

Summary of Nepal Poverty Report 2016

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Introduction

This report contains three chapters. Chapter I deals with the making and unmaking of poverty, hunger and inequalities. Chapter II analyses poverty issues in relation to conflict and livelihood and the final chapter III presents responses of the two by existing policies and programmes highlighting objections and gaps in them and exploring civil society activisms for the construction and reconstruction of the alternatives.

Chapter I: Poverty, Hunger and Inequalities: Making and Unmaking

The process of democratization in Nepal has experienced a number of violent and non-violent public protests, strikes and agitations, during and after the movement of 1950 mainly against the oligarchic Rana regime which successfully toppled down the regime with the initiation of a democratic system in the country and against the party-less Panchayat system that ruled over for 30 years till 1990 which restored multi-party democracy. Despite these achievements, the high expectations of the people quickly turned to dissatisfaction and disillusionment due to dysfunctional democratic governments (acute economic underdevelopment and poverty, incompetent governance) and the persistence of discrimination, distrust and conflict among castes and ethnic groups) and frustrating political practices (rampant corruption, intensification of inter and intra-party wrangling, buying off lawmakers in order to make or break a government, frequent changes of government, and widespread use of money and muscle in elections) that led to Maoist insurgency in 1996. The insurgency did not only challenge the political course of the country but also exposed the adverse inequalities seen in the social, economic and cultural practices of the Nepalese society. However, since the insurgency led to the violent movement in the later phase by weakening the democratic political forces, the monarchy again got chance to play among the political parties and stretched out its apparatuses towards authoritarian regime by 2002.

However this could not sustain for long as the political parties had prepared a strong democratic base during their regime and thus began to stand against the king's short-sighted take over. Coming up to 2005, the political parties cautiously formed an alliance called the Seven Parties Alliance (SPA) and decided, through a 12 point understanding with the then underground Maoist force, to begin the nation-wide protest against king's direct and undemocratic rule as well as establishing inclusive democratic system and peace in the country, in April 2006. Maoists also decided to support the SPA to join the movement against the king's regime. The street protest and strikes turned into the Peoples' Movement – 2 which continued for 19 days and that compelled the king to reinstate the parliament on April 24, 2006.¹ The SPA resumed control of the government and stripped the king of most of his powers on May 18, 2006.

On November 8, 2006, the government led by the SPA and the Maoists signed a comprehensive peace agreement (CPA) formally ending the decade long violent armed conflict. The CPA was a milestone to govern the peace process, write country's constitution through the elected Constituent Assembly, and promulgation of the interim constitution to pave the way for the new course of

¹http://www.ymparistojakehitys.fi/susopapers/Background_Paper_23_Uddhab_Pyakurel.pdf

democracy.²The CPA did not only allow the Maoists to take part in government, and to place their weapons under UN monitoring, but paved its course towards ending the armed struggle, army integration, state restructuring, and end of monarchy. The SPA and the Maoists had a mandate to frame the interim constitution, hold the election to the Constituent Assembly (CA) and write Nepal's new Constitution. The election to the CA was successfully completed in 2008, however it could not fulfil its duty to write the new Constitution and the election to the CA was held in 2013 that drafted and finalised the new Constitution by overwhelming majority amid distrust and dissatisfaction over the content of the state restricting, particularly the federal system. Nevertheless, the Constitution of Nepal 2015 spells out the Nepali state “independent, sovereign, secular, inclusive, socialist-oriented federal democratic republic.”

Increasing Privatisation of State

In Nepal, privatization was started especially after restoration of democracy in 1990. The then government initiated privatization ‘...for increasing productivity by improving efficiency, reducing administrative and financial expenses and increasing private sector participation...’. During the period from 1992 to until recently (Nepalese fiscal year 2070/071), 30 state owned enterprises (SOEs) were privatized using the different modalities such as assets and business sales, share sales, management contract, lease, liquidation, and dissolution.³

“The World Bank’s position on (the desirability of privatization) is derived from long experience with failed attempts at reforming public enterprise. For years, the Bank supported efforts of governments to improve public enterprise performance but with little success. The efforts either did not bring the desired results or the improvements were not sustained.”⁴The exercise of privatisation in Nepal witnessed a number of constraints like; policy inconsistencies of government, poor enlightenment programme, huge debts of SOEs, corruption and lack of transparency. It is worth noting that between 2008 and 2012, privatization exercise was suspended and only restarted in 2013. Privatization has also suffered set back because of poor awareness campaign of the government and insufficient education to the public, specifically to those more than 70 percent living in rural areas.

