



FEED^{THE}**FUTURE**

The U.S. Government's Global Hunger & Food Security Initiative

The Global Food Security Strategy (GFSS)

Nepal Country Plan

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Table of Contents

Acronyms	3
Introduction	4
1. Food Security and Nutrition Context in Nepal	4
1.1. Overview of Key Indicators and Drivers of Poverty, Hunger and Malnutrition	5
1.2. Status of Greatest Constraints to the Food and Agriculture Market Systems	6
1.3. Partnership Landscape	7
2. Targeting	8
2.1. Targeted Districts and Populations	8
2.2. Targeted Value Chains	10
3. Results Framework	10
3.1. Problem Statement	10
3.2. GFSS Goal for Nepal	10
3.3. Theory of Change	11
3.4. GFSS Country Plan Contribution to Nepal's Agricultural Transformation	12
4. Program Components	12
4.1. Component A: Increasing the Productivity, Competitiveness, and Resilience of Selected Value Chains and Market Systems	13
4.2. Component B: Improving Access to and Use of Diverse, Safe, Nutritious, and High Quality Foods	15
4.3. Component C: Enhancing the Capacities of Vulnerable Households and Communities to Respond to Shocks and Stresses	16
4.4. Component D: Advancing Country Leadership Through Strengthening of Selected Policy Systems	18
5. Interagency Contribution	18
6. Stakeholder Engagement Platforms	20

Acronyms

ADS	Agricultural Development Strategy
BCC	Behavior Change and Communication
CDCS	Country Development and Cooperation Strategy
CFUGs	Community Forest User Groups
DFID	Department for International Development, UK
DRR	Disaster Risk Reduction
GDP	Gross Domestic Product
GFSS	Global Food Security Strategy
GON	Government of Nepal
ICT	Information and Communication Technology
IPM	Integrated Pest Management
IR	Intermediate Result
JNSC	Joint National Steering Committee
JSR	Joint Sector Review
MoALMC	Ministry of Agriculture, Land Management and Cooperatives
MOH	Ministry of Health
MSNP	Multi Sector Nutrition Plan
NPC	National Planning Commission
SDC	Swiss Development Cooperation
SPS	Sanitary and Phytosanitary
SUN	Scaling up Nutrition
TIFA	Trade and Investment Framework Agreement
USAID	United States Agency for International Development
USG	U.S. Government
WASH	Water Sanitation and Hygiene
ZOI	Zone of Influence

Introduction

Through the U.S. Government's Feed the Future initiative, the Global Food Security Strategy (GFSS) Country Plan for Nepal was co-written by the Feed the Future interagency partners involved in food security and nutrition work in Nepal after extensive consultation with stakeholders from government ministries, private companies, universities, research institutes, international and local NGOs, donors and international organizations. The Country Plan was given extensive review and commentary by the interagency partners in Washington, D.C. As a living document, it is intended to be updated as needed in consultation with those parties over time. The Feed the Future interagency team has established a Joint National Steering Committee (JNSC) for U.S. Government (USG)-funded activities in order to ensure close coordination and to monitor progress of project implementation with the Government of Nepal (GON) managed activities.

The GFSS Country Plan serves as an overarching framework for integrated food security and nutrition programming. The plan is intended to describe the key drivers of food insecurity, malnutrition, and poverty. These key drivers stem from a complex set of underlying conditions that exist at the individual, household, community, and system level. At the design and procurement stages, target setting, results framework, and program components will require further refinement to operationalize integrated and holistic approaches. As GFSS programming is refined through the implementation processes, selected value chains will explicitly prioritize inclusive growth and interventions to include capacity building support to the most vulnerable and poor populations who are in most cases with insufficient assets, skills, and capabilities to participate in market operations. This will enable these populations to participate in selected value chains and benefit from the GFSS-supported livelihoods and market development. Interventions at all levels will complement each other to sustainably tackle food insecurity, malnutrition, and poverty.

Budget assumptions for interagency contributions to this plan reflect the FY 2017 Estimate and FY 2018 President's Budget, based on information publicly available at the time this document was prepared. Out year budget assumptions reflect a straight-line to the FY 2018 President's Budget. Any funding beyond FY 2017 is subject to the availability of funds, as determined by the President's Budget and a Congressional appropriation. Out year budget assumptions may require revision based on future President's Budgets.

1. Food Security and Nutrition Context in Nepal

Food and nutrition security are key priorities for the Government of Nepal (GON). The Right to Food is a fundamental right in Nepal's 2015 Constitution, reinforced by a policy of supporting sustainable production and effective distribution of food.¹ Recently, Nepal officially endorsed its Agriculture Development Strategy (ADS) and the Multi Sector Nutrition Plan (MSNP). In addition, it has set the ambitious goal of graduating from low-income country to middle-income country status by 2030. Together, these policy goals and framework highlight GON priorities to address hunger, malnutrition, and poverty.

The centerpiece of the GON's vision for agriculture is the ADS, approved in 2015, which prioritizes improved food and nutrition security for the next 20 years. The ADS conceptual framework plans to accelerate agricultural transformation from subsistence to commercialized agriculture, led by the private sector with smallholder farmers integrated within competitive value chains.

The GON's first MSNP provides policy and strategic guidance for nutrition and food security programming. The 2013-2017 MSNP, and the 2018-2022 second phase, aim to improve maternal, adolescent and child nutrition by scaling up both essential nutrition specific and sensitive interventions. In

addition, Nepal was among the first countries to join the Scaling Up Nutrition (SUN) movement in the 2012 World Health Assembly, demonstrating its commitment to improve maternal, infant and young child nutrition status.

As part of the consultation and planning process for Nepal's Global Food Security Strategy (GFSS) Country Plan, the USG co-sponsored a two-day workshop, in which more than 100 food security and nutrition stakeholders from diverse sectors, including the GON, civil society, and the private sector convened to discuss a coordinated path forward. This group agreed on eight priority actions necessary to address hunger, malnutrition and poverty in Nepal: increasing women's empowerment and targeting social change; improving governance systems; strengthening market systems and value chains; creating an enabling environment for policy implementation; making nutritious food available and affordable; integrating agro-ecological farm management for sustainability; strengthening agricultural education, extension, and research; and expanding access to inputs and adoption of new technology.

Key USG documents, including USAID/Nepal's Country Development Cooperation Strategy (CDCS), are in line with the GON and stakeholder priorities, and aim to increase agriculture-based incomes, expand small-scale enterprise opportunities, build resilience of targeted natural resources and related livelihoods, and improve economic growth policy and performance for a healthier and well-nourished population. In particular, the U.S. Mission strategy supports creating employment and entrepreneurship opportunities to attract youth to the agriculture sector and help curb outmigration. The Feed the Future interagency team in Kathmandu is working with the GON to implement the ADS and MSNP in a transparent manner and support the GON's priority areas.

1.1. Overview of Key Indicators and Drivers of Poverty, Hunger and Malnutrition

Nepal is a country of great geographic, ethnic, and cultural diversity with significant social and economic disparities. Production systems and economic opportunities differ between its three ecological zones stretching east to west – the plains (*terai*), hills, and mountains. Going from the *terai* in the south to the mountains in the north, the population becomes generally poorer and remoter with less access to roads, markets, and services.²

Over the past 25 years, the country achieved an impressive reduction in poverty, halving the proportion of people living on less than one dollar per day, from 33.5 percent (1990) to 16.4 percent (2015).³ Remittances are responsible for more than half the reduction in poverty rates,⁴ but even with these substantial inflows, about 24 percent of Nepalis live below the national poverty line as defined by the GON.⁵

Although Nepal has made remarkable progress in reducing stunting among children under the age of five (57 percent to 36 percent), wasting (15 percent to 10 percent) and underweight (42 percent to 27 percent) rates from 1996 levels, the prevalence of stunting and wasting is still classified as a high public health concern according to the World Health Organization's standards. Other nutrition-specific and sensitive issues such as high levels of anemia in children (53 percent among children under the age of five) and women of reproductive age (41 percent)⁶ and limited access to treated water and improved sanitation facilities still persist. Based on national indicators of undernourishment and child wasting, stunting, and mortality, Nepal falls near the bottom of the "serious" range on the Global Hunger Index⁷ and there is still a gap between knowledge of how to achieve good health and nutrition and household consumption practices, particularly through nutrition-sensitive agricultural policies and practices.⁸ Further, the national averages mask variations by ecological zones and the pronounced inequality in under-five stunting by wealth quintiles.⁹

