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# NEPAL

## FY 2010 Implementation Plan

### U.S. Government Working Document

The Feed the Future (FTF) FY 2010 implementation plans are working documents outlining U.S. government planning for the first year of the Global Hunger and Food Security Initiative. These plans represent a transition towards the development of multiyear strategies and are targeted at investments that lay the foundation for a new country-level and coordinated approach with a diversity of partners. Multiyear strategies are under development that will span development and diplomatic actions across multiple USG agencies.

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## Abbreviations and Acronyms

<b>ADB</b>	Asian Development Bank
<b>ADRA</b>	Adventist Development and Relief Agency
<b>APP</b>	Agricultural Perspective Plan (Nepal)
<b>AusAID</b>	Australian Agency for International Development
<b>BMI</b>	Body Mass Index
<b>CARE</b>	CARE Nepal
<b>CIDA</b>	Canadian International Development Agency
<b>CIMMYT</b>	International Maize and Wheat Improvement Center
<b>CSO</b>	Civil Society Organization
<b>CTEVT</b>	Council for Technical Education and Vocational Training
<b>DANIDA</b>	Danish International Development Agency
<b>DFID</b>	United Kingdom Department for International Development
<b>DHHS</b>	U.S. Department of Health and Human Services
<b>DoA</b>	Department of Agriculture (Nepal)
<b>DOS</b>	U.S. Department of State
<b>EU</b>	European Union
<b>FAO</b>	United Nations Food and Agriculture Organization
<b>FFP</b>	USAID Food for Peace Office
<b>FNCCI</b>	Federation of Nepalese Chambers of Commerce and Industry
<b>FS</b>	Food Security
<b>FSIP</b>	Food Security Interim Plan
<b>FtF</b>	Feed the Future
<b>FY</b>	Fiscal Year
<b>GDA</b>	Global Development Alliance
<b>GDO</b>	USAID/Nepal General Development Office
<b>GDP</b>	Gross Domestic Product
<b>GON</b>	Government of Nepal
<b>GTZ</b>	Deutsche Gesellschaft für Technische Zusammenarbeit — German Technical Cooperation Agency
<b>HHS</b>	U.S. Department of Health and Human Services
<b>HFP</b>	USAID/Nepal Health and Family Planning Office
<b>IFPRI</b>	International Food Policy Research Institute
<b>INF</b>	International Nepal Fellowship
<b>IP</b>	Implementation Plan
<b>IR</b>	Intermediate Result
<b>JDM</b>	Japanese Domestic Market
<b>JICA</b>	Japan International Cooperation Agency
<b>LBIRD</b>	Local Biodiversity and Innovative & Development
<b>MDG I</b>	Millennium Development Goal I
<b>MoAC</b>	Ministry of Agriculture and Cooperatives (GON)
<b>MoCS</b>	Ministry of Commerce and Supplies (GON)
<b>MoHP</b>	Ministry of Health and Population (GON)
<b>MoLD</b>	Ministry of Local Development (GON)
<b>NAGA</b>	Nutrition Assessment and Gap Analysis
<b>NARC</b>	Nepal Agriculture Research Council (GON)
<b>NASP</b>	Nepal Agriculture Strategy Plan
<b>NDHS</b>	Nepal Demographic Health Survey
<b>NEAT</b>	Nepal Economic, Agriculture and Trade Activity

<b>NFC</b>	Nepal Food Corporation (GON)
<b>NFSSC</b>	National Food Security Steering Committee (GON)
<b>NGO</b>	Non-Governmental Organization
<b>NHSP</b>	National Health Sector Plan (GON)
<b>NNIPS</b>	Johns Hopkins University/Nepal Nutrition Intervention Project Sarlahi
<b>NPAN</b>	Nepal National Plan for Action on Nutrition
<b>NPC</b>	National Planning Commission (GON)
<b>NPRC</b>	National Personnel Records Center (GON)
<b>NTFP</b>	Non-Timber Forest Products
<b>PAS</b>	Public Affairs Section of the U.S. Embassy
<b>PRSP</b>	Poverty Reduction Strategy Plan
<b>PSC</b>	Personal Services Contractor
<b>RCIW</b>	Rural Community Infrastructure Work
<b>RDMA</b>	USAID Regional Development Mission for Asia (Bangkok, Thailand)
<b>SC</b>	Save the Children
<b>SCUS</b>	Save the Children (US)
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SIDA</b>	Swedish International Development Agency
<b>SIMI</b>	USAID/Nepal Smallholder Irrigation Market Initiative
<b>SMT</b>	USAID/Nepal Senior Management Team
<b>SNV</b>	Netherlands Development Organization
<b>STI</b>	Sexually Transmitted Infection
<b>TBD</b>	To Be Determined
<b>TYIP</b>	Three Year Interim Plan
<b>UNICEF</b>	United Nations Children Fund
<b>USAID</b>	U.S. Agency for International Development
<b>USDA</b>	U.S. Department of Agriculture
<b>USG</b>	United States Government
<b>USTR</b>	U.S. Trade Representative
<b>WB</b>	World Bank
<b>WFP</b>	United Nations World Food Programme
<b>WHO</b>	World Health Organization

## I. INTRODUCTION

Nepal, with a population of 27 million, is a severely food deficit country struggling to recover from an 11-year civil war. With a GDP per capita of US \$470 (estimated FY 2009), Nepal remains the poorest country in South Asia<sup>1</sup> and is the 13th poorest country in the world behind Rwanda.<sup>2</sup> Approximately 55 percent of Nepalese live below the international poverty line of \$1.25/day.<sup>3</sup> More than 80 percent of the population works in the agriculture<sup>4</sup> sector that accounts for 38 percent of the GDP. Recent declining agricultural production has depressed rural economies and increased widespread hunger and urban migration throughout Nepal. This situation is compounded by a population growth rate of over two percent per year and one of the highest ratios of population to arable land in the world.<sup>5</sup> In 2009, the World Food Programme reported that 43 of Nepal's 75 districts faced a food deficit, and 23 districts were chronically food insecure. Two of three Nepalis suffer food insecurity at some point during the year.