Party politics on privatization: Many political parties are not in favour of privatization. A double standard is seen (when in power in favour of privatization and when in opposition against privatization). What are the underlying causes of privatisation and marketisation may be well discussed in the above section. It was consistent with the neo-liberal market driven economic policies in different parts of the world spearheaded by WB, IMF and their promoters!

²<https://www.hrw.org/world-report/2007/country-chapters/nepal>

³ State Owned Enterprises Information 2072 : Yellow Book [Nepali version], p.23

⁴<http://indefenceofliberty.org/story/355/94/Privatisation-in-Nepal-Myths-and-Reality>

Measurement of poverty

The poverty line for Nepal has been derived on the basis of (per capita food intake vis a vis the calorie requirement for healthy growth and work), instituted through the 1995-96 Nepal Living Standards Survey (NLSS-I) carried out by Central Bureau of Statistics (CBS) using the cost-of-basic-needs (CBN) method. In 1995-96, 42 percent of population was poor in Nepal. The World Bank Poverty Assessment report, "Nepal: Poverty at the Turn of the Twenty-First Century," also estimated the incidence of poverty in Nepal at 42 percent in 1995-96.⁵The second round of the survey (NLSS-II) was conducted in 2003/04 and revealed 31 percent of population was poor in Nepal. The third round of the survey (NLSS-III) showed 25% being poor.

Nepal Earthquake 2015

The 7.8 magnitude earthquake on 25 April 2015 hit 36 of the 75 districts and among them 14 districts⁶ are worst hit where 8,800 people were killed, thousands injured and an estimated one million residents displaced. A Socio-demographic Impact Study⁷ by the Central Department of Population Studies (CDPS) showed that only 34 per cent people are involved in agriculture occupation in the most affected 14 districts that shows a huge loss in agriculture. Nearly one third of the population residing in quake-affected rural areas are categorised as poor. This figure is equivalent to national poverty rate. On the other hand, only 9.7 per cent of the population living in quake-affected urban areas live below the poverty line. As per the government report, the devastating quake and aftershocks pushed an estimated one million people below poverty line which damaged assets and properties valued at \$5.13 billion (Nepalese Rs. 513 billion), and the loss in terms of foreign earnings in different sectors is to the tune of \$1.88 billion. In a nutshell, the earthquake made long lasting socio-psychological impacts on life and livelihoods of the affected people and families than the tangible effects. Post-earthquake reconstruction is not merely about rebuilding tangible damages but also reviving life and livelihoods of the affected people.⁸

Foreign Direct Investment (FDI)

After the restoration of democracy in 1990, reforms in industrial sector to attract FDI were made. The Industrial Enterprises Act, 1992, The Foreign Investment and Technology Transfer Act, 1992, and Foreign Investment and One Window Policy, 1992 were brought to ease the process. Although these reforms were expected to mobilize a large number of joint ventures, only a limited number of operations in financial, assembling and services sectors appeared to be in existence. Foreign investment in Nepal is very low as Foreign Direct Investment (FDI) was less than US\$ 9 million in 1998. In 2002 and 2003 partly as a result of the uncertain political situation - it actually declined by 4 and 2 million (US\$) respectively (World Bank Report, 2003).

⁵<http://cbs.gov.np/image/data/Publication/Others/Poverty%20Assessment.pdf>

⁶ They are Bhaktapur, Dhading, Dolakha, Gorkha, Kathmandu, Kavrepalanchowk, Lalitpur, Makawanpur, Nuwakot, Okhaldhunga, Ramechhap, Rasuwa, Sindhuli, and Sindhupalchowk.

⁷The Report's Highlight is online:

⁸<http://www.hami.org.np/index.php/resources/file/5-building-resilience-rebuilding-lives>

Free trade vs fair trade movement

Since the early 1990's, Nepal has been committed to market-based reforms as a means to increase agricultural productivity and economic growth. However, Nepal has yet to obtain the benefits of sustainable growth in agricultural sector from increased market access under the WTO regime. On April 23, 2004 the Protocol entered into force and Nepal became the 147th member of the WTO. Prior to its accession to WTO, Nepal had signed bilateral trade treaties with 17 trading partners⁹. Since its Accession to WTO, Nepal has been actively pursuing trade diversification and membership in other regional trade regimes in Asia, such as BIMSTEC and SAFTA. Nepal remains heavily reliant on bilateral agricultural trade with India, and its trading infrastructure remains very weak. Although it has generally been successful at reduced tariff barriers and subsidies to comply with WTO commitments, it is in great need of public investment in the agricultural sector to provide the basic conditions for private investment.¹⁰ The undeclared blockade imposed by India from 23 September 2015 to 23 February 2016 on all goods at the Indo-Nepal border led to severe difficulties for common people of Nepal to maintain their normal lives.

