministries. Donor coordination on agriculture is managed by a **Food Security Working Group** (FSWG) that meets once a month to discuss food security issues.

e. Private Sector Accountability

Status: Red

There is currently no formal private sector representation in the NPPR.

f. CSO Sector Accountability

Status: Red

There is currently no CSO representation in the NRRP

CONCLUSIONS

There is a generally positive working relationship between the GoN and DPs, although the existing fluid political environment has a direct influence on the ability and willingness of DPs to build relationships with key GoN officials. The NPPR provides an effective national mutual accountability forum and the AMP is an efficient tool in collecting, analyzing, and disseminating information on development funding.

There is, however, no regular forum for dialogue and coordination on agricultural policy between the GoN and DPs. Concerns have been raised by MOAD over the level of coordination and consultation on DP agricultural projects, particularly at the project development phase.

RECOMMENDATIONS

1. **Establish a DP-Government forum on agricultural policy:** A forum for regularly scheduled DP-Government meetings should be established to discuss policy and programs, and set agreed policy priorities.

²⁶ Ministry of Finance, Development Cooperation Report, Fiscal Year 2011-2012

²⁷ Ministry of Finance, Nepal Portfolio Performance Review (NPPR) 2012, Portfolio Performance for Development Results, 2013

2. **Ensure greater collaboration with the GoN on DP agricultural projects, particularly the project development phase:** DP agricultural projects are currently poorly integrated into the MOAD planning system. There is a need for greater coordination in terms of project design, policy priorities, and lessons learned.

CONCLUSION

Nepal has a clearly articulated strategic vision and policy framework for the agriculture sector. All national agricultural plans are aligned with the priorities of the APP and ADS. Despite this strong framework, a number of barriers remain for a truly effective policy change process.

While there has been a strong political commitment to agriculture, this credibility has been undermined by low budgetary support to the sector, limited human resource capacity, and frequent changes in leadership within agricultural institutions. Additionally, there is a large disconnect between policy development and implementation, with limited coordination, poor accountability in program implementation and inadequate systems for monitoring and evaluation. As a result, progress on implementing agricultural policy has been low. The ADS represents an important opportunity for the GoN to move forward agricultural development, however a number of key commitments are needed.

- 1. Demonstrating a credible political commitment to agriculture:** Agricultural policy making has suffered from inconsistent political leadership and inadequate funding for policy analysis and policy implementation. The draft ADS noted that it will need a 50% increase in agricultural funding for implementation. The increase in funding to agriculture is expected to be 23% this year; it will still fall short of what is needed for ADS implementation. Recognizing existing capacity constraints, there is a need from MOAD management to identify policy priorities within ADS and to ensure that these policy priorities are successfully implemented.
- 2. Improving coordination mechanisms at all levels of the policy process:** The agricultural sector in Nepal is complex, with numerous MDAs responsible for the sector. Coordination across the sector is poor, particularly on project implementation. The draft ADS recommends a number of cross-sectoral committees to increase coordination of the ADS. The introduction of these structures should be prioritized and immediately implemented to ensure that structures are in place for ADS implementation.
- 3. Creating accountability in program implementation:** Under the current system, there is no clear accountability for the performance of programs and projects. As recommended in the ADS, M&E systems should be strengthened at all levels of the policy implementation process.

By ensuring these commitments, MOAD will be better placed to implement the ADS and continue to build a policy environment that advances GoN's agricultural development and poverty reduction goals.

ANNEX: CAPACITY FOR POLICY CHANGE INDICATORS

- **Red:** requires significant attention to ensure the component is achieved.
- **Yellow:** Progress is mixed. The conditions required to achieve the component are partially achieved, but additional attention is required.
- **Green:** The component is realized to a sufficient degree, and additional attention to this area is not required at this time.