The Nepal Demographic Health Survey (NDHS 2006), reported that 49 percent of under-five children suffered from stunting (surpassing Sudan<sup>6</sup>), 13 percent suffered from wasting; and 39 percent were underweight (exceeding Ethiopia<sup>7</sup>), reflecting widespread chronic

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<sup>1</sup> World Bank; [www.worldbank.org.np](http://www.worldbank.org.np)

<sup>2</sup> World Bank, World Development Indicators Database, Oct. 2009 (Atlas Methodology).

<sup>3</sup> World Bank, World Development Indicators Database, (<http://ddp-ext.worldbank.org>)

<sup>4</sup> Here, and throughout this Implementation Plan, "agriculture" refers to the practice of raising crops, raising livestock, fish farming, forestry, and utilizing non-timber forest products, as well as associated research and extension services, input markets, processing, storage and marketing.

<sup>5</sup> World Bank; [www.worldbank.org.np](http://www.worldbank.org.np)

<sup>6</sup> UNICEF State of the World's Children: <http://www.unicef.org/infobycountry/sudan.html>

<sup>7</sup> 2005 Ethiopia Demographic and Health Survey. <http://www.measuredhs.com/pubs/pdf/NUT3/NUT3.pdf>

malnutrition. Nearly half of children six months to five years of age are anemic. Although the problem of undernutrition is pervasive across Nepal, national aggregates mask wide disparities across socioeconomic groups and ecological regions.<sup>8</sup>

Due to extremely low levels of income and agricultural production, the poorest households must allocate almost three-quarters of their income to food.<sup>9</sup> Additionally, many of these households were deeply affected by a decade-long conflict, frequent drought, and other natural disasters, leaving them with few mechanisms to cope with rising food prices.<sup>10</sup>

Infrastructure is a major challenge in Nepal, which has the lowest road network density in South Asia. Only 30 percent of the population has access to all-weather roads. More than 60 percent of the road infrastructure is located in the Terai (the relatively flat plains along the southern border with India) and at least 13 percent of districts are not connected to any motorable road.

### I.1. OPPORTUNITIES FOR USG ACTION

Despite the difficulties Nepal faces, there are many opportunities to substantially increase food security and reduce poverty. The Government of Nepal's (GON) Agriculture, Health, and Planning Ministries expressed enthusiasm for increased U.S. government and other donor assistance to strengthen its capacity to address food security. Particularly in the health sector, Nepal is globally renowned for its systematic, GON-led, scale-up of evidence-based interventions such as Vitamin A supplementation, that now cover 93 percent of all children. Lessons learned from successful U.S. government programs can be

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<sup>8</sup> NDHS 2006.

<sup>9</sup> WFP Food Security Atlas.

<http://www.foodsecurityatlas.org/npl/country/>

<sup>10</sup> For detail see Adhikari, Jagannath. 2008. Food Crisis: how the Country will Feed its Poor. *The Himalayan Times*. 1 May. P. 4.

applied to integrated agriculture and nutrition activities. For example, Nepal can mobilize already well-established community level entities which operate on a national scale, such as Female Community Health Volunteers (50,000 strong), Water User Organizations, and Community Forest User Groups (membership of over 50 percent of the rural population), to adopt and disseminate a series of community-based food security and nutrition initiatives.

#### Actions taken in the last six months

- Negotiations with the Ministry of Agriculture and Cooperatives for direct funding to support food security efforts
- Bids closed on new procurement to accelerate agriculture development and economic growth
- Initiated joint mission with FAO and GON to update National Food Security Strategy
- Established and led donor food security group
- Hired a food security specialist to coordinate USG food security efforts
- Initiated work with IFPRI for opportunity analysis

While poverty is pervasive and levels of nutrition and agricultural production are extremely low (average rice yield/hectare is 2.1 tons compared to 6.3 tons in China<sup>11</sup>), a series of straight-forward interventions, at the national and community levels, have great potential to increase incomes, stimulate agricultural production, improve nutrition, and lower food insecurity.

In Nepal the underlying causes of hunger, poverty, undernutrition, and low agricultural productivity include:

- limited use of improved agriculture and irrigation practices;
- lack of infrastructure;
- low availability of arable land;

- household labor scarcities due to out-migration;
- political instability;
- land degradation;
- exposure to climatic extremes;
- lack of land reform and inequitable land distribution practices;
- poor sanitation and hygiene practices; and
- traditional food preferences, preparation and consumption patterns.

U.S. government programs are already actively addressing many of these issues and are well positioned to be taken to a national scale for broad impact.

Four national plans are in place that can guide the U.S. government and other donor activities in food security, though some of these plans need to be refined and/or extended.

#### I.2. PROPOSED USG ACTIONS

Though additional analysis is needed to define discrete interventions, the U. S. government proposes to support the GON's comprehensive efforts to address poverty, hunger, and under-nutrition by:

- Increasing agricultural productivity
- Increasing incomes through livelihoods development
- Improving nutrition
- Expanding trade and market linkages.

U.S. government support will involve strengthening GON capacity at all levels, improving policy and political will, and introducing appropriate interventions in core focus areas. In addition, the U.S. government will work with the GON to update and refine the "Food Security Objectives, Policies, Programmes and Monitoring Mechanisms in the PRSP/Interim Plan of Nepal, 2007-2010", defined in short as "Food Security Interim Plan (FSIP)." The FSIP is a working document to holistically address food security and establish the functional capacity of the GON to coordinate investments across various sectors and among a growing number of donors.

<sup>11</sup> FAO; China data are 1997, Nepal data are 2003.

Based on preliminary assessments of poverty trends, it is believed that with a sustained high level of USG investment, combined with those of the G8 and other external donors, in the next five to seven years the GON could reduce poverty by a minimum of 10 percent and cut hunger by half. However, at current proposed USG funding levels, these goals will need to be scaled back substantially.

Historically, GON and donor coordination on most aspects of food security (with the exception of food aid and nutrition assistance) has been minimal. Furthermore, while GON plans (discussed in Section 2.1.2) outline several coordination mechanisms, these are overly complex and unwieldy. U.S. government efforts will seek to simplify and invigorate these mechanisms by leading and coordinating working groups in concert with other donors. Notably, the donor coordination group composed of agency heads (the “Utstein Group”) has made food security a standing topic for each meeting, largely as a result of USAID’s efforts.