Gender issues

The socio-economic status of women in Nepal is very poor. The women are being discriminated in every aspect of the society. These and so many other factors have contributed to turn Nepal into a lower human development status. Though the Constitution has provided equal property rights to son and daughters, in practice until now women are deprived to enjoy the rights provided by the constitution (the constitution is yet to come into full implementation. Lack of general awareness among women; less support to women from existing institutions to enjoy their rights; less or no access of women to means of production especially land, factories, capital and public properties; lack of access to education and services; and very low participation of women in the decision making processes are related to poverty. Regarding gender based violence (GBV) in Nepal, it is difficult for women, especially those who have been victims of GBV to obtain justice because of various factors: discriminatory laws, slow legal processes, and the persistence of patriarchal ideologies. Men and women are still not equal in the eyes of Nepali legal institutions notwithstanding improvements in the relevant laws. Women feel that most of the men in legal agencies, political parties and civil society have negative attitudes concerning women who demand for their rights. The overwhelming presence of men in legal institutions, most of them with the traditional concepts of masculinities, is one of the major factors why women are hesitant about reporting the cases of GBV.¹¹

Employment opportunities and labour rights

Despite the fact of having majority of workers (80%) working in informal sector employment mainly in agriculture, domestic work, brick factory workers, porters and in other many small enterprises, the government of Nepal has made no law to govern these workers, to set the

⁹ Nepal has Trade Agreements with The Republic of Bangladesh (1976), The Republic of Bulgaria (1980), China (1981), the Czechoslovak Social Republic (1992) the Arab Republic of Egypt (1975), the Republic of India (1991), the Democratic People's Republic of Korea (1970), the Republic of Korea (1971), Mongolia (1992), the Islamic Republic of Pakistan (1982), the Republic of Poland (1992), the Republic of Romania (1984), The Democratic Social Republic of Sri-Lanka (1979), the United Kingdom of Great Britain and Northern Ireland (1965), the United States of America (1947), the Union of Soviet Socialist Republics (1970) and the Socialist Federal Republic of Yugoslavia (1965).

¹⁰ <http://www.fao.org/3/a-bb091e.pdf>

¹¹ http://www.np.undp.org/content/dam/nepal/docs/projects/UNDP_NP_AVRSCS_nepali_masculinities_and_gender-based_violence.pdf

minimum wage standards and defend their social security. Neither the informal sector workers have been properly assisted with labour inspection. More than three million Nepali youths mostly unskilled have gone abroad (Especially in Gulf countries, Malaysia and South Korea) for earning foreign currencies as migrant workers.¹² This figure does not include the population who are employed in India, estimated to be around 3 million.

Constitutionalism: Addressing economic, social and cultural rights

On 20 September 2015, the new Constitution of Nepal once again spelled out the Nepali state as “independent, sovereign, secular, inclusive, socialist-oriented federal democratic republic.” Articles 16-46 of the new Constitution of Nepal 2015 provision the fundamental rights.¹³ Whereas, the 1990 Constitution promulgated after restoration of democracy in 1990 had 22 Articles under fundamental rights. The new constitution now is in the initial phase of implementation that is expected to ensure prosperity of all strata of people including the most deprived sections through effective implementation of the economic, social and cultural rights (ESCR) provisions along with seed rights to the farmers etc.

Vibrant civil society initiatives have been playing a crucial role to establish/incorporate several of the ESCR in the Constitution. As for the food rights mentioned in the Constitution, the credit goes to the National Network on Right to Food Nepal (RtFN) which is a national level loose network for undertaking collective efforts and coordinating individuals and organization who are engaged in promoting the human Right to Adequate Food in Nepal. It was formed in July 2007. Similarly, peasants' movements in Nepal has played a crucial role to establish food sovereignty rights in the Constitution. They are fighting against feudalism, imperialism and neo-liberalism. The fighting is for the agrarian reform and peasants rights for the last at least six decades. In the new context of democratic republic of Nepal with the abolition of feudalism, Nepal is on the way to new-socialism. The peasants' movement now seeks restructuring to catch the spirit of the community based associations.