Capacity of Policy Change Indicators	Status		
			
Policy Element 1: Predictability of the Guiding Policy Framework			
Clearly Defined and Consistent Policy Framework: The policy framework impacting food security policy-making is clearly defined, and consistently applied and enforced from year to year.			
Predictability and Transparency of the Policy Making process: The policy development process is transparent in accordance with the rules contained within the country's constitution, basic law, and elsewhere in the formal legal framework.			
Clear and Functional Legislative System: There is a legislative capacity to deal with food security policy change, and the legislative requirements are clearly defined and predictable.			
Appropriate Dispute Resolution Process/Judicial Framework: The judicial system is perceived as fair and effective, and there is an appropriate system for dispute resolution where conflicts arise relating to food security policy.			
Clearly defined Institutional Responsibilities: Institutional responsibilities are clearly defined, consistently applied, and predictable from year to year.			
Policy Element 2: Policy Development & Coordination			
Approved Food Security Strategy/Investment Plan: There is an approved/official multi-sectoral, multi-year food security plan developed, which specifies priorities and objectives, and addresses the roles of various contributors, including across government, the private sector, and CSOs. The vision and strategy to improve food security is clear.			
Predictable Policy Agenda and Priorities Developed: The policy items required to achieve the national food strategy have been identified and documented, i.e., specific policy objectives exist.			

Capacity of Policy Change Indicators	Status		
			
Work Plans: There is an annual work plan that identifies objectives and activities in regard to policy development.			
Coordination Process: There is an entity, such as a coordination unit or task force, that has defined membership and meets regularly to discuss, develop and coordinate food security policy development (and oversee cross-sector coordination).			
Secretariat/Administrative Support Function: There is an adequate staff capability to perform required support processes, including coordination, meeting management, communication, and document management. This may be a stand-alone secretariat, or a responsibility within an existing entity.			
Technical Capacity: There are work groups, or technical committees, that have the authority and capacity to perform the following functions: identify policy and technical challenges/issues, develop sector- or project-specific policies/strategies, consult within the sector and draft funding proposals. There should be active participation by the private sector and CSOs on the technical work groups (as appropriate).			
Political Support and Approval: There is a line of authority/participation by high-level decision-makers above the ministerial level so as to enable efficient political support for the passage and development of new policies, e.g. involvement of prime minister’s office (especially for policies that cut across sectors, e.g. trade and agriculture).			
Engagement of Parliament/Legislative Body: There is engagement from the country’s legislative entity to debate and engage on food security issues, and to sponsor and advocate for the required legal/policy changes.			
Policy Element 3: Inclusivity and Stakeholder Consultation			
Inclusive Participation within the Policy Coordination Management Entity: The main coordination entity has: a) clear goals and participation from key government ministries (beyond just Ministry of Agriculture) and; b) some representation from non-government entities, particularly from donors.			
Outreach and Communications: There is a process for interacting with stakeholders and sharing information. This could include regular public “forums”, a website of key information and other mechanisms.			
Private Sector Participation – Opportunity/Space: The private sector is provided meaningful opportunity to participate in policy formulation and strategy discussions. This could be through participation in the management/steering committee, in technical work groups and/or through other forums. Communications and interactions should be two-way, and access to key information should be readily available.			

Capacity of Policy Change Indicators	Status		
			
Private Sector Participation – Capacity to Participate: Some organizations representing the private sector have the capacity to participate in government-led discussions on food security policy. This is to say they are able to represent their members, they are able to articulate and communicate policy positions, and they are able to provide some level of evidence-based analysis to support their viewpoints.			
Participation of CSOs – Opportunity/Space: The CSO sector, including representation from women’s associations and farmers associations, is provided meaningful opportunity to participate in policy formulation and strategy discussions. This could be through participation in the management/steering committee, in technical work groups and/or through other forums. Communications and interactions should be two-way, and access to key information should be readily available.			
Participation of CSOs – Capacity to Participate: Some organizations representing civil society, including representation from women’s associations and farmers associations, have the capacity to participate in government-led discussions on food security policy. This is to say they are able to represent their members, they are able to articulate and communicate policy positions, and they are able to provide some level of evidence-based analysis to support their viewpoints.			
Policy Element 4: Evidence-based Analysis			
Economic and Financial Analysis Completed as a Component of Planning: National food security priority policy initiatives/investment plans are based on economic and financial analysis, including independent policy analysis. The analysis is available for public review.			
Performance Monitoring Measures and Targets Developed: The national food security policies/plans include specific objectives, performance indicators, and targets exist to monitor the accomplishment of the objectives.			
Quality Data Exists for Policy Monitoring: There is a database of quality statistics that is used to routinely report and analyze progress in achieving objectives. (Analysis to be conducted by USDA – and not as part of this assessment framework.)			
Quality Data is Available for Policy Making: Data on the performance of the agriculture sector and the food security are publically available and shared in a timely manner. This information is available for others to use and analyze.			
Inclusion of Analysis in the Policy Development Process: Evidence-based analysis is considered and used to develop policy priorities/policy proposals.			