FAO, WFP, UNICEF, and WHO all have a presence in Nepal. While heavily engaged in emergency relief programs and the provision of food aid, efforts to date have not united around achieving long-term food security. In coordination with the GON, the U.S. government will support multilateral organizations to address aspects of food security in which they have a comparative advantage. WFP, in particular, has significant experience in promoting the need for and the delivery of food aid (often funded by the USG) and an established network of rural food security monitors.

Through the identified activities and objectives that will be undertaken during FY 2010, the USG will be in an enhanced position to promote and support GON implementation of a more comprehensive and appropriate food security strategy in FY 2011.

### **I.3. PROGRESS SINCE NOVEMBER 2009 AND ORIGINAL IMPLEMENTATION PLAN**

Substantial progress has been made since the original IP was submitted in November 2009. The Mission has successfully expanded food security objectives in the Scope of Work (SOW) for its new economic growth activity, the Nepal Economic, Agriculture, and Trade (NEAT) program, anticipated to start in early summer 2010. NEAT will focus on enhancing food security through increasing production and productivity of staple food grains, horticulture products, livestock, fisheries, and poultry; increasing access to food by vulnerable populations; and increasing farmer incomes.

USAID is negotiating a joint effort with the Swiss Agency for Development and Cooperation (SDC) to support a proposal from CIMMYT (the International Maize and Wheat Improvement Center) to scale up its proven method of increasing maize yields in Nepal.

The U.S. Mission to Nepal has started working with the International Food Policy Research Institute (IFPRI) on an initial stock-taking assessment. The assessment, expected to take three months, will address critical knowledge gaps in the areas of food security in Nepal. In addition, IFPRI will identify priority short-, medium- and long-term USG interventions that will lead to improved availability of and access to food in Nepal. These recommendations will include cross-cutting considerations, including gender, climate change and social inclusion.

The U.S. government is finalizing negotiations with the Ministry of Agriculture and Cooperatives (MoAC) for direct funding of specific GON food security efforts. Areas of support are likely to include improvement in production and productivity in cereal crops, genetic improvement in livestock, and capacity building for planning and coordinating food security strategies.

The Mission is coordinating with the FAO to host a joint mission to support the GON in the

revision of the National Food Security and Nutrition Strategy. The GON has requested that the revised Strategy be ready by June 2010.

The U.S. government has established a technical level donor's food security working group that meets monthly. The group includes those donors working in agriculture and nutrition as well as the FAO and WFP. This group has served as a forum for information sharing and program coordination.

USAID has also hired a food security specialist who will coordinate U.S. government food security efforts. This is the first new position created specifically to support the FtF Initiative.

The recently completed, USAID-led, joint government and multi-donor Nepal Nutrition Assessment and Gap Analysis (NAGA) was disseminated by the Ministry of Health and Population. It highlighted the urgent need to scale up efforts to address child and maternal undernutrition and commit to achieving the Millennium Development Goal 1 by 2015. The GON plans to design a five-year nutrition strategy based on the recommendations of the NAGA report.

## 2. FY 2010 OBJECTIVES

### 2.1. COUNTRY-LED COMPREHENSIVE STRATEGY

In FY 2010, the primary U. S. government objectives will be to support GON-led efforts to:

- Refine and extend the FSIP, which will serve as the framework for investments and establish the functional capacity of the GON to coordinate investments in food security
- Undertake focused analyses and assessments to identify gaps and opportunities to inform FY 2011 programming
- Lead donor coordination efforts regarding food security

- Establish initial implementation mechanisms to begin large scale implementation in FY 2011

Additional details on planned FY 2010 activities are provided in Section 2.3.

#### 2.1.1. Consultative Process

In order to ensure that this implementation plan is reflective of GON priorities and concerns, the U.S. government initiated numerous consultations in early 2010 with key GON Ministries and Commissions including Agriculture, Health, Finance and National Planning. During these consultations, the GON Ministers and other representatives emphasized the recent increase in food insecurity in Nepal as well as its considerable scale. In letters to Secretary Clinton, the GON also expressed support for the new global food security initiative and the principles of the L'Aquila Joint Statement on Global Food Security. The GON has embraced the possibility of increased USG and other donor assistance to address food security. As an example, Nepal's Health and Foreign Ministers participated in the meeting on food security co-hosted by Secretary Clinton and UN Secretary General Moon as part of the United Nations General Assembly in September 2009. In addition, the Minister of Agriculture led the GON delegation to the November 16-18, 2009, World Food Summit in Rome.

Since September 2009, the USG has also undertaken consultations with various donors and development agencies to inform planning, including:

- Donors representing select G8 nations (DFID, GTZ, JICA, EU, CIDA)
- International banks and multilateral organizations (FAO, WFP, ADB, WB)
- Quasi-governmental organizations such as the Nepal Food Corporation (NFC) and Nepal Agricultural Research Council (NARC)
- Private Sector entities
- Civil Society Organizations.

### **2.1.2. Status of Existing Food Security Strategies and National Nutrition Strategy Process**

There are four GON plans that address (or will address) aspects of food security:

- Food Security Objectives, Policies, Programmes and Monitoring Mechanisms in the PRSP/Interim Plan of Nepal, 2007-2010 (FSIP)
- National Health Sector Plan, Phase II (2010-2015)
- Agricultural Perspective Plan (1995-2020)
- Food and Nutrition Security Plan (2010-2015).

In FY 2010, U.S. government support will focus on the refinement and extension of the FSIP. This plan will be the primary framework for donor investments and will serve to revitalize the inactive mechanisms of the GON to coordinate food security activities.

The current GON food security plan is a component of the Interim Plan of Nepal 2007-2010 (due to the political transition, Nepal created this plan to replace the Poverty Reduction Strategy Paper that expired in 2007). The FSIP was prepared with technical assistance from the FAO and is due to expire in 2010. While the FSIP is generally sound, it was not fully implemented. At the suggestion of the U.S. government, the GON has begun to invest resources into refining the existing plan in conjunction with appropriate sector level plans in agriculture and health. U.S. support will help to ensure that an effective and holistic approach is adopted.

In addition, the Ministry of Health and Population (MoHP) is in the process of finalizing the next five-year National Health Sector Plan, Phase II (NHSP II) for 2010-2015. NHSP II will contain specific components that address food security and an explicit section on nutrition. MoHP is also revising its “National Nutrition Policy and Strategy 2004” on the basis of a national Nutrition Assessment and Gap Analysis (NAGA).