Gender, caste, and ethnicity-based social exclusions are deeply embedded in Nepali society and are a determinant of poverty, hunger, and poor nutrition. Nepal's diverse geography and ethnic composition, coupled with its social exclusion practices, lead to wide variations in health and nutrition indicators across the country, between and within castes and ethnic populations.¹⁰ For example, the incidence of poverty in rural Far-Western and Mid-Western hills is 36.8 percent, however reaches 43.6 percent among the hill Dalits,¹¹ compared to the national average of 25.2 percent.¹² In the Feed the Future Zone of Influence (ZOI), household hunger varies significantly by ethnicity, not geography: 20.1 percent of Dalits experienced moderate or severe hunger compared to 6.1 percent of Brahmins/Chhetris and 3.4 percent of Indigenous/Janajatis. More Brahmin/Chhetri women achieved minimum dietary diversity than Dalits or Indigenous/Janajatis.¹³

1.2. Status of Greatest Constraints to the Food and Agriculture Market Systems

Nepal is an agrarian country for which agriculture makes up 30 percent of Gross Domestic Product (GDP)¹⁴ and employs about two-thirds of the economically active population.¹⁵ But agriculture sector performance has been weak,¹⁶ and registered negative growth in 2016.¹⁷ More than half the country's farms are small, less than 0.5 hectare with average holdings of 0.7 hectare, and fragmented,¹⁸ making mechanization and land improvements difficult and costly. Average yields for rice, maize, and wheat, the principal cereal crops, fall below those in other South Asian countries, demonstrating the need and opportunity to boost productivity.¹⁹ The binding constraints for low productivity are reliance on low yielding varieties, rain-fed agriculture, poor soil management, inadequate markets, poor agricultural finance, poor extension services, and processing facilities. For 83 percent of farmers, agriculture is their main source of income, but 60 percent claim that their production falls short of meeting food and cash needs.²⁰ To make ends meet, 58 percent seek paid work in their district, followed by 20 percent who migrate in search of higher earning jobs abroad and in urban areas.²¹ The end result of this "low-growth, high-migration trap" has been a significant redistribution of the population and the feminization of agriculture. Population shifts also affect land use as labor shortages leave land fallow while other land is converted to housing or industrial uses.

Currently, far more women work in agriculture than men.²² An increasing number of women have taken on day-to-day autonomy of production decisions and control over resources, but few women, particularly those from disadvantaged groups, are visible at higher levels in the value chains.²³ Women face discrimination in access to agricultural extension and financial services, social prejudice, lower trust, and do not always receive prompt payment based on fair prices or may not receive remuneration at all.²⁴ Without deliberate efforts to empower and engage women in more profitable business opportunities, they remain in the lower nodes of the value chain.

Limited public and private investment, declining competitiveness, unpredictable trade flows, and the "mixed performance" of GON policies, plans, and programs²⁵ slow the growth of agricultural GDP per capita and hinder the anticipated structural transformation of the economy. Low returns to factors of production (land, labor, and capital) deter investments in larger-scale or higher-value agriculture.²⁶ Even though employment in agriculture has decreased by 27 percent in the past decade,²⁷ labor productivity in agriculture is stagnant, just one-fourth that of workers in other sectors.²⁸ Although the Central Bank proactively mandates 10 percent of commercial banks' loan portfolio goes to agricultural ventures, low capital expenditure rates and slow public sector investment in infrastructure projects, such as roads and irrigation (only 18 percent of the total agricultural land is irrigated with year round irrigation infrastructure), impede agricultural growth and limit opportunities to attract more private investment.²⁹

Similarly, agricultural value chains also have interconnecting challenges, from production to processing. Nearly all farm households (96.2 percent) produce mainly for home consumption, not for sale.³⁰ Few small farms operate on a commercial basis and many farmers have limited business skills.³¹ Lack of

market information hinders small farmers from making informed decisions about what to produce, the quantity, and the amount to charge when selling.³² Buyers also face unreliable and unpredictable supplies and incur high transaction costs when procuring small lots from scattered farms because of inadequate collection, storage, and processing points.³³

Nepal's imports of rice, maize and other foods continue to rise, reaching 39 billion NPR (\$375 million) in FY 2015/16,³⁴ resulting in a large gap between imports and exports and escalating trade imbalances, mainly with India.³⁵ Agriculture trade flows with India are extremely volatile, and act as a deterrent for farm level investment.³⁶ Millers, processors, feed companies and end-buyers rely on Indian imports to meet their needs. Agricultural imports from India increased 27 percent per year during 2009-2013, while agricultural exports grew at a modest rate of eight percent per year.³⁷ After the 2015-2016 border blockage, agriculture imports from India surged by 40 percent in 2016-2017 to exceed pre-blockage levels.³⁸

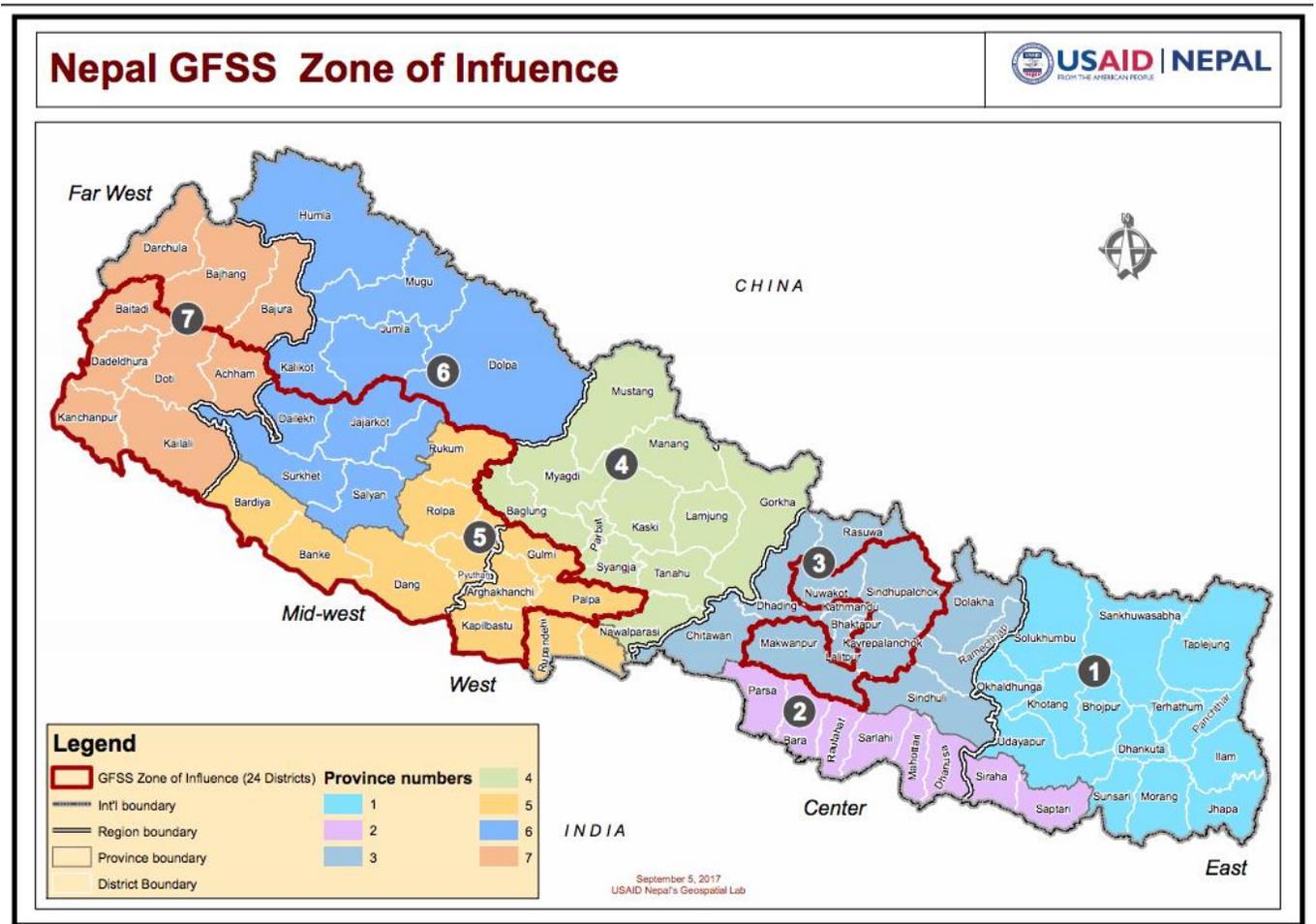
1.3. Partnership Landscape

Many agricultural projects within the selected ZOI districts are funded by donors and implemented by the GON, such as the GON's Global Food Security Program (GFSP). USAID has identified 14 donor programs that can complement Feed the Future interventions and leverage Feed the Future resources. The Feed the Future interagency team will work with the Ministry of Agriculture, Land Management and Cooperatives (MoALMC), Ministry of Health (MOH), and National Planning Commission (NPC), including provincial directorates and district offices, to support local implementation of food security and nutrition programs. At the local level, a key part of the Country Plan is training and capacity building for government extension workers, private sector service providers, and nutrition and hygiene volunteers who will act as change agents. The team will work with local government agencies, as appropriate, including District Coordination Committees, municipalities, and rural municipalities. Where possible, the Country Plan will leverage funds for agriculture and nutrition activities from grants administered by local government units. These funds are frequently underutilized and can bolster agriculture, health, forestry, and education programs.

