

B. RURAL DEVELOPMENT

1. HISTORICAL BACKGROUND

The concept of rural development is not new, nor is its importance a recent realisation in Nepal. The first significant development programme, initiated before the launching of the First Five Year Plan (1956-60) was the Village Development Programme in 1953 by HMG with U.S. and Indian assistance. It was a well conceived, multi-sectoral programme embracing all important aspects of a village community and economy.

The First Plan pursued this programme with great zeal and accorded it high priority, as evidenced by this sector heading the list of sectoral programmes and receiving the third highest allocation of the Plan outlay next only to transport and power. The programme was divided into three levels: (i) the minimal level called "Nucleus Development" catered to the improvement of existing local infrastructures and facilities like school playgrounds, wells, and roads, (ii) the middle level called "Dehat Development" included provision of improved seeds and fertiliser, horticulture and livestock development, basic social services like primary school, first aid kits, and drinking water, and (iii) the intensive level called "Village Development" incorporated soil survey, propagation of scientific farming techniques, extension of health and maternity services, cottage industries, and co-operatives (Pradhan 1982).

The First Plan envisaged coverage of the whole country with the nucleus programme. Six Nucleus Development, thirty-four Dehat Development and twelve Village Development units were established, benefitting 2.25 million people in 3800 villages. Considering the constraints to transport and communications, and extremely limited administrative and technical manpower, the programme was both conceptually and operationally a great success. The evaluation study conducted in 1980/81 has noted: "The VDP was very popular in the villages. It also popularised chemical fertiliser, compost manure and improved seeds. Under the direction given by the VDWs (Village Development Worker), villagers adopted improved agricultural practices and techniques. Improvements appeared in different areas of rural health and hygiene, public works, adult literacy, rural education, youth welfare and cooperatives. It also went a little way in promoting village industries and bringing about some changes in the thinking of villagers." (Himalayan Studies Centre, 1981)

Other projects initiated having rural development focus were the Rapti Valley Multipurpose Project and the Settlement Programme in 1965. The former was undertaken as a pilot multi-sectoral project to develop the malaria-infested Chitwan District. The latter programme was to develop forest areas in different parts of the country into cultivable land for the migratory population of the hills to settle.

The Second Plan (1962-65), while acknowledging the fulfillment of a variety of targets under the VDP, ironically deplored the ineffectiveness of the programme attributed to: (i) limited coverage; (ii) lack of people's participation; and (iii) the dichotomy between the

U.S. and Indian-aided programmes. The new political institution, the Panchayat, was assigned the role of medium of local development and the VDP was deleted. The Panchayat programme was allocated Rs. 20 million (3.33 per cent of the plan outlay) whereas Rs. 45 million (13.6 per cent) had been allocated to the VDP in the First Plan. Rural development thus received a financial setback and a different approach.

While the VDP was multi-sectoral with the productive sector as one integral component, the Panchayat Development Programme, with a limited amount of resources spread over the entire country was confined to public works activities such as trails, foot bridges, drinking water projects, and school buildings. Another notable difference between the two programmes is that the VDP is administered by HMG agencies whereas the latter is managed by the Panchayats (local political institutions) themselves with technical support from HMG agencies. HMG grants and local contributions comprised the main resources of this programme unlike the VDP which was heavily supported with foreign aid.

The Third Plan (1965-70) upgraded the Panchayat programme to a full-fledged sector, distinct from the public and private sectors. Allocation for this sector from the government was Rs. 40 million (2.3 per cent of the public sector outlay), while an overly optimistic projection of Rs. 200 million in local resource generation (mostly labour) was made. The Panchayat Development Land Tax (PDLT) was introduced on an experimental basis in 12 village panchayats in Jhapa and Morang districts for generating local resources. As a pilot hill area development project Jiri Multi-purpose Development Project (JMDP) was initiated during this Plan period.

While the intention to further promote local development programmes was clearly spelled out, the Fourth Plan (1970-75) accorded low priority to this sector in terms of investment. The allocation for development grants was scaled down to Rs. 20 million which was 0.8 per cent of the total public sector outlay. Including the allocations for Jiri Multi-Purpose Development Project and Remote Areas Development Project the total allocation for the Panchayat sector was Rs. 41 million (only 1.7 per cent of the total outlay).

The Fifth Five Year Plan (1975-80) was a turning point in the development process in Nepal. Physical infrastructure which dominated the earlier plans was de-emphasised for the first time, with the agricultural and social sectors receiving first and second priority in investment allocation.

"People-oriented production, on the one hand, and the maximum utilisation of manpower, on the other, are the twin objectives", states the Plan. The policy of the Fifth Plan was "to integrate the development process with the Panchayat system." The scope of the Panchayat sector was thus expanded. The grant for local development was raised to Rs. 70 million. The Plan, besides continuing the Jiri Multi-purpose Development Project and the Remote Areas Development Programme, incorporated a new programme, Small Areas Development Programme (SADP) to develop eight to twenty locations, following the regional development strategy of the Fourth Plan.