Cultural dimensions of poverty

Nepalese people are mostly involved in many social functions, ritual and rites such habits along with the extreme social discrimination i.e. untouchability, chhaupadi, food culture, food habits, dowry system, so called witchcraft and such other cultural barriers gave impetus to the vicious circle of poverty. Furthermore, modernization and new technical innovations, destroyed the indigenous skills and occupations along with farming system and the community farmers could not easily adopt to the new technologies.

¹² http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-kathmandu/documents/publication/wcms_312137.pdf

¹³ http://www.nepalembassy-germany.de/pdfs/Constitution_full_english.pdf

De-militarisation

Although the armed forces of Nepal have never staged a coup, civil-military relation (CMR) has remained a challenge since the establishment of democracy in Nepal. Ganga Bahadur Thapa and Jan Sharma claim, “There has been an uninterrupted relation of mistrust and suspicion between the political leadership and the military since the very first democratic opening.” As scholars argue civilian leadership did not realize Nepal’s need for the institutionalization of its control mechanisms and oversight agencies to ensure civilian control.

Chapter II: Poverty, Conflict and Livelihood: Making and Unmaking

Conflicts related to class, caste/ethnicity and gender

Studies of the conflict have identified its root causes as traditional deep-seated political, economic and social exclusion of large parts of the population, based on class, caste, gender, ethnicity, religion, language and geographical isolation. However, the Maoists have not disclosed the actual proportion of their cadres by ethnicity and caste. Women’s involvement in the Maoist army and political cadres has brought a major break in the social fabric of rural areas. It is reported that every third guerrilla is a woman and that 70% of women guerrillas are from among indigenous ethnic communities.¹⁴ When it comes to analysing an armed conflict from a gender perspective, the majority of the research carried out on the armed conflict in Nepal has omitted the gender dimension, there are some studies which have included it, basically analysing the issue of women’s participation in the People’s Liberation Army (PLA) and the impact the armed conflict has had on women. The fact that 87% of the female population of the country live in rural areas, with the proportion of women making up the rural population greater than that of men. Given the eminently rural nature of the armed conflict in Nepal, this factor is vitally important in analysing the impact differentiated in gender terms.¹⁵

Conflict related to Constitution making process

The new Constitution of Nepal 2072 [2015] promulgated on 20 September 2015 has created dissatisfaction among the Madhesh based parties. Prior to the promulgation of the Constitution, due to prevailing distrust among Madhesi and Tharus, they withdrew from the Constituent Assembly. Later, the Bijay Kumar Gachhadar-led Madhesi Janaadhikar Forum–Democratic signed during the time of promulgating the Constitution. However, none of the major Madhesh based parties nor participate neither sign the Constitution during promulgation.

Corruption and poverty

There is a high level of unemployment and poverty along with illiteracy and inequality, and which is the perfect conditions for corruption. Many politicians do not have any source of regular income and the fact that they need to keep a large cadre base, people just do not trust them in public office where resources change hands frequently. Airport, customs offices, Oil Corporation, national airlines, and the home ministry are some of these perceived lucrative public offices. But this, by no means, is to say corruption is not prevalent in the private sector. Cheating by taxi meters, weighing machines in shops, and expiry dates on food packaging or no date at all are some of the examples. There is the whole tendering process and rewards to the cheapest bidder and the poor quality of work done everywhere. Payments are slow and require greasing the system. It is a mess that is deeply rooted.

¹⁴<http://siteresources.worldbank.org/INTCPR/214578-1111751313696/20480283/CPRNote15legal.pdf>

¹⁵http://escolapau.uab.es/img/qcp/nepal_conflict_peace.pdf

The fact that a few top policemen and former ministers are in jail is a good sign that state mechanisms also work here. What the state cannot do is go after everyone who steals electricity off the poles, sell bad quality food or alcohol and those who take “tea money” to move the files and paper work up the ladder. This will require all of us taking the lead.¹⁶