2. Targeting

2.1. Targeted Districts and Populations

Consistent with the targeting criteria in the GFSS Guidance, the Country Plan for Nepal will maintain its original Feed the Future ZOI, covering four of the seven provinces. By continuing its investment in the same regions, there is a greater opportunity to build on Feed the Future impact while preventing backsliding into poverty, hunger, and food insecurity. The original Feed the Future ZOI comprised 20 districts in the *terai* and lower hills in what were formerly the Far-Western, Mid-Western, and Western Regions. With the addition of four earthquake affected districts, the Country Plan will cover most of Province 5, and parts of Province 3, 6, and 7 (See Map of Selected ZOI Provinces).



The total population of this Zone is approximately 8.4 million people (53 percent female).³⁹ The Country Plan's focus on Provinces 5, 6 and 7 is driven by higher sub-regional hunger indices, incidence of asset sales as a detrimental coping strategy, outmigration, and number of female-headed households. Though these areas have high poverty rates, some areas within the ZOI also have high population density with access to markets, which contributes to a high potential return on Feed the Future investments. A number of USAID projects and activities in and outside of the ZOI focus on the most vulnerable and poor populations, and contribute to reducing key drivers of food insecurity. Furthermore, other donors have prioritized the mountain areas and are carrying out activities primarily on improved economic access and

infrastructure.⁴⁰ Feed the Future may also work at a national level outside of the ZOI and proposed value chains if there are opportunities for sustainable agriculture investment that reduce poverty, increase community resilience and improve nutrition.

The *terai* is Nepal's grain belt and together with the hills contains the most arable land and fertile soils. Roads and transportation networks are well established in the *terai*, and some hill areas are directly connected to markets and transportation networks in the neighboring provinces. There is also significant potential for irrigation in the *terai* and lower hills. About 50 percent⁴¹ of Nepal's population lives in the *terai* and about 43 percent are located in the hills.⁴² By continuing to invest in the *terai*, the USG will further strengthen these already formed markets in a well-defined geographic zone.

In 2015, Nepal suffered a massive earthquake, which primarily affected Province 3. In late 2015, USG expanded its ZOI to include four earthquake-affected districts. These four districts are not contiguous with the first ZOI and can be considered a sub-zone for the GFSS Country Plan. This sub-zone is comprised of the central part of Province 3 surrounding the Kathmandu valley. Province 3 is a hilly and mountainous area, covering about 14 percent of the total area of the country, and is home to 21 percent of the population.⁴³ In this province, similar to national averages, 60 percent of the population works in agriculture; the poverty rate is 25 percent, and 15.7 percent of households reported inadequate food consumption.⁴⁴ The USG has invested in community reconstruction, resilience, and disaster risk management activities since 2015 and sees this as an opportunity to continue to strengthen these communities, develop stronger resilience capacities, and improve food security where damaged infrastructure has limited access to basic needs, including markets and shelter.

The GFSS Country Plan will intervene to bring the smallholder farmers and marginalized, vulnerable and excluded populations into strengthened market systems. It will simultaneously build the capacity of private sector market actors and producer households to expand the market system to a broader, more inclusive set of actors. The majority of Nepali farmers are smallholders; these farmers will be targeted through formal and informal groups, including cooperatives, to support improved market access to sell produce and buy inputs. Women play a key role in household and farm-level production, but will also be targeted to enter into higher levels within the value chain through literacy and business skills training. Activities will create accessible financing options so women and youth can access financial services despite being unable to provide the traditional collateral such as land. This will include introducing alternative collateral structures such as peer-to-peer group guarantees and facilitating the expansion of mobile money products. Women and marginalized communities will come together through different community-based groups to learn about nutrition, engage in disaster risk management activities, identify available health services and practices, and improve productivity and diversity of kitchen gardens. Some of the most vulnerable families in the Feed the Future ZOI are those who do not own land; they will be targeted with off-farm opportunities, including employment in agri-businesses and goat rearing. All participants will build resilience capacities through local savings and credit groups, improved finance packages from the formal banking sector, and new technology products that improve access to information.

The Country Plan will leverage GON infrastructure spending to support agriculture markets and policy implementation, particularly at the local level. USG will partner with the private sector to facilitate linkages between producers, buyers, and consumers, and leverage investments in storage facilities, technology, and high-quality inputs to support improved productivity and efficiency. To ensure the development and dissemination of productivity enhancing technologies, the Country Plan will coordinate with Innovation Labs, centrally funded research programs, international and regional research organizations, the Nepal Agricultural Research Council, agricultural universities, and other technology scaling actors, which include private sector firms and extension agencies. The prior Feed the Future approach was highly successful in demonstrating to the GON the importance of private sector led

commercialized agriculture. This Country Plan approach is designed to expand the market systems and robust private sector networks, including agro-vets, to reach smallholders and provide inputs and training to farmers with particular attention to the specific needs of women, youth, and other vulnerable populations, throughout the value chain.

2.2. Targeted Value Chains

Based on the stocktaking analysis, stakeholder consultation and workshop consensus, and experience from previous Feed the Future results, the Nepal Country Plan will focus on high value vegetables, rice, maize, pulses, and goat value chains under an integrated farming systems approach. These five priority value chains were selected based on: 1) high unmet demand; 2) high potential to increase production; 3) prioritization in the GON's ADS; 4) significant role in nutritional content and share of diet; 5) production by a large number of farmers and disadvantaged groups; and 6) high potential in focus districts. An important part of this decision included focusing on value chains where the GFSS Country Plan could make substantive impact during the Country Plan implementation period, although new value chains may be added and windows of opportunity seized if strategically viable.