Capacity of Policy Change Indicators	Status		
			
Annual Performance Measurement Report Produced and Reviewed: Evidence-based analysis is produced to review policy effectiveness (for implemented policies). A formal review session is held, and includes key development partners (including principal donors and multilateral partners, such as FAO and IFPRI). Recommendations are developed as a result of the review and incorporated into subsequent plans.			
Independent Analysis Capacity Exists: There exists an independent capacity to analyze food security data and use the analysis to make policy recommendations and engage in policy discussion and advocacy. Such an analysis could be conducted by a research institute, university or similar non-governmental/objective organization. This capacity should be engaged in the government's policy development and review process as, for example, through papers, forums or participation introduced in official policy review and discussion meetings.			
Policy Element 5: Policy Implementation			
Implementation Plans Developed: The overall food security strategy has been broken down into programs and projects that have: a) a sufficient level of detail to permit implementation; b) have been “packaged” into priority projects that can be managed by ministerial units; and 3) “packaged” priorities can be translated into funding proposals to gain support for projects/programs from development partners (to address financing gaps).			
System in Place to Analyze Implementation Capacity Constraints: An analysis of institutional, workforce, system and financial constraints is conducted. Critical implementation constraints are identified; a work plan is developed to address constraints; and implementation actions are moved forward (and periodically reviewed).			
Food Security Policy Priorities Aligned with Work Plans of Line Ministries: The priority policy and associated objectives of the national food security strategy are broken down into specific programs and projects (with a sufficient level of detail) so that policy actions can be implemented by line ministries. The plans of individual ministries, and units within ministries, align with overall national strategy and its policy objectives.			
Policy Implementation Budget Committed by Host Country: Resources are committed by the host country to implement the identified policy agenda. Over time, the country’s budget is adjusted to provide adequate financing for the implementation of actions required to implement policy priorities. Budget documents, including budget proposals, are released fully and in a timely manner.			
Supplemental Implementation Funds Secured: Proposals can be submitted, and funds secured, to address financing gaps. Funds may come from multilateral funds (such as GAFSP), regional organizations, bilateral donors and the private sector.			

Capacity of Policy Change Indicators	Status		
			
Monitoring and Evaluation: Capacity exists within the public sector, private sector, or civil society to review the effectiveness and impact of policy changes. Sector reviews are performed and other research evidence is collected. There is a system to share, store, and access the findings from these reviews.			
Policy Element 6: Mutual Accountability			
A Forum Exists for Regularly Scheduled Donor-Government Meetings: These meetings discuss policy and programs and set priorities. Meetings may include, for example, Joint Sector Reviews, sector working groups or other similar arrangements.			
Joint Policy Priorities Developed: A document exists that articulates the shared policy objectives between the government and the donor community.			
Monitoring System Exists: Performance measures exist (for the performance commitments of the government and for the performance commitments of the donors). There is a schedule for reviewing and documenting progress – at least on an annual basis.			
Donor Coordination – Alignment and Harmonization: There is a process for donor participation in the food security policy process and for aligning government and donor objectives and priorities. Donor programs should contribute directly to host country strategies, plans, and objectives. This may include the signing of cooperation frameworks that indicate a joint commitment to specific policy change goals.			
Private Sector Accountability: The government provides feedback to the private sector on the performance of the food security program (including the private sector’s role) and provides an opportunity for dialogue on the program and its performance.			
CSO Sector Accountability: The government provides feedback to the CSO sector on the performance of the food security program (including the role of CSOs) and provides an opportunity for dialogue on the program and its performance.			