In the mid-70s, following the lead taken by the World Bank, donor interest in assisting developing countries in rural development registered a dramatic increase. The first project in the form of Integrated Rural Development was the Integrated Hill Development Project in 1974 with Swiss assistance. The Rasuwa/Nuwakot IRDP in 1976, assisted by World Bank, was the second such project. In the late 1970s and early 1980s, a number of IRDPs (Sagarmatha IRDP, Mahakali IRDP, Koshi Hill Area Rural Development Project (KHARDEP), Rapti IRDP and Karnali-Bheri IRDP (K-BIRD) were launched with bilateral and multilateral assistance.

Rural development received special emphasis under the Sixth Five Year Plan (1980-85). Promotion of people's participation was adopted as a policy. "The Plan seeks to institutionalise the existing participation of the people through local leadership." Another important feature of the Plan was the emphasis on an integrated model of rural development. The main programmes envisaged under the Panchayat sector in the Plan are as follows:

- a. District Plan: Projects submitted by the local Panchayats to the National Planning Commission for local development grants were included in this programme. The outlay was projected at Rs. 1,800 million of which the government grant was Rs. 600 million with the balance to be generated from local resources.
- b. Local Development Programme: Ad hoc projects generated by the availability of aid from agencies like UNICEF, WFP, and ILO, fall in this category, including rural drinking water, hill transport development, labour-intensive minor irrigation, and roofing of school buildings. Rs. 207 million were allocated.
- c. Integrated Rural Development Programme: The Plan envisaged seven IRDPs already mentioned above including the Integrated Hill Development Project (IHDP).
- d. Remote Areas Development Programme (RADP): A provision of Rs. 32.7 million was made for this programme.

Besides the above programmes, a few other multi-sectoral programmes have a rural development focus: Watershed Management Projects, Small Farmers Development Programme, Community Forestry Project, Hill Food Production Project and Hill Irrigation Development Project. A brief note on these projects is given in Section 4.

2. INSTITUTIONAL DEVELOPMENT

Apart from being a multi-sectoral programme involving various institutions, rural development deals directly with the lives of the rural people. A conventional organisation hardly

meets the needs of rural development's complexities. Nepal has been searching for a special institutional structure.

The first organisation devised for the Village Development Programme in 1953 followed the Indian model of Block Development. Village Development Centres were established under the leadership of a generalist called a Block Development Officer with agency officials under him. The programme was administered by the Village Development Department. An inter-ministerial Village Development Board provided the overall guidance and supervision. Coordination was not much of a problem then, as the line ministries were comparatively weak.

With the establishment of the Panchayat system and the consequent change of the Village Development Programme to the Panchayat Development Programme, a new institutional structure was envisaged with emphasis on decentralisation. While the constitution of 1962 embraced this principle, the Second and Third Plans spelled out clearly the scope of local institutions in planning and implementation. The salient features of the new system were the division of the country into 14 zones and 75 districts and the constitution of three tiers of assemblies and Panchayats, besides the National Panchayat. Under the arrangement, the development-related district level activities were placed under the superintendence of the Chief District Officer (CDO) who, as secretary to the District Panchayat, was to work under the guidance of the District Panchayat and its chairman. This far-reaching move toward decentralisation did not materialise due to reluctance on the part of the ministries to devolve their authority and functions to the District Panchayats.

In order to make a breakthrough in decentralisation, HMG came out with what was called the District Administration Plan (DAP) in 1974. The main thrust of the Plan was to ensure the preparation of an integrated district development plan by each district and the creation of a unified district administration with the CDO as coordinator. The District Panchayat and the District Assembly were assigned important roles in the formulation and implementation of the district plan. However, the DAP could not be effective for the same reason outlined above - lack of preparedness on the part of the line ministries to entrust administrative control over their programmes to the CDO.

In 1978, another effort was made to bring about decentralisation of development administration. The Integrated Panchayat Development Design (IPDD) of a more comprehensive nature than the DAP was adopted. It envisaged, among other things, the establishment of a "Service Centre", to be a focal point for planning, implementation and supervision of the development programme at the local level. People's participation was an important aspect of this Design. It was another exercise in futility -- absolutely a non-starter.

Undaunted by persistent setbacks in decentralisation efforts, HMG set up in 1980 a separate Ministry of Local Development. The status of the Panchayat Development Officer (who took over the function of the District Panchayat Secretary from the CDO with the promulgation of the Local Administration Act, 1971) was raised and designated Local Development Officer (LDO). He was to function as the coordinator of the District Development Programme, the role hitherto assigned to the CDO. This move was ill-conceived. With the separation of the Home and Panchayat portfolios, this new ministry was an

ineffective institution. After one year HMG realised the mistake and the Ministry of Panchayat was merged with the Ministry of Local Development. Its mandate, quite elaborately worked out, included the function of interministerial coordination of rural development projects. Subsequently, an Integrated Rural Development Central Coordination Board with wider authorities was established under the chairmanship of the Minister of Panchayat and Local Development, with the Vice-Chairman of the NPC as Vice-Chairman, replacing the earlier Coordination Committees. All these attempts, however, had little impact on decentralisation and coordination issues.