Refugee crisis and asylum seekers

Nepal is home to 38,490 refugees officially recognized by the United Nations High Commissioner for Refugees (UNHCR). Tibetan and Bhutanese refugees account for a large majority of Nepal’s refugee population. Although Nepal is home to some 800,000 stateless residents, the exact number of refugees is uncertain because Nepal is not a signatory of the 1951 U.N. Convention Relating to the Status of Refugees that ensures the legal status and economic rights of refugees. Nepal’s National Unit for the Coordination of Refugee Affairs has requested that the UNHCR not recognize additional cases of urban refugees within its borders in an effort to prevent Nepal from becoming a safe haven for illegal immigrants. Among the 220 refugees already recognized are Pakistanis and Somalis, many of whom are victims of human trafficking.¹⁷

The UN refugee agency and the International Organization for Migration (IOM) on 19 November 2015, marked a major milestone: the resettlement of over 100,000 Bhutanese refugees from Nepal to third countries since the launch of the programme in 2007. As resettlement reaches its end, it is estimated that around 10-12,000 refugees will remain in the camps in Nepal.

Development, displacement and migration

Nepal has made notable socio-economic progress in recent years. Literacy rates have increased, poverty rates have declined, gender disparities have narrowed, and social inclusion has improved. Nepal now strives to achieve the sustainable development goals (SDGs) and to graduate from least-developed country status.¹⁸ However, the development projects related to hydro-powers, road constructions (Madhya Pahadi Lokmarga, Fast-track access road to Kathmandu from Nijgadh), tourism, etc. have forced displacement of locals especially the ethnic and indigenous people of Nepal. Every government has been launching big development projects and most of them without close consultation with concerned stakeholders specially the locals. For instance, in the last few years, Nepal's hydropower sector has been attracting a lot of investment. Officials say, currently, as many as 70 hydro electricity generating plants (capacity ranging from 6 to 750 megawatt) are in operation across the country.

¹⁶ <http://ventureplus.com.np/corruption-keeps-nepal-poor/>

¹⁷ https://en.wikipedia.org/wiki/Refugees_in_Nepal

¹⁸ <http://www.adb.org/countries/nepal/main>

Natural disasters vs state sanctions

Nepal witnessed a number of natural disasters like landslides, floods, glacial outburst, land sinkholes and earthquakes also in the past 3 years which are most common and frequent natural disasters that occur in Nepal.¹⁹ The government provides immediate rescue, relief supports following the national policies and strategies like National Disaster Relief Act, 1982²⁰; and National Strategy for Disaster Risk Management in Nepal²¹. However, due to the Nepal's geography, it has been difficult to manage the post-disaster activities effectively. Due to the bumpy topography, limited roads in rural areas and being a landlocked country, transportation in Nepal is challenging. Furthermore, the country's vulnerability to disasters is associated with poor human development indicators, population growth, conflict, poor construction practices due lack to adherence of building codes and climate change impacts. Preparedness at the national level is a priority for Nepal and the government's vision is to transform the country into a disaster resilient nation. Through the Natural Calamity Relief Act, the Central Natural Disaster Relief Committee is the primary committee to implement policies and programs for disaster response. There are relief committees at all levels in the government with coordination between all of them.²²

Frustrations with the speed of rehabilitation and rebuilding remained harsh among the people and the civil society. It took nine months to set up a body to take charge of earthquake recovery, the National Reconstruction Authority (NRA), established in December 2015 by the government charged with an authority to coordinate the recovery effort between various government and non-government organizations, as well as Nepal's international development partners. Now, the Reconstruction Authority is in its early days – staffing itself; defining legal and administrative procedures; and expanding its presence on the ground to set up the systems to carry out and monitor reconstruction activities. A post-disaster recovery program of Nepal's scale requires a commitment of financial and human resources, as well as focused efforts to prioritize and sequence reconstruction over several years. The Government of Nepal, with support from the Global Facility for Disaster Reduction and Recovery, is attempting to articulate just that in the Post Disaster Recovery Framework (PDRF) currently under preparation. Going forward, the PDRF will be a common framework for all partners and stakeholders and will guide the planning, financing, implementation and monitoring of recovery and reconstruction.²³