### **2.2. NEPAL CAPACITY BUILDING**

While the GON has a well-defined and substantial network of government structures, it needs to develop more effective service delivery. In order to assist the GON and civil society to effectively provide food security-related services, the U.S. government will likely support (following assessments documenting gaps) capacity building efforts in the following areas:

- Technical Capacity - an increased ability to provide appropriate tools/services to beneficiaries
- Plan implementation - an improved ability to plan, analyze, monitor, and carry out central level policies at district and community levels
- Human Resources - appropriate and adequate staffing at all levels including community-based volunteer staff
- Coordination - increased cooperation, coordination, and transparency mechanisms in and between GON entities, donors, and other stakeholders.

### **2.3. INVEST IN PRIORITY ACTIONS**

In addition to the FY 2010 objectives outlined in Section 2, the USG will likely achieve short term gains by taking actions to:

- Analyze and develop a set of behavior-change best practices to address and integrate food preparation and consumption practices with choice of agricultural activity
- Expand the agricultural components of the forthcoming USAID economic growth and agriculture activity
- Undertake further consultations with CSOs, NGOs, and the private sector, and initiate a strategy for effective engagement with these groups
- Update specific nutrition aspects of the NHSP II to improve planning and coordination capacity for nutrition.
- Develop a set of key interventions to address the impacts of climatic variability on agriculture in the different agro-ecological regions of Nepal

- Undertake analyses and appropriate interventions to identify and address gaps in the GON Food Security Plan, the Health Sector Plan and the Agricultural Perspective Plan
- As appropriate, establish long-term technical advisors within targeted technical Ministries (this could be an aspect of a long term training program for technical Ministry staff)
- Scale up neonatal Vitamin A supplementation.

### 3. TARGET GROUPS BY LOCATION AND INCOME

#### 3.1. DESCRIPTION OF POVERTY, INCOME AND MALNUTRITION

Over 55 percent of Nepal’s population lives below the international poverty line of \$1.25 per day.<sup>12</sup> An analysis of national poverty indicators reveals that poverty rates are highest, more than 40 percent, among agricultural wage earners, small and marginal agricultural households, traditionally-excluded ethnic and caste groups, and illiterate households. Small and marginal land-holders (with less than 0.2 ha) are a growing demographic and account for 76 percent of all poor.<sup>13</sup> Although various studies use different definitions of poverty and malnutrition, they depict a consistent overall pattern of severe poverty across Nepal.

In 2009, WFP published a comparative analysis of Nepal, which concluded: “Hunger is a substantive and urgent issue in Nepal that needs to be addressed. The situation has been described as *extremely alarming* in the Far-and Mid-Western Mountains. The food security

<sup>12</sup> World Bank, 2008

<sup>13</sup> Central Bureau of Statistics (2004). Nepal Living Standards Survey 2003/04. Statistical Report, Vols. one and two. Kathmandu: CBS

situation in most of Nepal’s sub-regions is *alarming* and 3 sub-regions are considered seriously food insecure. Not a single sub-region in Nepal can be classified as moderate or low in terms of their hunger index scores”.<sup>14</sup>

#### 3.2. DESCRIPTION OF MALNUTRITION

Nepal’s nutrition statistics are some of the worst in the world. Almost 50 percent of the population is undernourished and half of all children under five are chronically malnourished. According to the Nepal Demographic Health Survey (2006), 39 percent of children below five years are underweight, 49 percent are stunted, and 13 percent are wasted. In the hill and mountain regions, stunting rates reach 80 percent and the prevalence of underweight is as high as 63 percent. In the Terai more than one-third of women and half of all children under the age of five are anemic.<sup>15</sup>

Although the problem of undernutrition is pervasive across Nepal, national aggregates mask wide disparities across socioeconomic groups and ecological regions. In households in the poorest quintile, 54 percent of children below

USG interventions will target the ultra-poor (those that earn less than \$ 1.25 a day), with a geographic focus on the most food insecure districts and the poorest people in those districts. Intended beneficiaries of USG interventions will include the landless or those with small land holdings, disadvantaged castes and ethnic groups, and women.

five years were found to be underweight.<sup>16</sup> Low birth weight is a contributing factor to undernutrition in Nepal, where 14.3 percent of children are born with low birth weight.<sup>17</sup> High

<sup>14</sup> “A Sub-Regional Hunger Index for Nepal” WFP Nepal, 2009

<sup>15</sup> Bishwakarma R. Social inequalities in child nutrition in Nepal, World Bank/Nepal, August 2009

<sup>16</sup> Nepal Demographic Health Survey 2006

<sup>17</sup> *ibid*

levels of low birth weight can be attributed to poor inter-generational nutrition. For example, almost 25 percent of women in Nepal have a body mass index below normal, and the prevalence of anemia among pregnant women is about 36 percent. Additionally, household food distribution and cultural food taboos, as well as access to nutritional food are contributing factors to low birth weights. Other causes play important roles, such as lack of knowledge of nutritional requirements during pregnancy and lactation, feeding and caring practices for young children, access to health services, gender inequity, and water and sanitation.

### **3.3. ROLE OF AGRICULTURE IN INCREASING INCOMES OF THE POOR**

Agriculture plays a crucial role in Nepal's economy. More than 80 percent of the population works in the agriculture sector accounting for 38 percent of the GDP. The WFP, FAO, and the GON Ministry of Agriculture and Cooperatives (MoAC) have predicted in the NAGA report that the current food deficit will worsen because of continuing decline in wheat and barley production.<sup>18</sup> This report further notes that:

- 66 percent of households in Nepal are experiencing food shortages
- 43 percent of households are skipping or reducing meals
- 30 percent of households in the hill and mountain regions are forced to consume seed stock
- 73 percent of households in mountain region send at least one member out for work<sup>19</sup>

Due to increasing population and declining rates of agricultural growth, Nepal is considered a

structurally food deficit country. Crop production, like poverty rates, varies significantly by region and district. Geographically, the Terai is a food surplus producing region and is considered the granary of the country, whereas the hill and mountain regions both generally experience food deficits. Food production also varies from east to west. Crop production is often very poor in the far-western and mid-western regions; not surprisingly these areas typically have the highest rates of food insecurity and hunger.