3. Results Framework

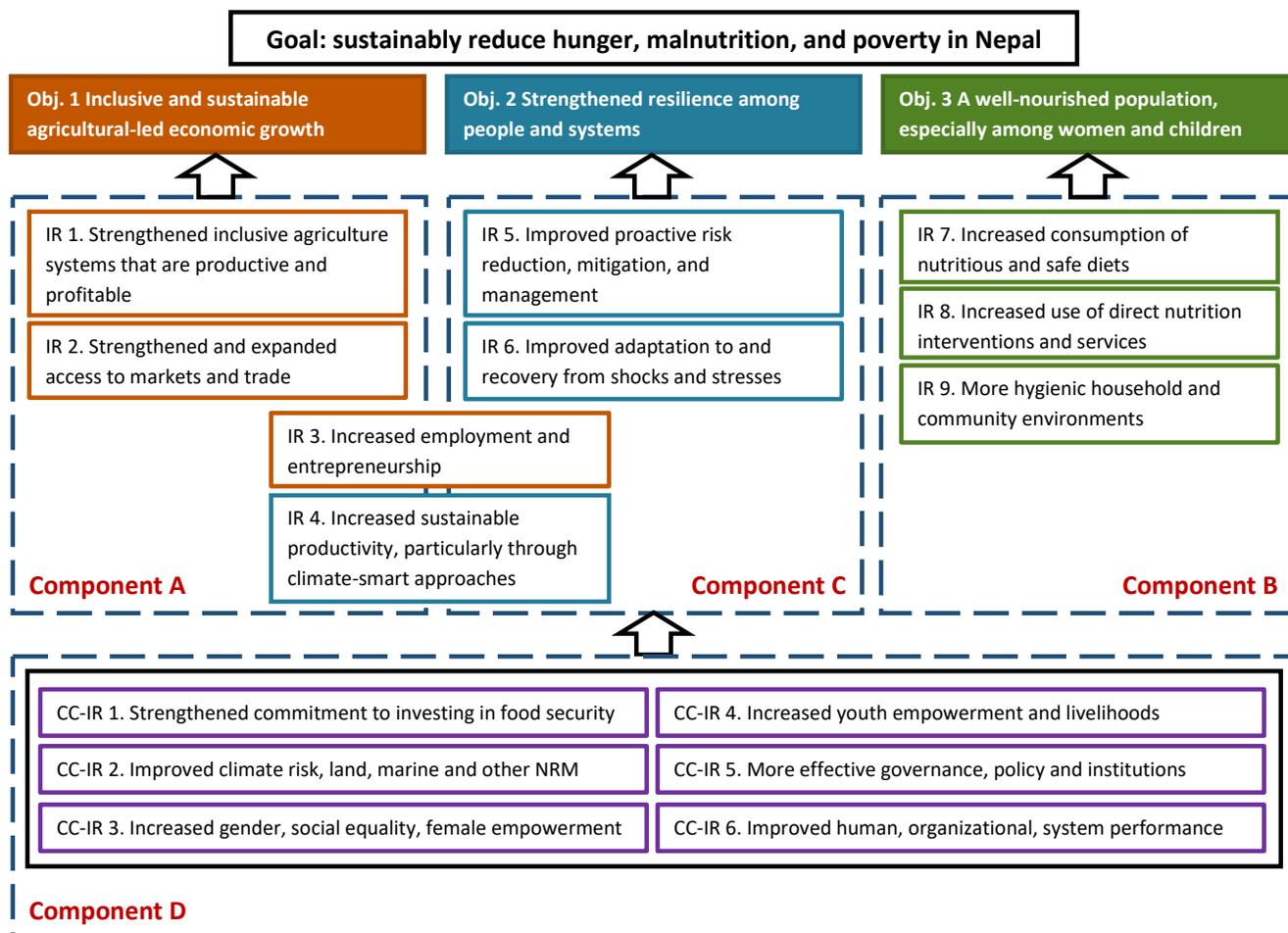
3.1. Problem Statement

The underlying causes of hunger, poverty, and undernutrition in Nepal come from economic, institutional, and cultural factors that limit access and utilization of safe food and livelihood opportunities that provide sustained and sufficient income to withstand shocks to the household. Nepal's diverse geography, ethnic composition and social practices increase variations in health and nutrition indicators across the country, and among different castes and ethnic populations. Weak agriculture productivity and poor markets limit earning potential for farmers, investment from the private sector, and access to diverse, nutritious foods for all. Out migration and urbanization are changing the agricultural sector. Men are compelled to work overseas or in urban areas, leading to the feminization of the agricultural workforce and severe time constraints for women, who must manage work outside and inside the home. Meanwhile, Nepal is also going through a massive government restructuring and decentralization process, as outlined in its 2015 Constitution, which leads to uncertainty in policy implementation and service delivery. This shift to a federal structure may also impact agricultural extension services, health services, as well as disaster risk management and water resources management. Finally, an incomplete and poorly implemented policy, legal, and regulatory framework constrains the use and fair enforcement of contracts and quality standards.

3.2. GFSS Goal for Nepal

In order to address these challenges, the GFSS Country Plan builds on the successes from the 2011-2017 Feed the Future Multi-Year Strategy, which improved the productivity of participating farmers in targeted value chains and expanded access to markets and services to the marginalized and disadvantaged groups. The Country Plan aims to strengthen markets and catalyze investment from the private sector to meet the GFSS's **overall goal of sustainably reducing hunger, malnutrition, and poverty**. The GFSS Country Plan has the following objectives and associated intermediate results (IR) drawn from the GFSS Results Framework:

1. Inclusive and sustainable agricultural-led economic growth. (Components A and D)
2. Strengthened resilience among people and systems. (Component C)
3. A well-nourished population, especially among women and children. (Component B)



3.3. Theory of Change

Investment in service providers, with support to expand their reach, will improve yields through better technologies, inputs, and water management practices and meet local demands for staple cereal crops and high value vegetables (IR 2). With greater climate-smart intensification of staple crops and diversification into higher-value commodities, households will have reliable resources to meet food needs (IR1, 4). Because populations are shifting from rural to urban areas, and the ADS supports a structural transformation of the agriculture sector in Nepal, the Country Plan will look to the private sector to increase sustainable and safe economic opportunities that will improve labor productivity, contribute to agriculture sector growth, and provide off-farm livelihoods for vulnerable households (IR 3, CC-IR 4). Business opportunities need an effective policy environment to flourish; therefore, GFSS will work with GON at national and local levels to carry out improved policies to encourage businesses to invest and operate in the agriculture sector (IR 3, CC-IR 1). Diversified livelihoods, as well as access to savings, credit, and markets through cooperatives and new financial services from banks, will enable households to withstand certain shocks and reduce stresses, while communities will work through local governance structures to draft and implement integrated and inclusive disaster risk management plans (IR 5, 6). The strengthening of local market systems to support more competitive and resilient value chains, nutrition sensitive agriculture, diversified livelihoods, and behavior change communication for nutrition will provide better access and utilization of nutritious food, increased earning potential, and improved nutritional outcomes for farming households as well as off-farm economic opportunities (IR 2, 7). The GFSS Country Plan integrates health and nutrition objectives, including more hygienic household and community environments across all four components with strong nutrition outcome monitoring and making sure behavior change messages reach participating households, particularly women and disadvantaged groups, multiple times per year (IR 7, 8, 9). Strengthening markets and structures that are

institutionally biased, or historically exclude women and minority groups, only exaggerates existing gaps; therefore, the overall systems will be expanded and barriers reduced to include both women and disadvantaged groups as active participants and leaders (CC-IR 3, 4, 5).

The four components of Nepal's Country Plan highlight the priorities of: increased productivity, diversified livelihoods in on- and off-farm settings to reduce vulnerabilities (Objectives 1 and 2), making available a more safe and nutritious diet (Objective 3), policy implementation, and gender and socially inclusive market and governance structures (Objective 2 and Cross-cutting IR). Throughout, the Country Plan includes specific actions to reduce or eliminate barriers that prevent full participation of marginalized groups in the agriculture system by making markets and governance systems more inclusive.

3.4. GFSS Country Plan Contribution to Nepal's Agricultural Transformation

USG investment in Nepal has the ability to make a sustainable impact on reducing poverty, improving resilience, and addressing undernutrition. The GON is committed to poverty reduction and economic growth, and clearly states it wants to see Nepal graduate from a least-developed country status by 2022. A recent World Bank study puts the transition from a lower-income-country status closer to 2030 with a consistent 4-4.3 percent growth rate; however, comprehensive reforms that address long standing challenges can accelerate this timing.⁴⁵ As a result of implementing a strong theory of change, Feed the Future in Nepal will show an effective way to stimulate increased growth of - and investment in - the private sector at multiple levels in Nepal. The policy work that USAID, through Feed the Future, and other donors (DFID, the World Bank, and SDC) are engaged in will improve the enabling environment; one key to success in this area is incorporating greater private sector and civil society input into key economic legislation, including the revised foreign investment bill. The USG will continue its work to improve relationships between the business and banking sectors, reaching out to banks to develop more agricultural lending products, and to improve the mutual understanding between farmers, processors, aggregators, and banks.

By stressing the importance of inclusive growth, women and other marginalized populations are expected to be more active in the economic and political spheres, and our work in resilience will allow poor households to better manage the frequent natural disasters that impact Nepal. Improved agricultural productivity will allow Nepal to meet regional standards for cereal production, and off-farm opportunities and improved water security will allow for the sustained economic growth needed to assist the graduation of the country, as well as local communities. These approaches, along with the commitment of the host government to address undernutrition and increase economic growth, should allow progress toward higher-level goals, and move Nepal out of the lower-income-country status within a reasonable time horizon. Economic goals, however, depend heavily on political stability and the success of the first elected local governing bodies in 20 years – both of which could allow for greater capital-expenditure and public-sector investment at local levels, as necessary to promote local growth and improve accountability of local officials. GFSS can have a sustainable impact in Nepal due to the GON commitment to transform the agriculture sector, improve nutrition, and engage the private sector.

4. Program Components

USG investments in Nepal's agriculture, resilience, biodiversity conservation, democracy and governance, health, and education each contribute to achieving the intended goal of reducing poverty, hunger, and malnutrition. Using a market systems approach, the Country Plan will carry out activities and advocate policy changes that strengthen market linkages and increase agricultural productivity through the adoption of and adherence to international standards on food safety and protecting plant and animal health. Market systems development programs will contribute to improved nutrition using nutrition-

sensitive agriculture approaches. Through integrated and comprehensive activities in some of Nepal's most vulnerable districts, and recovery and reconstruction work, the GFSS will enhance community and household resilience, and provide additional lessons for improving livelihood diversification and community-based disaster risk reduction (DRR). Investments in local governance, policy, and safe migration will boost resilience at the institutional levels. Finally, expanding the reach and quality of health and education services, and strengthening the health and education systems will provide inputs to achieve a well-nourished population. As with ongoing USG activities, implemented in coordination with one another in the Feed the Future ZOI, the Country Plan will leverage USG investments and services provided across all interventions to ensure comprehensive support to beneficiary households, communities, and market systems responding to the eight priority actions identified in the stakeholders' workshop.

