



AN ANALYSIS OF IMPORTANT POLICIES FOR ACCELERATING DEVELOPMENT IN NEPAL

Sudarshan Neupane¹

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Abstract: Nepal belongs to one of the least developed countries around the world with HDI 157 out of 187 countries (UNDP 2013). Even though poverty in Nepal has reduced to 24.8% in the latest census, the livelihoods of the poorest people living in the remote communities are still vulnerable. Two third of the population still depends on the subsistence agriculture. Similarly, due to lack of job opportunities, youth migration is escalating and Nepal is facing one of the most critical phases of development in its history (Snellinger 2009). Inadequate infrastructure and poor road connectivity are other constraints for the development (World Bank 2011). It follows that, poor access to electricity is another challenge despite the country's enormous potential for hydroelectricity. Similarly, Nepal has huge prospective for tourism due to its unique natural resources (Bhandari 2004). Nonetheless, Nepal has not benefited optimally from the tourism sector for its self-sustained development. Recently Government of Nepal (2011) has announced diverse policies for accelerating development through proper utilization of local resources. This paper critically evaluates the crucial policies such as Agriculture Development Strategy, National Cooperatives Policy, National Youth Policy, and Micro-hydro for Rural Development, and Tourism for Development. The paper discusses each of these policies' background; critically analyse the likelihood as well as challenges for fast-tracking development; and finally offers some recommendations based discussion and analysis.

Keywords: development, growth, policies, Nepal

Introduction

Nepal, one of the least developed countries around the world, is the poorest country in the South Asia region (UNDP 2013). Most recent survey carried out by Central Bureau of Statistics indicates a sharp decline in the poverty level; however, there is an inconsistent variation by region, gender, geographical location and ethnic groups. The livelihoods of the underprivileged marginalized people living in the remote communities are still vulnerable. As discussed earlier, nearly two thirds of the population still depends on agriculture which is barely sufficient for survival in many families. Nevertheless, Nepal has low productivity due to poor technological upgrading and less than 40% of cultivable land is occupied (NPC 2010). Likewise, the number of cooperatives has increased significantly these days but there is neither a proper regulation nor effective management. Inadequate infrastructure and poor road connectivity are other constraints for the development sector (World Bank 2011). It follows that, poor access to electricity is another challenge despite the country's huge potential for hydroelectricity. Similarly, this Himalayan kingdom has enormous prospective for tourism due to its unique natural resources such as mountains, bio-diversity and natural heritage (Bhandari 2004). Nonetheless, Nepal has not benefited optimally from the tourism sector for its self-sustained development.

¹ Livelihood Advisor

Handicap International – Nepal, Kathmandu, Nepal, PO Box: 10179

Analysis of Policies

These facts appeal the importance of governmental interventions in the present conditions. Recently, Government of Nepal (2011) has announced diverse policies for fast-tracking development through proper utilization of local resources and the community based institutions. From the list of many policies, this paper discusses the ones that are central, for faster rural as well as urban community development. Policies such as the Agriculture Development Strategy, National Cooperatives Policy, National Youth Policy, Micro-hydro for Rural Development, and Tourism for Development are conferred in this paper. These policies, if implemented properly, are likely to have vast implications for an accelerated progress for the national development. While discussing these policies, this paper focuses briefly on the context under which each policy is developed. It will then discuss specific strategies of the policy for the developmental impact, and some of the limitations and challenges of the policy. Finally, the paper provides some recommendations for effective execution of these policies.

Agricultural Development Strategy

Development of the agricultural sector is probably the most important for the development of Nepal as it has been the major contributor to economic growth in the country over the last six decades. Agriculture provides 67% of employment opportunities and contributes 36% to GDP (CBS 2011). It is the main source of food, income and employment for many poor families in Nepal. On the contrary, underemployment in the agricultural sector these days has resulted in migration of many young Nepali citizens to India and other countries (Acharya 2011). According to Clunies-Ross, Forsyth and Huq (2009, p. 447), agriculture can make significant contributions to progress in the developing nations. For instance, agriculture employs a large number of people and plays central role in increasing GDP. Growth in agricultural sector thus is of a prime concern for poverty reduction in Nepal. Consequently, the Agricultural Perspective Plan was initiated in 1995 for economic growth. More recently, the Ministry of Agriculture and Development, in coordination with eleven major donors, has announced Agriculture Development Strategy (ADS) for long-term agricultural development to address the socio-economic constraints.