USAID's previous and current agricultural programs have shown that investments in agriculture can have significant impact on increasing incomes of the rural poor. USAID projects have engaged in high-value subsectors, including horticulture (facilitated by micro-irrigation), coffee, tea, non-timber forest products, spices, livestock, poultry, and fisheries. Using a value-chain approach that developed input supply and output market service providers, and working closely with GON, these programs increased the incomes of over 100,000 poor households (over 600,000 people) by more than 50 percent since 2003.

Nepal's terrain, 64 percent of which is covered with mountains, is only about 22 percent arable, and is therefore not easily suited for efficient food grain production. The rugged terrain increases transport costs, impedes the linkage of products to markets, and makes it difficult to provide services to large segments of the country. The flat plains of the Terai region represent less than 15 percent of the nation's territory, yet hold the greatest potential for large-scale commercial agriculture. Nevertheless, there are opportunities in the hills and mountains for high value horticultural crops and widespread increases in agricultural production. Analysis will be needed in FY 2010 to determine the specific type of investments that will have the greatest positive impact on the poor and ultra-poor in each of these distinctive regions and enhance understanding of the diverse agro-ecological regions in Nepal.

<sup>18</sup> Bishwakarma R. Social inequalities in child nutrition in Nepal, World Bank/Nepal, August 2009

<sup>19</sup> Raj Kumar Pokharel, Robin Houston, Philip Harvey, Ramu Bishwakarma, Jagannath Adhikari, Kiran Dev Pant, Ritu Gartoulla. National Nutritional Assessment Gap Analysis. November 2009. Unpublished

## 4. CORE INVESTMENT AREAS

### 4.1. CORE AREAS

In 2010, in addition to further analysis of Nepal's food security situation, programs focused on increasing agricultural production and productivity will begin. These include the new economic growth activity, Nepal Economic, Agriculture and Trade (NEAT), which has a major food security component; a direct agreement with the MoAC; and possible funding for the CIMMYT activity. During FY 2010, the U.S. government will also design new food security activities to initiate larger scale activities in FY 2011.

#### 4.1.1. Intermediate Result I: Agricultural Productivity Increased

The following donors and organizations are currently involved in this area in Nepal: USAID, WFP, FAO, DFID, JICA, GTZ, WB, ADB, SNV and SDC.

At the core of hunger and food insecurity in Nepal is a shortfall in the availability of food products, particularly in remote and rural areas. An increase in agricultural productivity (crops, livestock, fisheries, forests) and the productive capacity of target groups (including women and ultra-poor), will expand food availability within Nepal, which is critical to achieving food security, decreasing hunger, and moving towards the achievement of MDG 1.

#### National capacity of agricultural sector improved

Increasing the effectiveness of the MoAC (as well as other target GON entities) and the private sector to undertake appropriate investments in agricultural production will better position Nepal to sustainably overcome food shortages. Through upgraded agricultural research and training facilities, Nepal can

develop appropriate agricultural technologies, practices and inputs. Improved data collection and analysis capacities will enable the GON to more accurately track production and therefore properly target policies and programming that address food security.

#### Farmers' production and agricultural extension system enhanced

Interventions that focus on improving agricultural practices and technologies will have immediate and significant impact on the levels of agricultural production in Nepal. The adoption of appropriate crop, livestock and fishery practices, integrated plant nutrient and pest management systems, sustainable water and soil management systems, and appropriate post-harvest management practices are imperative. Coupled with market price incentives, enhanced agricultural extension is a key component for adoption of improved agricultural practices in Nepal. Through increasing the effectiveness of agricultural extension systems, appropriate practices and methods can be disseminated and adopted.

#### Water management and irrigation practices improved

Interventions that focus on proper management of water resources and development of effective small-scale irrigation practices will increase productivity and production while helping to conserve limited water resources.

#### National agriculture policies strengthened

Through assisting the GON to better develop and understand the impact of agricultural policies, more effective and appropriate mechanisms can be introduced that nurture sustainable increases in agricultural production in Nepal. The agreement with IFPRI will identify the agricultural/food policies that may require reform to help Nepal meet its food security objectives.

#### Sustainable use of natural resources increased

Natural resources management must be at the core of any food security strategy as the

majority of rural Nepalese rely on natural resources for food, incomes, and livelihoods. Through increasing the sustainability of natural resource use and management, natural resources can be maintained and effectively utilized. Approaches for sustainable natural resources management will need to be aligned with the expected increase in incomes that results from these approaches, based on the market value of increased production, production losses averted, or improved land values.

#### **Climate change adaptation methods introduced**

Assisting producers to adapt to changing climatic or meteorological conditions is important to prevent lower yields and crop losses. Through the introduction and adoption of improved varieties of crops and livestock (water stress or temperature resistant), and better climatic forecasting, some of the adverse effects of climate changes can be mitigated.

#### **Private sector capacity increased**

A vibrant private sector is a critical actor in establishing and maintaining an effective value chain. Through increasing the capacity of the private sector, and facilitating an increase in private investment into the agricultural sector and promoting an enabling environment, value chains can be improved, and agricultural productivity enhanced.

An increase in the incomes of the poorest Nepalese, particularly the rural landless and urban poor, will significantly increase purchases of food, improve community health, and decrease the levels of poverty throughout Nepal. Through sustainable income and livelihood enhancements, households will be able to improve nutrition and escape poverty. Improvements in both incomes and nutrition will also contribute to MDG 1.

#### **4.1.2. Intermediate Result 2: Incomes Increased**

The following donors and organizations are currently involved in this area in Nepal: USAID, WFP, FAO, DFID, JICA, GTZ and DANIDA.

##### **Livelihoods options expanded**

Through increasing access to livelihoods, households can diversify sources of income and improve purchasing power to access food, thereby improving levels of nutrition. Rural livelihoods can be increased through the production of high-value crops (e.g. vegetables, ginger, and coffee) and agro-processing.

##### **Land use planning improved**

Continuous urbanization as well as an increase in land degradation has led to a decrease in fertile land available for agriculture. Available land can be more efficiently utilized through improving land use planning and appropriate land use mechanisms (e.g. intercropping, crop rotation, improved crop calendars, agro-forestry, livestock, and high-value crop selection) that will “stretch” limited arable land.