4.1. Component A: Increasing the Productivity, Competitiveness, and Resilience of Selected Value Chains and Market Systems

Component A develops stronger market linkages and relationships between and among input providers, producers, buyers, and processors by bringing together innovative private sector actors, government extension workers, and smallholder farmers with financial and technology solutions to reduce existing market inefficiencies. Farmers will not invest in improved technologies or management practices unless they have reliable markets. To incentivize investments in productivity-enhancing technologies and practices, an integrated agriculture and nutrition intervention focused on strengthening market systems of high value vegetables, maize, rice, lentils, and goat value chains presents many opportunities. The goat value chain will be used to reach the landless and most marginalized communities to increase incomes, improve dietary diversity, and enhance resilience. To ensure impactful investments, value chain activities will include and monitor nutrition-sensitive agriculture outcomes within market systems. Past Feed the Future interventions in Nepal that generated cost-effective productivity and increased yields, quality, and scale of production included: (1) strengthening market access, (2) introducing of new technologies; (3) expanding off-farm activities such as input supply, aggregation and processing, and, (4) coordinating market through a structured relationship between buyers and suppliers of commodities. These investments have led to diversification into off-season vegetables, maize for animal feed, and, to some extent, production of medium-fine rice varieties. Where the profitability of these value chains has increased, there are signs of reduced male out-migration and more labor to engage in higher return for on- and off-farm activities. Building on and deepening proven past Feed the Future approaches will improve agricultural productivity, diversify livelihoods, increase incomes, improve nutrition, and build competitive market systems that will meet changing market demands while also strengthening household resilience to shocks and stresses. Thus, the private sector will be enabled to provide high-quality agricultural inputs and technologies to smallholder farmers on a sustainable basis, resulting in greater climate-smart intensification of staple crops and diversification into higher-value commodities.

To expand access to improved market systems for the selected value chains, the Country Plan will use push and pull strategies, where lead firms, input suppliers, and private sector change agents will catalyze agricultural productivity improvements to support 280,000 smallholder households, including women, youth, and vulnerable households in the Feed the Future ZOI districts. Focus will be given to strengthening the capacity of agri-businesses to improve the availability and accessibility of high-quality inputs via cooperatives, lead firms, and intermediate traders (as part of out-grower schemes), as well as local grovets on a timely basis at affordable prices to beneficiaries.

To complement input supply chain development, the Country Plan also seeks to build the capabilities of processors to serve as change agents to train farmers to use best practices and to identify high-value agriculture opportunities. The Country Plan will also promote the use of improved agriculture technologies and management practices such as early maturing and high-yielding varieties tolerant to

drought and water logging; soil management practices, integrated pest management (IPM) packages; shallow tube wells; scale-appropriate mechanization and irrigation systems (e.g. micro-irrigation, multiple use water systems). Use of these technologies and practices will enhance productivity, which can allow farmers to set aside more land for cultivation of high-value vegetables and lentils while maintaining sufficient levels of staple crop production. Enhanced cereal productivity and marketing systems alongside high value vegetables and goat value chain investments would increase the likelihood of success by ensuring sufficient local-level food production and adding resilience to the system in a way that promotes risk-taking on agricultural investments.

To increase market competitiveness, Feed the Future activities will facilitate sustainable value chain relationships that produce win-win buyer-seller transactions with improved communication for private sector service providers to adapt service delivery. Vertical and horizontal linkages between farmers, buyers, traders, and service providers will be streamlined to foster reliable relationships and to create conditions for investments, sales of quality inputs and commodities, and ultimately profits. Buyers face unreliable and unpredictable supplies and incur high transaction costs when procuring small lots from scattered farms because of inadequate collection, storage, or processing points.⁴⁶ For example, the feed industry is interested in replacing imported Indian maize with locally produced maize to mitigate border closure risks, such as to the 2015-16 border blockage with India, provided that they can source high quality, high volume locally produced maize. During the GFSS stakeholder consultation meeting, private sector investors pledged \$15-20 million in investments to increase their storage and processing capacity in order to absorb the total maize production by Feed the Future-supported farmers. This will complement the nutrition intervention with appropriate postharvest technologies to reduce insect infestation and dangerous levels of fungal infection through mycotoxins. The investors also stated their readiness to pay premium prices for Quality Protein Maize hybrid varieties to be promoted under this strategy. Cost-effective import substitution and off-season production can therefore build on the feed industry's desire for local sourcing to reduce transport costs, cut informal border fees, and hedge against border disruptions. Flexibility to engage within complementary industries and in prime windows of opportunity will be essential for the success of the GFSS in Nepal.

For this reason, Feed the Future investments will strengthen and seek out new market relationships and facilitate sustainable business models that improve value chain communication and foster safe and reliable sourcing. Moreover, lead firms and associations will be supported with match-up Partnership Innovation Fund grants and technical assistance to upgrade their capacity in processing, extension, information campaigns, developing quality grading training materials, and identifying farmer groups in productive pockets. Buyers' investments in building producers' capacity will lead to reliable sources of market-ready products. In turn, adoption of improved technologies and practices will increase buyer-processor productivity, lower farmers' production costs, and solidify market links. This pull approach will be balanced with push capacity-building activities, including business and literacy trainings to integrate women, youth, and disadvantaged groups into the market system. Efficiency enhancing Information and Communications Technology (ICT) tools will be used to lower production costs and ensure a reliable supply in response to market demand. This type of collective action will strengthen local sourcing networks, provide guidance to producers, help align GON investments to support market systems, and stimulate interest in forming or strengthening associations such as the National Feed Industry Association.

Labor shortages due to migration and overburdened female-headed households also create a strong push toward mechanization and processing - primarily power tillers, mini-tillers and attachments, including small milling, shelling, and threshing machines - so that farmer groups can add value to production or offer equipment rental services. Therefore, microfinance arrangements will be facilitated with dealers and their clients along with promotional activities through equipment demonstrations and short video

testimonials on social media to reinforce demand for services. Cooperatives and farmer groups may also use equipment leasing and sharing models to reduce costs for mechanization.

Investments under component A will contribute to achieving Objectives 1 and 3 through both market-systems development and nutrition-sensitive agriculture programs. Key nutrition-sensitive agriculture results include, improved availability, affordability and desirability of diverse, nutrient-rich foods in local markets, improved environmental and food safety and increased time and energy savings by women. Market system development activities will allow for win-win outcomes in which the agricultural competitiveness and economic growth objectives are maintained even enhanced, while also striving to meet nutrition objectives.

4.2. Component B: Improving Access to and Use of Diverse, Safe, Nutritious, and High Quality Foods

Component B will target improving access to and utilization of safe, diverse, and nutritious foods. With improved incomes and livelihoods, households will have more income to purchase more diverse, safe and better quality foods. But as experience shows, higher incomes do not necessarily lead to better nutrition and a more comprehensive approach is needed. Other factors that also contribute to poor nutritional status such as poor water, sanitation, and hygiene (WASH) practices, infection in young children, social status of women and girls, poverty, weak capacity of the health system, lack of modern food safety practices, food price fluctuations, and irregular food market access all contribute to poor nutritional status.⁴⁷ In particular, WASH will be a key area of focus in areas where there is a greater incidence of diarrhea or where environmental enteropathy is indicated, both of which are linked to malnutrition and stunting.

To achieve better nutrition results, the Country Plan will focus on improving access to and use of diverse, safe, nutritious, and high quality foods. Activities will include improved health and nutrition service delivery, strengthened linkages to markets, and strengthened local governance as important aspects of agriculture-nutrition pathways to achieve better nutrition results.⁴⁸ The overall strategy is to enhance the ability of agriculture to adopt a value chain approach to nutrition, including animal source foods. On the supply side, nutrition outcomes will be improved in three ways: 1) Production and use of nutritious and safe foods for the household; 2) Sale of agricultural products to generate income for the purchase of nutritious and safe foods; and 3) Purchase and distribution of farmer-produced nutritious and safe foods through nutrition programs that target smallholders and disadvantaged groups.