Urban poverty

Urban poverty is becoming more pervasive in Nepal. The poverty rate is increasing in urban areas, whilst it is declining in rural areas (ADB, 2013; UNDP, 2014). Urban poverty rates vary substantially across Nepal. Urban areas in the hill ecological zone are the least poor with a poverty incidence of 8.7 per cent. This increases to 22 per cent in urban parts of the Tarai, whilst Kathmandu has a poverty rate of 11.5 per cent (CBS, 2012). Informal settlements are increasing in number and growing in population: The slum population as a proportion of the urban population increased in absolute numbers from 1.2 million in 1990 to 3.1 million in 2009, before reducing again to 2.8 million in 2014 (UNSD, n.d.). Squatter settlements are rising in fast-growing cities such as Kathmandu and Pokhara, as well as in other urban areas such as Dharan, Birganj, Bharatpur and Mechinagar (MoUD, 2015). The urban poor are vulnerable to natural hazards because of the location

¹⁹ <http://www.dpnet.org.np/index.php?pageName=hazard>

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http://webcache.googleusercontent.com/search?q=cache:lJNTYYuCddoJ:info.worldbank.org/etools/docs/library/238839/6-Nepal_Pathak.ppt+&cd=9&hl=en&ct=clnk

²¹ <http://www.nrccs.org/sites/default/files/pro-doc/NSDRM%20Nepal.pdf>

²² <http://reliefweb.int/report/nepal/nepal-disaster-management-reference-handbook-2015>

²³ <http://blogs.worldbank.org/endpovertyinsouthasia/nepal-earthquakes-2015-one-year>

of informal settlements in marginal areas, the poor quality of housing, and the lack of assets to assist in their recovery.

Urbanisation of rural areas

Nepal's recent increase in urbanisation level appears to be consciously guided by bringing its urbanization level on a par with its neighbouring SAARC countries and by a vision of raising the nation's overall development status from one of the least developed countries to one of the developing ones by the year 2022 as noted in the concept paper of Thirteenth Plan, 2013/14 - 2015/16 (NPC, 2013). Practically, at present the population size appears to be the prime criteria for designating urban areas although it is said that more than a dozen criteria were discussed before designation. This criterion at present only increases the number of municipalities, with a corresponding increase of the urban population in size. Therefore, there is a need to come up with a more functional and economic criteria so that urban areas reflect urbanism, a missing dimension in urban designation in Nepal.

Critiquing religious fundamentalism

The recently promulgated Constitution of Nepal 2072 has declared Nepal as a secular state, the religious activities have increased and a lot of craze also has been observed, not only in one or the other cults. While, some of the I/NGOs are found fostering Christianity openly and massively. Similarly, most of the deprived groups have been attracted towards convergence. Nepal's politics/foreign relations along with formulation of the new Constitution of Nepal 2072 have been influenced by different religious actors, supporting and opposing secularism. For instance, on 19 September 2014, the (Indian) Home Minister also expressed his concern on the growth of religious fundamentalism in the border areas.²⁴The 18th South Asian Associations for Regional Cooperation (SAARC) summit held at Kathmandu, Nepal in November 2014 failed to address the growing threat posed by religious fundamentalists groups.

Food security, food sovereignty, trade agreements and agriculture

Many people in Nepal do not see the fact that agriculture is not just an output in economic facts and figures. It does have social, cultural and humanistic values to which we are completely heedless. Reports points out many young people are committing suicide just because they cannot keep up with the industrial pace. Even in smaller and agricultural based economy like Nepal, agricultural works are in the wane because many young people leave the country every day to seek foreign employment in Middle East and other parts of the world as migrant workers.

Similarly, large number of people started immigrating to other countries for employment opportunities, especially in gulf countries and South East Asian countries. This meant there were lesser workforce in agriculture sector resulting to declining agricultural productivity. These immigrating labor forces introduced Nepal to other countries encouraging them to visit Nepal. The natural beauty, tall mountains and religious heritages of Nepal have always been major attractions for foreign nationals. This increased tourism in the country, meaning rapid growth in service sector in the country. The changes are drastic. In 2014, the contribution of agriculture sector dropped to

²⁴ <http://www.firstpost.com/world/religious-fundamentalism-along-india-nepal-border-matter-concern-rajnath-1719539.html>

34% that of manufacturing sector dropped to 15% while the contribution of service sector increased to 50% in the USD 19.6 billion GDP of Nepal.²⁵

Remittances, thus, have become a major source for hard currencies for the national economy and so have become for a households in Nepal. Number of remittance receiving household has reached 56 percent in the country. Remittance has approx. 25 percent share in GDP and has surpassed the incomes received from tourism and national exports for the last three consecutive years.