#### **4.1.3. Intermediate Result 3: Nutrition Improved**

The activities in this section are critical for improvements in food security. Currently, the Mission plans to fund these actions with Nutrition Initiative resources.

The following donors and organizations are currently involved in this area in Nepal: USAID, WHO, UNICEF, WFP, AusAID, WB, JICA, DFID, SC, ADRA, FAO, INF, CARE, NNIPS, SDC, Concern Worldwide, Plan Nepal, Helen Keller International, Micronutrient Initiative, Nepal Technical Assistance Group, and Nutrition Promotion and Consultancy Service.

##### **National capacity to monitor malnutrition and disease outbreaks improved**

The current nutrition monitoring and surveillance system in Nepal needs strengthening to ensure widespread dissemination of information on the root causes of malnutrition and the impact of poverty on general health.

### **Nutritional status improved**

Unhealthy food behaviors, including poor food preparation, feeding/consumption, and food processing, contribute to malnutrition. Nepal can substantially improve its national nutritional status by addressing issues such as household food distribution, cultural food taboos, lack of knowledge of nutritional requirements during pregnancy and lactation, feeding and caring practices for young children, access to health services, gender inequity, and water and sanitation. In 2010, USAID will support the expansion of the Helen Keller International (HKI) nutrition activity “Action Against Malnutrition” which improves agricultural and household practices. The current HKI intervention, which has strong GON support, includes backyard gardens, community gardens, and livestock production in several Terai and hill districts of Far-Western Nepal. The program will be piloted for operational feasibility in the hill and mountain areas, with a view for rapid scale-up.

Nepal can make substantial progress towards achieving MDG 1 that calls for reducing the prevalence of underweight children under five years of age. Poor nutrition of mothers during pregnancy and children aged 0-24 months leads to low weight, child mortality, and maternal mortality. Thus, improved nutrition will also contribute to achieving MDG 4 and MDG 5 calling for reduce maternal and child mortality. Better nutrition means stronger immune systems, less illness and better health, and is a prime entry point to ending poverty. Hunger and malnutrition are intricately linked with illness, poverty, and underdevelopment.

### **Micronutrient utilization rate in pregnant women, adolescent girls and young children increased**

Increasing micronutrient intake by these target groups is crucial. Poor nutrition, particularly during gestation and the first two years of life can delay cognitive development that may be irreversible.<sup>20</sup> Micronutrients like vitamin A, iron/folate, and iodine are critical during pregnancy, childhood, and adolescence for proper growth and development. Implementation of proven micronutrient interventions will allow Nepal to continue to make gains in health.

### **Diarrheal diseases nationwide decreased**

Frequent diarrhea prevents the retention of nutrients from food and cause child malnutrition and mortality. The U.S. government supports the community-based Integrated Management of Childhood Illnesses (IMCI) program throughout Nepal. The program trains health providers and community health volunteers to both educate families about reducing diarrhea and to treat the disease with oral rehydration salts.

### **Hygiene and access to safe water improved**

Although poor hygiene leads to infection and diarrhea, only 50 percent of households in Nepal have improved latrines and 85 percent drink untreated water. Programs will work with mothers clubs, village health volunteers, and other local groups. Better hygiene and clean water use will reduce gastro-intestinal infections that prevent the absorption of nutrients.

#### **4.1.4. Intermediate Result 4: Trade Expanded**

A wide number of donors and organizations are currently involved in this area in Nepal including: USAID, WFP, FAO, DFID, JICA, GTZ, WB, ADB, SNV and SDC.

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<sup>20</sup> World Bank, *Repositioning Nutrition as Central to Development: A strategy for large-scale action*. 2006; Washington, DC

### Market efficiency increased

Economic and agricultural development, particularly in rural areas, is closely interlinked and interdependent with local, national and regional markets. Market efficiency can be enhanced through improving regional policies and easing trade barriers, forming marketing committees, and connecting farmers to cooperatives. Improved market efficiency will sustainably increase agricultural production and drive entrepreneurship.

Increasing and expanding trade and market linkages and improving market efficiencies are critical issues for improving food security in Nepal. Through improved access to markets, rural food producers can increase incomes, have reliable access to required inputs, and contribute to ensuring that food is available throughout Nepal.

### Access to financial services improved

Improving access to financial services and institutions will enable entrepreneurs and others in trade or commercial sectors to access credit, which could enable them to increase,

sustain, or diversify their businesses. This will also allow farmers to access loans at lower interest rates and invest in new agricultural technologies (such as seeds and equipment) that will increase production.

### Private sector efficiency increased

More private-sector friendly GON policies will encourage investment and trade in the agricultural sector and enable agribusinesses and other enterprises to thrive.

## 4.2. ALIGNMENT WITH GOVERNMENT OF NEPAL PRIORITIES

The core investment areas identified in this food security implementation plan reflect GON priorities and have been developed in part in consultation with the GON and through analysis of GON plans and strategies. The chart below indicates alignment of priorities between the USG food security implementation plan and the current priorities of the GON, identified by their inclusion in the highlighted plans or strategies.

Table 1: Alignment with GON Food Security Priorities				
USG Food Security Implementation Plan		Government of Nepal Priorities		
		Agricultural Perspective Plan	Nepal Health Sector Plan (NHSP II)	FSIP
Intermediate Results Identified	IR 1: Agricultural Productivity Increased			X
	IR 2: Incomes Increased	X		X
	IR 3: Nutrition Improved		X	X
	IR 4: Trade Expanded	X		X

## 4.3. HOW CORE AREAS BUILD ON EARLIER INVESTMENTS

USAID has historically been engaged in the economic growth and agricultural sectors of Nepal. USAID investments started NARC, the Institute of Agriculture and Animal Science at

Chitwan, the Institute of Forestry in Pokhara, the Agro-Enterprise Center under the Federation of Nepalese Chambers of Commerce and Industry, as well as other major long-term agricultural training facilities.

USAID's long and successful history of agricultural interventions in Nepal started in the 1950s and most recently included the Smallholder Irrigation Market Initiative (SIMI), a \$9 million activity (2003-2009) which focused on establishing market linkages and diversifying production.