Component A will support interventions that increase the number of crop cycles per year while increasing productivity across the five value chains. Increased productivity and expanded production of nutrient-rich vegetables, maize, rice, lentil, and goats will in turn increase the availability and affordability of nutritious and safe foods in local and regional markets throughout all seasons of the year. Returns on vegetable production are particularly lucrative, even on small plots, using best agricultural practices.⁴⁹ Cultivation of vegetables using improved production techniques results in a significantly higher gross margin than cereals and offers a pathway out of poverty for farmers, regardless of caste, sex, or membership in disadvantaged groups. High-value vegetable production can therefore have a positive impact on incomes and food security, thereby contributing to better nutrition outcomes for producers in marginal areas and/or with small landholdings. Previous Feed the Future activities have also reported that households growing vegetables for sale consume 20 percent of produce grown, thereby contributing to improved nutrition.

The demand side will be addressed through Component B by delivering nutrition, food safety, and hygiene training and promotion activities that highlight the availability and consumption of locally available nutritious and safe foods. This is particularly important as cultural norms and practices often influence maternal and child nutrition in Nepal.⁵⁰ Women's lack of control over income, unequal food allocation, poor utilization, and food choice negatively affect women's and children's nutritional well-

being. Training activities will be tailored to address critical access and utilization of safe nutritious food and utilization that contribute to improving intra-household resource allocation and food preparation.

Overall, nutrition-specific and nutrition-sensitive interventions will be promoted across multiple sectors (health, agriculture, WASH, education, etc.) to maximize contact with the family during the critical first 1,000-days period.⁵¹ One essential nutrition approach that will be strengthened is a robust social behavior change and communication program (BCC) targeting women and children in the first 1,000 days, the period between pregnancy and age two that determine a child's life-long physical and intellectual growth. The BCC program will highlight several key messages affecting nutrition, such as exclusive breastfeeding, complementary feeding, and handwashing at the five critical times. Building on previous agriculture-nutrition interventions, activities will continue to increase and sustain homestead food production of nutrient-rich foods such as orange-flesh sweet potatoes, leafy greens and poultry. Strengthened linkages between nutrition-focused households by *Suaahara* to the GFSS flagship value chain services and markets provide a venue for selling surplus homestead goods, and a means for increasing resilience of communities and households. In particular, strengthening linkages to markets will increase incomes from household production, increasing the likelihood that families will invest supplementary income into goods and services that support better nutritional outcomes, particularly for women and children. Targeted and tailored programming for disadvantaged groups will be promoted to reduce inequities in access to health services and nutrition outcomes, as demonstrated by *Suaahara*'s inclusive approach. Better coordination with stakeholders in sectors such as health behavior change (WASH, nutrition), education (business literacy), environment (natural resource management), WASH market system approaches (marketing, public private partnerships), and governance (federal, provincial, and local) will support sustainable, competitive, inclusive market systems to increase household incomes, access and use of safe, nutritious, and diverse foods.

Moreover, activities will focus on helping the newly elected local government officials to prepare evidence-based planning and support to local health facility operations. Local management committees and quality improvement teams will be supported to enhance the overall quality of health services delivery that will promote access to maternal and newborn child health and nutrition services.

4.3. Component C: Enhancing the Capacities of Vulnerable Households and Communities to Respond to Shocks and Stresses

Component C builds on both agricultural growth and nutrition to enhance the capacities of households and communities to manage shocks and stresses by diversifying livelihood risks, access to finance and markets, and group savings and lending options. Communities will also be supported to plan for disaster management and mitigation, including access to water, and to implement climate-smart, forward-thinking actions to prepare for the most common shocks and existing stresses. In doing so, the progress achieved under the first Feed the Future strategy has a greater chance of being sustained, and households will be better prepared to maintain a positive growth trajectory, even when faced with fire, flood, or market price fluctuations.

According to GON data, Nepali households experience frequent localized shocks and stresses.⁵² Most incidents affect a small number of households per occurrence, but occasional, larger regional floods (like those in 2008, 2009, 2012, 2014, and 2017) and the 2015 earthquakes affected hundreds of thousands of households and required significant recovery funds and efforts.⁵³ Caste, gender and ethnic disparities in wealth, education, asset ownership, and nutrition leave some populations less likely to recover from shocks and more likely to be exposed to ongoing stresses.

To build the resilience capacities of vulnerable populations, the Country Plan will focus on increasing off-farm livelihoods with lower or less direct exposure to climate risks to diversify income sources and link

households to markets and savings and lending groups that build assets and social capital. Goats, for example, represent an important asset for smallholder farmers and are a relatively lower-risk investment. Livelihood diversification, including off farm activities in agricultural service provision, aggregation, and processing along agricultural value chains, will be considered. To this effect, the strategy will promote business development skills at every level of the market system through specific trainings in literacy and entrepreneurship, such that the most marginalized and vulnerable groups will be integrated into value chains and market systems (a push approach). One area of significant importance is reducing barriers to economic participation for women and disadvantaged groups through more inclusive market and governance systems. Feed the Future activities will build the capacity of women, youth, and disadvantaged groups, aiming to enable them to identify open entry points to be productive value chain actors through cooperatives and farmers groups. Inclusive market planning committees will be strengthened or established to purchase inputs in bulk, access finance, coordinate logistics, negotiate prices, plan production and marketing, and manage finances for disadvantaged groups. Capacity building activities will include literacy, life skills, and entrepreneurial training that will enable women, youth, and disadvantaged groups to fully participate in agricultural and nutrition interventions. Moreover, the strategy will leverage remittances to fuel rural investment in productivity enhancing technologies and off-season market development activities.

Simultaneously, community-level planning for disaster risk mitigation and management will provide another forum for participation by women, youth, and disadvantaged groups, and encourage locally driven, sustainable solutions to shocks and stresses experienced by community members. Component A will also contribute to resilient market systems so they can continue to support the populations that depend on them for accessing financial and food resources in times of crisis and food insecurity.

In the selected ZOI districts, drought, flooding, and access to water are risks and stresses that affect food security. Addressing the competition for and access to water resources by improving the coordination of management mechanisms will be given priority. This will be done through an integrated watershed strategy to provide guidance on efficient water use, natural resource management, access to water, and availability throughout the year. Using climate-smart irrigation schemes and stress tolerant varieties, beneficiaries will be able to produce crops two to three times a year, which will allow them to garner higher off-season prices. Activities will promote proven technologies, including improved watershed protection and management, shallow tube wells, lift irrigation, canal maintenance and rehabilitation, high-density polyethylene pipe irrigation, drip irrigation, sprinklers, solar pumps, plastic pond, water harvest tanks, mitigation measure in flood-prone areas, and multi-use water systems. Partnership Innovation Fund grants will help catalyze new market behaviors and strengthen relationships between producers, dealers, and drip irrigation manufacturers. Our activities will be implemented by leveraging GON cost share irrigation investments and financing packages. By buying down the risk of new investments and approaches, these grants will enable local businesses to respond to shifting market demand and remain competitive.

Conservation agriculture approaches (e.g., zero tillage) for staple crops can save labor when machinery is included, while also conserving water and fuel for pumping and improving soil quality. The labor-saving benefit is of particular value in Nepal, where increasing labor shortages and higher labor costs are affecting farm households, particularly female-headed households. When coupled with small irrigation and water storage systems, conservation agriculture approaches are important for climate change adaptation. Another key component is the protection of water sources and the proper management of the watershed. USG activities work closely with local groups such as Community Forest User Groups (CFUGs) to preserve the watershed and engage in community activities which may include support to nurseries that restore community forest land, and link landless and land-poor to rehabilitated fodder areas for sustainable change in the area. Improved management practices and new seed varieties can also help farmers adapt to a changing climate and thereby further enhance and stabilize system productivity.

Overall, investments in value chains to sustainably increase productivity interlinked with literacy, numeracy, access to credit, social networks, nutrition, WASH interventions, and improving availability of and access to health facilities will improve the wellbeing of communities and asset accumulation. This approach will prevent vulnerable households from falling back into poverty in the face of the most common shocks listed above as well as chronic stresses like household illness, death and the cost of marriages. This will also allow future generations to access a variety of livelihood strategies and increase economic growth.

4.4. Component D: Advancing Country Leadership Through Strengthening of Selected Policy Systems

Under Component D, the GFSS Country Plan aims to create an enabling environment for agricultural investment and growth by implementing existing policies and supporting the GON to take the lead on developing supportive policies for growth, poverty reduction, and resilience.