It became evident that a strong push was required to make decentralisation work. His Majesty the King himself has now taken the initiative. Starting with the Constitution Day message on December 1981, in which he stressed the imperative need of decentralisation for the upliftment of the people, he has been continuously pursuing this matter, the latest effort being contained in His Majesty's address to the National Panchayat on June 1985.

The royal exhortations materialised in a Decentralisation Act in 1982 and the approval of Decentralisation By-laws in 1984. The principal aim of the Decentralisation Act is to give the responsibility and authority of development planning and implementation to the district, village and town Panchayats for their respective jurisdiction. Another objective is to encourage the generation of local resources for development, sustained operation and maintenance of the completed projects.

The salient feature of this Act with respect to organisational structure is that the district level offices of the agencies are to function as an integral section of the District Panchayat Secretariat. They will, however, continue to be under the technical guidance of their parent ministries. The provision of Service Centres at the sub-district level is another important feature. This is not a new concept - Agricultural Service Centres already exist in a few IRDP and Hill Food Production Project areas.

Detailed procedures for planning, implementation and supervision have been given in the Act and By-laws. The functions and responsibilities of central agencies also have been clearly spelled out. And the most important matter, the definition of district level activities, has also been specified. All these measures have been taken to ensure the commitment of the central agencies in the pursuit of decentralisation.

The Decentralisation Act came into effect on December 29, 1984. For this fiscal year 1984/95, the provisions relating to the planning process have only been operative; it came into full effect from the beginning of the next fiscal year (mid-July 1985). This has been done to avoid complications in accounting and auditing, apart from other logistic aspects.

In view of the substantial logistic support needed for the decentralisation programme, HMG has decided to implement it in an intensive way in one district in each zone, i.e. 14 districts in the Kingdom. These districts will be a demonstration to the others.

The decentralisation venture this time has been launched with greater preparedness. A great number of seminars, symposia and conferences were held at different levels and places to disseminate the concept among administrators as well as politicians. The planning cell has been set up in all the District Panchayats. A number of training programmes were carried out to train the district level officials including the LDOs and Planning Officers, and are being continued. The most important feature in the present decentralisation effort is the active involvement of the NPC. The UNDP is providing support to the NPC and the MPLD in this endeavour. The most encouraging aspect is the firm political support. A breakthrough in decentralisation efforts seems imminent.

3. COLLOQUIUM ON RURAL DEVELOPMENT

In this review, it would be appropriate to give some highlights of the Colloquium on Problems and Prospects of Rural Development in Nepal held in September 1982 and participated in by members of the National Planning Commission, secretaries of HMG's relevant ministries, departmental heads, IRD coordinators, donor representatives, and a number of local and foreign experts. The aim of the Colloquium was "to review the status of rural development in Nepal and identify ways and means for enhanced performance in future rural development efforts in the country."

The consensus arrived at during the Colloquium was that IRDP is the right policy strategy for rural development in Nepal. It was believed that a new institutional structure will evolve once the Decentralisation Bill is enacted. The need for clearly defining the functions, responsibilities, and relationships of the institutional structure and mechanisms was stressed.

The need for strengthening the capabilities - technically as well as administratively - of the local institutions was recognised. At the same time, need for strengthening the capabilities of the concerned sectoral agencies to deliver the required services, taken for granted in the formulation of IRDPs, was emphasised.

On the investment approach, it was suggested at the Colloquium that concentration of investment be in productive sectors. In regard to project periods, a time frame of 15 years divided into three parts -- preparatory phase, a development phase and a period for phasing out foreign resources following the IHDP mode -- was recommended. IRDPs should be primarily area-based, incorporating special target-group oriented programmes for small farmers, women and disadvantaged groups. One important recommendation was that revenue generation activities should be a part of project planning and programming.

On the subject of coordination, the consensus was that "the Local Development Officer (LDO) should be the coordinator at the district level and the coordinator should function at the zonal level from where he would facilitate the relation between the centre and the district as well as to coordinate and monitor IRDP inputs into the district development plans to provide logistic supports to district offices."

In the case of central level coordination, consensus could not be reached. Possible options for the location of the mechanism were the NPC, the chief Secretary's Office, and MPLD.

In regard to the role of foreign experts, it was suggested some amount of restraint should be exercised in their involvement in rural development projects. Three roles have been identified for experts - assisting in planning, monitoring and training. More use of volunteers has been suggested.

The Colloquium has also recommended research in the areas of revenue generation, traditional and non-governmental organisations, appropriate technology, people's participation and greater involvement of women in development.