Two on-going USAID activities with far-reaching implications for agriculture and food security are Education for Income Generation (\$12 million, 2007-2012) and the Nepal Flood Recovery Program (\$6.4 million, 2008-2011).

USAID/Nepal's community forestry program (2002-2009) supported over 1,400 CSOs (community forestry and buffer zone user groups, women groups) to improve management of natural resources. Lessons learned from good governance practices, livelihood support, and other pro-poor initiatives will influence how future programs will link natural resource management to livelihood support and poverty reduction as well as adapt to climate change.

Since 1968, USAID has supported the GON in maternal and child health, including improving the nutrition status of children and mothers. As a direct result, the overall health situation shows a decreasing trend of infant, child and maternal mortality.

For many years, the USG has been one of the largest contributors of food aid and support to WFP assistance appeals for Nepal.

USAID/Nepal and USAID/OFDA have been active in assisting Nepal to recover from and prevent natural disasters. The response to the 2007/08 floods highlighted the ability of USAID to respond quickly and appropriately to disasters.

#### **4.4. LINK TO FOREIGN ASSISTANCE FRAMEWORK**

USAID/Nepal's comprehensive approach to food security is cross-sectoral by nature; hence it supports several objectives under the Foreign

Assistance Framework, Investing in People, Economic Growth, and Humanitarian Assistance. While three of our five primary program components support rapid, sustained, and broad-based economic growth, equally important are the components that target nutrition and address acute food insecurity through interventions supporting the Humanitarian Assistance Objective.

#### **4.5. NEXT STEPS IN FY 2010**

##### **4.5.1. Additional Analysis to Prioritize**

As mentioned in Section 3, USAID/Nepal plans several analyses to identify the specific recommendations for the different agro-ecological regions of Nepal. Valuable lessons have been garnered from previous nutrition and agricultural programs; however it will be necessary to analyze how these lessons learned can be utilized at national levels. Similarly, it will be important to look at the impact of climate change on agriculture, and how communities can be supported to adapt to climate changes.

Potential analyses include: the integration of nutrition and agriculture programming; investigating behavior-change best practices with respect to food habits and choice of agricultural activity; potential for large-scale commercial production in the Terai; and the comparative agricultural and income generating advantages of the hills and mountain areas.

##### **4.5.2. Expected Program Designs**

Procurement for a USAID/Nepal economic growth activity, NEAT, is currently underway. This activity includes elements that will contribute to food security. USAID/Nepal is in the planning phase of increasing agriculture productivity through support to the MoAC and CIMMYT. USAID/Nepal is also in the design phase of a comprehensive plan for integrated nutrition and a large-scale food security activity.

## 5. CORE INVESTMENT AREA RESULTS: FY10 RESULTS/INDICATORS/TARGETS

USAID/Nepal will be establishing outcome indicators in addition to the following standard framework indicators.

For the core investment area intermediate results, the following are illustrative indicators:

### 5.1. IR 1 AGRICULTURAL PRODUCTIVITY INCREASED

- Number of rural households benefiting directly from U.S. government interventions
- Number of new technologies or management practices made available for transfer as a result of U.S. government assistance
- Number of producers organizations, water users associations, trade and business associations, and community based organizations receiving U.S. assistance
- Annual sales of high-value agricultural, livestock and forest commodities in target areas
- Increase in income of program participants from adopting improved technologies
- Increase in yields and production of food crops
- Number of women and disadvantaged trained on improved agricultural technologies

### 5.2. IR 2 INCOMES INCREASED

- Number of people completing USG-funded workforce development programs
- Number of people gaining employment or more remunerative employment as a result of participation in a U.S. government-funded workforce development program
- Increase in income of program participants

### 5.3. IR 3 NUTRITION IMPROVED

- Number of children reached by U.S. government-supported nutrition programs
- Number of children under five years of age who received Vitamin A from U.S. government-supported programs
- Number of neonates who received Vitamin A from U.S. government-supported programs
- Number of women in U.S. government-supported programs who feed their babies only breast milk for the first six months
- Number of people trained in child health and nutrition through U.S. government-supported health area programs
- Number of improved latrines constructed through U.S. government-supported programs

### 5.4. IR 4 TRADE AND MARKETS EXPANDED

- Number of reforms in policies, regulations, and administrative procedures proposed
- Number of trade and market diagnostics conducted
- Value of products traded

## 6. KEY ISSUES AND ANALYTICAL ACTIVITIES LOOKING TOWARD FY 2011

Activities in FY 2010 will focus on undertaking analyses and evaluations of Nepal's current food security realities (see Section 4.5 A). The following analytical works will be prioritized:

- Carry out analysis and appropriate interventions to identify and address integration and programmatic gaps in the GON FSIP, NHSP II, and APP.
- Collect baseline data in targeted areas in preparation for FY 2011 programming and future evaluations.

- Analyze agricultural and income generation alternatives to identify specific recommendations for the different agro-ecological regions of Nepal.
- Assess how to incorporate lessons learned from previous USAID economic growth, environment, agriculture, and nutrition activities into new and integrated national-scale programs.
- Carry out trade and markets studies and analyze behavior change, food access, and utilization issues in Nepal.

## 7. PARTNERSHIP PLAN ON CURRENT AND FUTURE ACTIVITIES

### 7.1. USG INTERAGENCY OUTREACH STRATEGY

The U.S. Embassy Nepal's strategy is designed to use every diplomatic tool at its disposal and is prepared to adjust and change tools as needed. Some key aspects of the diplomatic strategy are as follows:

- The Chief of Mission, USAID, and Political/Economic Section of the U.S. Embassy will engage top political leaders and lawmakers, when and where appropriate, to generate the political will that is necessary to advance a comprehensive and coordinated approach to food security across the government.
- The U.S. Embassy Public Affairs Section (PAS) and USAID's Development Outreach Coordinator (DOC) are leading efforts to identify appropriate fora, from community to national level, in which Post representatives can underscore the importance of increasing agricultural productivity, linking small farmers to markets, bolstering agricultural trade, improving nutrition, engaging underserved populations, and improving the efficiency of humanitarian food assistance. The aim is to

reach the largest and most diverse audiences possible.