Challenges in small scale industry, disappearance of local industry

Nepal had a completely agriculture based economy before trade liberalization with its contribution to total GDP being more than 65%, while industries contributing around 11% in total GDP and service sector contributing around 23% in 1965 in its USD 735 million GDP. The figures changed to 52% contribution from agriculture sector, 32% contribution from service sector and 16% contribution from manufacturing sector in 1990 in its USD 3.6 billion GDP. The economists knew that high percentage of contribution from agriculture sector wouldn't lead to economic prosperity, and excessive increase in contribution from manufacturing sector was imminent for better economic growth. Hence, trade liberalization was introduced in Nepal in 1990.

The trade liberalization in 1990 brought major changes in economic policies in the country, including devaluation and flexibility in exchange rate, liberalization of foreign investments, privatization and institutional reform of state-owned enterprises, market-based pricing of agricultural inputs and outputs, open trade policy and open labor policy. The government and economists expected rapid growth in GDP with increased emergence of industries and decreased dependence on agriculture for economic growth. But the results were highly unexpected. Initially, the manufacturing sector growing slowly. But the relaxed trade policy led to large imports of different types of goods which were cheaper than the ones produced domestically. Meaning, the domestic industries started shutting down due to failure to compete with low prices of imported products. Thus contribution of manufacturing sector saw continuous decline since 2000.²⁶

Chapter III: Responses to Poverty and hunger: Policy, Activism and Alternatives

Struggles of social movement

The Government of Nepal has been carrying various poverty reduction initiatives since early 1970s- such as subsidized ration distribution to the poor population, production input distribution e.g. subsidized fertilizers for agriculture production, integrated community development projects, food and feeding programs with the assistance of world food program, food for work program e.g. construction of infrastructure, skills generating programs for people, etc. However, struggles of social movements seem to have a long way to go. Issue based on land rights, food rights, slums and squatters, social discrimination, etc. Various rights based organizations and CSOs are in the frontlines of campaign and advocacy on these issues. Human rights defenders (HRDs) and their organizations play a crucial role in ensuring that fundamental rights are upheld, and that victims are able to pursue justice.

Role of CSOs: New forms of partnerships with 'donors' and government

²⁵<http://www.nepalb2b.com/blog/nepalese-economy-a-journey-from-pre-trade-liberalization-period-till-todays-modern-era/>

²⁶<http://www.nepalb2b.com/blog/nepalese-economy-a-journey-from-pre-trade-liberalization-period-till-todays-modern-era/>

Apart from the constitution, there are several Acts that regulate the functioning of CSOs in Nepal. Among the major legal framework laws are the Association Registration Act, the National Directorate Act, the Social Welfare Act, and the Local Self-Governance Act.²⁷

CSOs are allowed to be engaged in different kind of activities without any legal constraint. So far there is no legal restriction on civic organizations' undertaking public benefit or charitable activities, provided they come within the scope of the objectives mentioned in the statute. Moreover, CSOs have the right to speak freely on all matters of public significance, and there is no legal restriction on the right of civic organizations to carry out public policy activities, such as education, research, advocacy, and the publication of position papers. CSOs are allowed to be engaged in public interest litigation and there are several cases where CSOs have made government agencies accountable on public interest issues through legal procedure.²⁸

Role of media and right to information

The role of the media play a greater role in making information widely available, increasing citizen knowledge and awareness, explaining policy issues, and giving citizens voice. Therefore, the media in Nepal has been directly and indirectly responding to poverty. For instance, Association of Community Radio Broadcasters Nepal (ACORAB) links the voices of marginalised, excluded, and poverty-stricken to the national discourse.²⁹ Similarly, social media has also been playing vital role to support needy people in Nepal. For instance, numbers of victims of survivors due to earthquake hit in 2015 in Nepal have been receiving relief supports.³⁰ Social media became a lifeline in the Nepal earthquake aftermath.³¹

Alternative development paradigms and a critique to neo-liberal agenda

The 18th South Asian Associations for Regional Cooperation (SAARC) summit took place at Kathmandu, Nepal in November 2014 issued a long statement filled with empty word on issues of regional cooperation, combating terrorism, poverty alleviation, development goals, food security, the environment, women's rights and access to health and education. The South Asian region features some of the world's worst human development indicators. According to conservative estimates, 44% of the population of India lives in poverty on less than US\$ 1 a day. In Nepal, Pakistan and Bangladesh, the statistics are slightly better — at 38%, 31% and 29% respectively. In Bhutan and Afghanistan, where data is unavailable, the proportion of people living on US \$1 a day or less is likely comparable with India in Bhutan's case and much higher in Afghanistan. Internationally, South Asia has the worst indicators for female illiteracy and has very poor rates of child mortality.