The Nepal Feed the Future strategy has provided technical support to the GON during the introduction and formulation of numerous agricultural policies, assessments, and stakeholder consultations through its Policy Reform Initiative. However, the legislative process is extremely slow and policy implementation is poor due to conflicting political interests, compounded by the frequent turnover at the ministerial level and among the civil service ranks. While the GON has taken major steps, many critical policy priorities are still languishing in draft form. These include:

- Foreign Investment Bill,
- Agribusiness Promotion Bill,
- Food Safety Policy,
- National Water Resources Policy,
- Industrial Enterprise Regulation,
- Agricultural Marketing Development and Management Bill, and
- Plant Varietal Protection Bill

These policy initiatives, which are also prioritized by the GON, are critical for farmers, traders, and agribusinesses to increase agricultural production and productivity; increase trade and investment in agriculture and agri-businesses; and create new jobs. Therefore, Feed the Future, through the GFSS, will continue engaging the GON to advance the approval and full implementation of the above policy reforms to unlock the potential of private sector engagement in the agriculture sector.

Additionally, to boost cross-border trade with India and neighboring countries, principally to take advantage of off-season export of vegetables, an assessment will be conducted to identify the private and public sector investments needed to take advantage of variety choice, production scale up, and improved Sanitary and Phytosanitary (SPS) testing. Technical support on customs and trade facilitation; SPS measures; and requirements on labeling, standards, conformity, and labor will be explored through the U.S.-Nepal Trade and Investment Framework Agreement (TIFA). An exporter's directory could be developed for promotion in India and among high-value retailers in Nepal.

5. Interagency Contribution

The Country Plan will leverage Feed the Future interagency funding and/or expertise to ensure an integrated approach to USG programming at post, including USAID, State Department, and Peace Corps. The Country Plan will also create an opportunity for non-presence agencies such as the U.S. Department of Agriculture (USDA) to remotely support the Mission's food security and nutrition activities and

multiply the USG potential impact on target communities. Additionally, implementation of the Country Plan will be indirectly supported by the Millennium Challenge Corporation's (MCC) investments in the energy and transportation sectors. Budget assumptions for interagency contributions to this plan reflect the FY 2017 Estimate and FY 2018 President's Budget, based on information publicly available at the time this document was prepared. Out year budget assumptions reflect a straight-line to the FY 2018 President's Budget. Any funding beyond FY 2017 is subject to the availability of funds, as determined by the President's Budget and a Congressional appropriation. Out-year budget assumptions may require revisions based on future President's Budgets.

USAID: USAID will work across all three GFSS goals as illuminated in the Program components section.

- Inclusive and sustainable agricultural-led economic growth. (Component A, D)
- Strengthened resilience among people and systems. (Component C)
- A well-nourished population, especially among women and children. (Component B)

USAID/NASA SERVIR: The program will provide satellite data for famine early warning notification and improve the ability of the GON to anticipate and respond to droughts, flooding, and other natural disasters.

State Department: USAID will work with the U.S. Embassy to advocate for policy reforms to support the Country Plan priority policy agenda in Component D (Section 4.4), and work to improve the enabling environment for GFSS interventions as well as provide support for professional exchange programs that will enhance local technical capacity. Relevant activities include:

- Support the passage of the Agribusiness Promotion Bill and other key bills and policies through the legislative process.
- Support for the International Visitors Leadership Program, Fulbright scholarships, and Humphrey fellowship programs around agriculture, finance and private sector engagement.
- Sponsor speakers to deliver presentations on food and nutrition security and agriculture-related topics.

Peace Corps: Pending availability of funds, the Mission will pursue a Small Business Assistance (SPA) fund to support interventions implemented by agriculture and nutrition Peace Corps Volunteers working within or outside target Feed the Future ZOI districts. This will have a multiplier effect for GFSS interventions and will expand reach to households that are not priority GFSS beneficiaries. SPA grant activities for volunteers will:

- Deliver agriculture training to non-target families, particularly those with very small plots (e.g. kitchen gardening).
- Disseminate technology-based solutions (Digital Development Prize Winners and others) to target households.
- Promote community-based production and storage (e.g. community gardens).
- Strengthen nutrition and hygiene behavior change education.

USDA: The McGovern-Dole International Food for Education and Child Nutrition School Feeding Program will contribute to improvements in nutritional status of children in the GFSS geographic zone. Depending on funding levels, USDA may be able to use existing tools via trade and scientific exchange programs to provide sanitary and phytosanitary (SPS) assessments, technical assistance, and fellowships for Nepali researchers.

MCC: Nepal signed the MCC Compact in September 2017, which will drive improvements in larger scale infrastructure investments such as power transmission and road infrastructure. This will indirectly

benefit GFSS value chain interventions and more importantly provide incentives for the GON to partner with the USG to create a more conducive policy and business enabling environment.

6. Stakeholder Engagement Platforms

The Feed the Future interagency team has established a Joint National Steering Committee (JNSC) for USG-funded activities in order to ensure close coordination with GON-managed activities and to monitor progress of project implementation. The JNSC is chaired by the Secretary of the Ministry of Agriculture, Land Management and Cooperatives (MOALMC), with committee members drawn from key GON ministries and the private sector. The GFSS team participates in local government planning committees, including District Coordination Committees, municipalities, and rural municipalities to support the implementation of district level food security and nutrition programs. This kind of engagement will help leverage funds for agriculture and nutrition activities from grants administered by local government units, which are frequently underutilized.

The Feed the Future interagency team is also an integral part of the Donor Agriculture Working Group. The team participates in the national nutrition group and the United Nations Food Security Cluster responsible for disaster risk reduction and contingency planning. Moreover, the Mission has taken critical steps in helping the MOALMC clearly define a joint operational framework so that stakeholder work is coordinated to help achieve ADS objectives. The MOALMC has agreed to regular Joint Sector Reviews (JSRs) to serve as forums for conducting performance assessment, providing policy guidance, and setting agriculture sector development priorities. The Feed the Future interagency team will harness these JSRs to coordinate with the GON and development partners, seeking synergies in programming and avoiding duplicative efforts. The team will also continue to support the GON in agricultural policy reform through efforts to build capacity of the Parliamentary Committee on Agriculture and by engaging civil society and private sector actors in policy discussions. In addition, the Mission has established an integrated watershed management group to enhance development across target watersheds. Finally, the Feed the Future interagency team will continue to engage the Cross-Sector Advisory Committee, which co-sponsored the GFSS planning workshop, in strategy implementation.

¹ Article 51 (h) (12), page 38. http://www.constitutionnet.org/sites/default/files/2017-07/Constitution-of-Nepal-_English_-with-1st-Amendment_2_0.pdf

² Poverty levels vary by geography, ranging from 18.6 percent in the rural Hills of the Eastern region to 37 and 41 percent in the Mid- and Far-Western Regions, respectively. In rural areas of the *Terai*, poverty ranges from 21 percent in the Eastern Region to 31 percent in the Mid-Western and Far-Western Regions. Asian Development Bank, 2017. *Poverty in Nepal* <http://www.adb.org/countries/nepal/poverty>

³ UNDP. *Nepal and the Millennium Development Goals: Final Status Report 2000-15*. March 13, 2017: page 13-15,18-21 www.np.undp.org/content/nepal/en/home

⁴ Yurendra Basnett, Giles Henley, John Howell, Harry Jones, Alberto Lemma and Posh Raj Pandey. *Structural economic transformation in Nepal: A diagnostic study submitted to DFID Nepal*. ODI. June 2014, page vii, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9019.pdf>

⁵ Government of Nepal. National Planning Commission Secretariat, Central Bureau of Statistics. 2015

⁶ Ministry of Health, New ERA, The DHS Program ICF. *Nepal Demographic and Household Survey (NDHS), 2016: Key Indicators Report*. Kathmandu, April 2017. The prevalence of child anemia is 53 percent (pages 36-37) and that of women of reproductive age anemia is 41 percent (pages 39-40). These levels vary by province, ecological zone and wealth status. <https://www.phpnepal.org.np/media/pdf/Nepal-Demographic-Health-Survey-NDHS-2016.pdf>

⁷ 2016 *Global Hunger Index*. <http://ghi.ifpri.org>

⁸ Pooja Pandey Rana. "From Big to Better! How Multi Sector Nutrition Programs can be Brought to Scale with Quality – Lessons from Nepal." [*Suaahara* I and II] Helen Keller International. May 16, 2017. PowerPoint, slides 11-12.

⁹ International Food Policy Research Institute (IFPRI). 2014. *Global Nutrition Report 2014: Actions and Accountability to Accelerate the World's Progress on Nutrition*. Washington, DC. Figure 4.1, page 27, and Table 4.4, page 28.