- PAS is exploring use of the Department of State's Strategic Speaker Initiative and digital video conferencing to connect Nepalis, particularly policymakers and journalists, with U.S. experts on food security and agriculture.
- PAS will identify and pursue opportunities to use print and electronic media vehicles, such as opinion-editorial columns, to build public support.
- The Chief of Mission, USAID and Pol/Econ will actively encourage political leaders and lawmakers to reverse the trend of declining investment in agriculture and to make food security a budget priority that is provided a commensurate level of funding.
- PAS and USAID will work to build public support by identifying conferences, academic meetings and other appropriate fora for educating the general public about the importance of increased funding as part of a country-led food security initiative.

### 7.2. CONSULTATION AND COORDINATION WITH GOVERNMENT

As mentioned in Section 2.1.1, consultations are already underway with the GON and will continue. The GON has shown enthusiasm for updating and leading the implementation of the FSIP. The USG will continue to coordinate closely with the following relevant GON Ministries and quasi-government institutions:

- National Planning Commission
- Ministry of Agriculture and Cooperatives
- Ministry of Health and Population
- Nepal Agriculture Research Council
- Ministry of Commerce and Supplies
- Ministry of Local Development
- Ministry of Education.

During these consultations, GON Ministers and other stakeholder representatives have emphasized the considerable scale of food insecurity in Nepal and the significant decline in national food security over the past three years.

The GON also expressed support for the new global food security initiative and the principles of the L'Aquila Joint Statement on Global Food Security. USAID has decided to directly fund the MoAC to help increase its capacity for managing food security programs. This support not only reinforces the country-led strategy but also advances the USG goals of the Paris Declaration on Aid Effectiveness.

### **7.3. MULTILATERAL AND BILATERAL DONOR CONSULTATION AND COORDINATION**

Several donors are already active in funding food security programs in Nepal. The actions of the multilateral donors that relate to food security have been mapped. Of particular significance, the EU has recently committed Euros 23.3 million for the implementation of a multifaceted 3-year food security program in Nepal. Additionally, the World Bank has committed USD 36 million for a 2-year program in Nepal focused on mitigating the impact of rising global food prices by improving access to food and strengthening agricultural production.

Outside of nutrition and emergency food aid, most coordination mechanisms in Nepal related to food security are dormant. The U.S. government has engaged in consultations over recent months with multilateral donors and G8 member country representatives regarding the new food security initiative. These donors have asked the U.S. government to establish and lead the food security donor coordination group.

### **7.4. CIVIL SOCIETY AND PRIVATE SECTOR CONSULTATION AND COORDINATION**

USAID helped form and has supported the Agricultural Enterprise Center within the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and therefore has excellent relations with the private agricultural sector. In collaboration with the GON, the U.S. government has started to

identify key civil society and private sector organizations and actors, to include:

- Community Forest User Groups
- Agricultural cooperatives
- Trade associations
- Federation of Nepal Chambers of Commerce
- Academic research institutions
- Female Community Health Volunteers.

The USG will pursue and develop linkages and ensure collaboration where possible with these actors. In FY 2010, the U.S. government will begin to hold quarterly meetings with civil society and private sector partners to ensure information is shared across sectors and geographic areas. It is likely that the U.S. government-led donor group will develop a strategy to better mobilize the private sector and build civil society capacity in support of food security.

USAID has supported many civil society groups through past activities (e.g. Female Community Health Volunteers and Community Forest User Groups and their federations) and enjoys close relations with them. There is also a strong network of local NGOs that will be able to contribute significantly to the development and implementation of the food security strategy.

## **8. FY 2010 CAPACITY BUILDING PLAN**

USAID/Nepal has not yet performed an in-depth analysis of the strengths and limitations of the various food security-related entities operating in Nepal. There are varying levels of capacity across national, district, and local government institutions, civil society organizations, and the private sector. Therefore, there is a need for future analyses to identify areas for further capacity building.

Please refer to section 2.2 for additional details on provisional capacity building area for this initiative.

## 9. MANAGEMENT PLAN

### 9.1. WHOLE OF GOVERNMENT COORDINATION STRUCTURE

The U.S. government Food Security Working Group established at the U.S. Mission is chaired by the USAID/Nepal Deputy Mission Director, and includes Office Directors from General Development, Health and Family Planning, Program Office and technical experts within each. The State Department Economics Advisor is also a member. The State Department Oceans, Environment and Science Officer will join when he/she arrives at post. No other relevant U.S. government agencies (such as USDA, HHS, or Commerce) are represented at post. USAID will take the lead in coordinating the FY 2010 Global Hunger and Food Security Initiative Implementation Plan and subsequent food security activities to include: implementation of a comprehensive multi-sector approach covering the relief-to-development spectrum, interagency coordination, and reporting to Washington.

Support from Washington will be a critical component of the successful implementation of the food security initiative in Nepal. Where and when appropriate, U.S. government will engage and coordinate with the following individuals and agencies: USAID and State Nepal Desk Officers, Food for Peace, U.S. Department of Agriculture, U.S. Trade Representative, Department of Health and Human Services and Commerce Department.

Regional coordination and information sharing with other Missions, such as India and

Bangladesh, will ensure that best practices and lessons learned are integrated throughout all investments areas. Additionally, the U.S. Mission in Nepal will engage the Regional Development Mission for Asia in Bangkok for technical support and coordination of regional initiatives.

### 9.2. MONITORING, REVIEW AND EVALUATION SCHEDULE

A baseline assessment is proposed in FY 2010. An effective monitoring mechanism based in part on the baseline will be in place for monitoring the milestones, as mentioned in Section 5, as well as the solicitation of consultant, and regularly monitoring their activities and reviewing the process.

### 9.3. STAFFING REQUIREMENTS

In 2010, resources will be utilized to increase the number of staff assigned to the food security initiative. USAID has already recruited a Food Security Specialist (US PSC). Given current levels of funding, USAID expects to recruit at least two additional professional staff and one program assistant. If higher levels of funding were available, a separate office could be established that would eventually include the following staff:

- FSO/FSL Office Director
- 2 PSC Technical experts
- 1 DLI (Agricultural Officer)
- 5 FSN Technical experts
- 2 Administration/support staff
- 2 Program Office support staff
- 2 Executive Office support staff
- 2 Office of the Controller support staff.