Land rights (common property resources, forest rights, use rights)

In 2013 (or 2015, pls check), Nepal Government, with the support of *Asian Development Bank* and other donors, formulated the *Agricultural Development Strategy (ADS)* for the period 2013-23. It has also developed a Country Investment Plan (CIP) in 2010 in consultation with donors, civil society organizations and other stakeholders to comprehensively address the gap of funding in the area of agriculture and food security issues including availability, access and utilization of food. The LAND SECTOR is governed by the Land Act of 1964 and other scattered dozens of Acts, Regulations and

²⁷ http://www.icnl.org/research/journal/vol13iss3/art_3.htm

²⁸ [ibid](#)

²⁹ <http://www.acorab.org.np/index.php?pagename=aboutus>

³⁰ <http://www.socialbrite.org/2015/04/28/how-social-media-platforms-are-responding-to-the-nepal-earthquake-and-how-you-can-help/>

³¹ <https://globalvoices.org/2015/04/26/global-social-media-lifeline-in-nepal-earthquake-aftermath/#>

policies related to it. High Level Commission's Reports on Land Reform, National Land Use Policy 2012, Freed *Kamaiya* rehabilitation work plan and procedure 2014, Formation of Commission on Landless problem solving 2014 including priorities of 13th National Plan on land sector are some of the significant steps taken by Nepal to address the issues related with land tenure governance, though they are yet to be fully implemented.

For instance, the National Land Use Policy 2012 of the Government, introduced in 2012, aims to achieve social and economic development as well as environmentally sustainable growth through scientific land reform and reclassification of land and formulation of plans and programs on land use. However, the land use policy remains silent on granting tenure security to those individuals and groups who sustain their livelihood on land, fisheries and forest despite the provision to distribute land to landless and deprived communities.

As 58 percent of Nepal's land is currently held by the government in the name of conservation, often displacing and leaving the country's diverse and widespread indigenous population (*adivasi*) without rights to farm or protect the lands they have depended upon for hundreds of years. Therefore, indigenous population (*adivasi*) have been advocating and campaigning for forest rights. For instance, Indigenous Peoples' representatives across Nepal had launched a nationwide campaign to induce the government to include their input in its policies and strategies on forest-related matters.

For 20 years a grassroots, non-violent social movement has been slowly sweeping across the country organising the poorest and the most marginalised to live a life of freedom and dignity. It has 100,000 members who are landless, land-poor, former Haliyas, Kamaiyas, Kamlaris and Dalits and they have been spearheading a struggle for land and agrarian rights in Nepal. The National Land Rights Forum (NLRF) has obtained land titles for more than 39,000 landless and tenant farmers, and has played a pivotal role in the introduction of the Joint Land Ownership Policy, helping to establish equal ownership of land for women. It was a result of a long struggle that culminated in an eight-day sit-in by a thousand landless women in Khula Manch. The advocacy of this group along with other Dalit organisations was instrumental in ensuring inclusion of the provision that guarantees land to landless Dalits in the new constitution.

As the number of community forest user groups grows (CFUGs), however, it is raising complex problems that need to be addressed. CFUGs need stronger legislative and policy support, for example. This is difficult to achieve, however, because frequent changes in government and other political instability often result in policy changes that interfere with CFUGs' forest management and disrupt the continuity of planning. More generally, the political establishment has not always been supportive of the community model of forest management. To address some of these concerns, the Federation of Community Forestry User Groups (FECOFON) was set up in 1995 to protect the interests of community forestry groups and to enable a more hospitable policy environment.³²

Strengthening of public institutions

Number of public institutions has been strengthened by GoN, I/NGOs, CSOs, to implement the programs related to poverty alleviation. GoN has created an autonomous structures to fund and support grassroots-based initiatives, such as the Poverty Alleviation Fund (PAF), which was set up in 2004 with financial assistance from the World Bank to undertake activities that increase household income, build infrastructure, develop alternative energy systems and build community capacity.

³²<http://wealthofthecommons.org/essay/community-based-forest-and-livelihood-management-nepal>