¹⁰ World Bank. *Nepal Risk and Resilience Assessment*, June 2017. pg 23: "Nepal faces not only strong horizontal disparity but also significant spatial disparity that cuts across social groups, with the Kathmandu Valley ranked at the top with a [Human

Development Index, HDI] value of 0.622 and the Western, Mid-Western, and Far-Western region mountain districts at the bottom with an HDI value of 0.398."

¹¹ Dalits refers to the lowest, most marginalized group of people within the Caste system in Nepal.

¹² *National Living Standards Survey 2010/11*, as reported in Yurendra Basnett, *et al.* Page 21. In the 20-district Feed the Future zone of influence, hunger varies significantly by ethnic group, but not by geography. Feed the Future FEEDBACK. 2016. *Feed the Future Nepal 2015 Zone of Influence Interim Assessment Report*. Rockville, MD: Westat. Page 83.

¹³ *Feed the Future Nepal 2015 Zone of Influence Interim Assessment Report*. Rockville, MD: Westat. Page 83.

¹⁴ Nepal Rastra Bank. *Current Macroeconomic and Financial Situation, Annual Data 2016/2017*.

https://nrb.org.np/ofg/current_macroeconomic/CMEs%20Annual%20Tables%202016.17.xlsx

¹⁵ Government of Nepal, Ministry of Finance (MOF), 2015. Many households also engage in part-time or seasonal non-agricultural activities

¹⁶ Agricultural Development Strategy (ADS). Ministry of Agricultural Development, Government of Nepal. 2014. Paragraph 5.

<http://www.nnfsp.gov.np/PublicationFiles/bf53f040-32cb-4407-a611-d891935d2e97.pdf>

¹⁷ Ministry of Agricultural Development (MOAD), Monitoring and Evaluation Section. *Statistical Information on Nepalese Agriculture 2072/73*. Kathmandu, Nepal. 2017. MOAD estimates that agriculture growth experienced a -0.19 percent decline in FY 2015/16. MOAD 2016, page 139.

¹⁸ Central Bureau of Statistics. *National Sample Census of Agriculture: Nepal*. Tables 1 and 2a. All farms ("holdings") less than 0.5 hectares comprise an average of 2.5 parcels. Nationally, all farms comprise an average of 3.2 parcels. The average farm size is 0.7 hectares, declining from 1.1 hectares in 1995/96 and 0.8 hectares in 2003/04. ADS, Table 8.

¹⁹ Yurendra Basnett, Giles Henley, John Howell, Harry Jones, Alberto Lemma and Posh Raj Pandey. Structural economic transformation in Nepal: A diagnostic study submitted to DFID Nepal. ODI. June 2014, page 42

²⁰ Central Bureau of Statistics. *National Sample Census of Agriculture: Nepal*. Tables 19 and 19a.

²¹ *Ibid.*

²² Of women in the workforce, 71 percent work in agriculture, compared with 56 percent for men. Yurendra Basnett, *et al.*, *Structural Economic Transformation in Nepal*, page 40, citing Asian Development Bank data (2013)

²³ Field interviews and observations in the Feed the Future zone of influence, March 2016

²⁴ GENDER EQUALITY SOCIAL INCLUSION ANALYSIS conducted by USAID MEL Project, November 10, 2016

²⁵ Agricultural Development Strategy (ADS). Ministry of Agricultural Development, Government of Nepal. 2014.

Paragraph 7, page 2. <http://www.nnfsp.gov.np/PublicationFiles/bf53f040-32cb-4407-a611-d891935d2e97.pdf>

²⁶ Returns to capital on investments in agriculture are 20-25 percent lower due to lower productivity than those of its neighbors, according to the Asian Development Bank. <https://sdfs.adb.org/sdfs/>

²⁷ Nepal Economic Forum. <http://www.nepaleconomicforum.org/search/?q=agriculture>

²⁸ Agricultural Development Strategy (ADS). Ministry of Agricultural Development, Government of Nepal.

2014. Table 7, page 26.

²⁹ Nepal Rastra Bank. In the last two years, the GON expended 56 percent and 65 percent of its capital expenditures budget (equivalent to an average of 3.3 percent of GDP). World Bank Group. *Country Economic Memorandum*. May 2017.

<http://documents.worldbank.org/curated/en/358501495199225866/pdf/115156-CEM-PUBLIC-SAREC-70p-Country-Economic-Memorandum-19-May-2017.pdf>

³⁰ Central Bureau of Statistics. *National Sample Census of Agriculture: Nepal*. Table 22.

³¹ Yurendra Basnett, *et al.* *Structural Economic Transformation in Nepal*. Page 51.

³² Agricultural Development Strategy (ADS). Ministry of Agricultural Development, Government of Nepal. 2014, page 116.

³³ SSG Advisers, LLC, and Chemonics International Inc. "USAID/Nepal Private Sector Engagement Assessment – Agricultural Sector." November 2015. Pages 3, 17.

³⁴ Agricultural Development Strategy (ADS). Ministry of Agricultural Development, Government of Nepal. 2014, page 147.

³⁵ Nepal Rastra Bank. *Current Macroeconomic and Financial Situation, Annual Data 2016/2017*.

https://nrb.org.np/ofg/current_macroeconomic/CMEs%20Annual%20Tables%202016.17.xlsx

³⁶ In 2017, ginger exports to India fell by 40 percent, pulses by 100 percent, while jute exports increased by 604 percent. Nepal Rastra Bank.

³⁷ Ramesh Sharma. *Nepal-India Agricultural Trade: Trends, Issues and Prospects*, commissioned by the South Asia Office of the International Food Policy Research Institute (IFPRI), Kathmandu, Nepal, January 2016, page 1.

³⁸ Nepal Rastra Bank, *Current Macroeconomic and Financial Situation Table*, August 2017.

³⁹ GON, National Planning Commission Secretariat, Central Bureau of Statistics. "National Population and Housing Census 2011 (Population Projection 2011 – 2031)," August, 2014

⁴⁰ USAID/Nepal. Feed the Future Multi-Year Strategy. May 2011, page 16-17

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- 41 Nepal population report - 2016
http://www.mope.gov.np/downloadfile/Nepal%20Population%20Report%202016_1481259851.pdf
- 42 <https://www.cia.gov/library/publications/the-world-factbook/geos/np.html>
- 43 Nepal Outlook” www.nepaloutlook.com”
- 44 ibid
- 45 World Bank Group, *Climbing Higher: Toward a Middle-Income Nepal*, May 2017. Page x- xi
- 46 SSG Advisers, LLC, and Chemonics International Inc. “USAID/Nepal Private Sector Engagement Assessment – Agricultural Sector.” November 2015. Pages 3, 17.
- 47 Multi Sector Nutrition Plan, National Planning Commission, Government of Nepal. 2017
- 48 Adding together the cost of foods from markets and away from home, the total share of food from markets is as high as” 86% for urban and 60% for rural areas, and 66% for Nepal as a whole (the rest is from own production). This implies that efficient markets and trade is crucial for food security in Nepal. Markets are important even for lower income households in rural areas.” MOAD and FAO, *Food and Nutrition Security in Nepal: A Status Report*, January, 2016, p. 35
- 49 Vegetable yields increased on average by 91 percent over the baseline value (especially bitter melon, cabbage, cauliflower, cucumbers and tomatoes), compared with 3.2 percent for maize and 4.9 percent for rice; gross margins of vegetables exceed those of maize and rice by about 8 times (11 times for tomatoes); and growers benefited from big price increases above the baseline (especially for pumpkins, carrots and onions). *Knowledge-Based Integrated Sustainable Agriculture and Nutrition (KISAN) Project: FY 2015 Results*. PowerPoint, 2015.
- 50 NDHS 2011
- 51 The Suaahara II project works in 40 districts in Nepal to deliver nutrition services to women and children, along with water, sanitation and hygiene (WASH); homestead food production (HFP); and maternal, newborn, and child health services, including family planning, in a comprehensive, multi-sectoral approach.
- 52 Government of Nepal, Nepal Disaster Risk Reduction Portal: Data from January 1, 2011 - August 1, 2017.
<http://drrportal.gov.np>
- 53 Jeevan Sharma, Anastasia Marshak, Elizabeth Stites, and Poshan Dahal, USAID and Tufts University. “*Living in the Margins: Coping with Flood Risks and Managing Livelihoods in Nepal’s Far-western Terai*,” 2013.

U.S. Government Interagency Partners