It is significant to note that this policy aims for a competitive, sustainable and inclusive agricultural sector that contributes to economic growth, improved livelihoods, food security and nutrition (MOAD 2012). It further highlights the importance of adequate investment and of an encouraging environment for the development of agriculture in Nepal. It establishes a clear approach for transformation in the agricultural sector, creating inclusive and competitive societies through four strategic interventions, namely improved governance, productivity, commercialization, and competitiveness (MOAD 2012, pp. 7-10). In other words, ADS has emphasized the issues of social and geographical inclusiveness, and community resource tapping in a sustainable manner (ADB 2013). This is indeed a very important step since the communities in Nepal are very diverse; even within the same communities different forms of agricultural practices are adopted due to their diverse ethnic and cultural orientation. It narrates that ADS has improved from the failure of the past agricultural projects, and has learnt that policies directed to the mere agricultural intervention bears no fruitful result (Nielsen et al. 2013).

Similarly, the new ADS policy has assumed that without proper coordination with the private sector, the provisions such as road connection and technological advancement cannot be expanded to the most remote areas. Particularly, road connectivity is of crucial importance for economic transformation in the rural hinterlands. ADB (2013) considers, the categorization is very substantial. Such as, the production sector focuses on crops, forestry, livestock; the processing sector emphasizes on trade, storehouse, finance, and transportation; the research sector focuses on marketing, extension and innovation. These

aggregated diversification and timely interventions are helpful for augmenting agro-production. The policy envisions to improve Nepal's connection with Indian and Chinese markets, and an emphasis on exporting agricultural products to these markets in the future. Furthermore, internalization of scientific land reforms which advocate for justifiable land distribution is of paramount importance for agricultural promotion. It ensures the protection of farmers' rights and is likely to help poor farmers with subsidies.

With regards to ADS policy, there are diverse responses. The NGOs working for rural development have appreciated approaches for commercialization of the agro-products with effective mobilization of local farmer groups (ADB 2013); they are hopeful for the functioning of local markets with this new strategy. On the one hand, the involvement of local communities to enhance the agriculture program's effectiveness is recognized to be encouraging for long-term sustainability. On the other hand, ADS emphasizes on the accountability, effective participation and ownership of local people which were equally recommended for successful operation of any agriculture based projects (World Bank 2005). Similarly, collaboration among the stakeholders is essential to bring significant changes in agricultural production. Predominantly, effective interaction between central, regional and local community level connections for effective service delivery will encourage production at the local level. Another main point, as argued by Nepal and Thapa (2009), is a realization of the importance of cross-sector strategies linking for overall development. Overall, it is summarized that ADS builds on strengths and learnings acquired from the previous Agriculture Perspective Plan; hence, the actual implementation of the policy will distinguish and determine its efficiency for the agricultural sector.

There are certain criticisms to every policy and ADS is not free from them. First of all, there is no proper connection of the road and marketing channels for the local products; therefore, commercialization of value added products remains uncertain. In addition, Nepal and Thapa (2009) highlight some challenges for agriculture namely low productivity, subsistence farming, use of traditional technology and land fragmentation. This new policy does not explicitly state how farmers will adopt new technology and benefit from land reform. Secondly, as Clunies-Ross, Forsyth and Huq (2009) rightly point out, agriculture policies in developing countries are biased to urban areas. These policies tend to provide different services to well facilitated areas while neglecting poor communities. This argument has captured the ironic reality of Nepal. For instance, despite six decades of development efforts, Nepal is still underdeveloped. Poor people living in rural areas do not have access to improved seeds, new technologies and other facilities. Moreover, there is a challenge of actual delivery of its targeted policy as World Bank (2010) report states that only projects led by NGOs were successful to function effectively in rural communities.

Thirdly, it is over ambitious for Nepal to imagine exporting agricultural products to India and China. Ghosh (2011) argues, Nepal needs to put considerable efforts to improve quality, price and quantity of the agricultural products to compete in its neighbors' markets. It seems more ambiguous in a situation where imports of agricultural products is more than double of export and about 36% of Nepal's population is deprived of minimum food requirements (MOAD 2012). Fourthly, the traditional belief of agriculture as an old man's job is a challenge. Many people still regard agricultural work as a useless and disregarded job. Lastly, poor allocation of the national budget has defied the government's commitment. Currently there is just around 3% budget allocated to the agricultural sector, making it highly insufficient to promote this sector. Similarly, World Bank (2011) points out, even that allocated budget is not invested in capacity building, rural infrastructure development and research and expansion. It pictures the lack of proper government's consideration towards this sector.

Based on above-mentioned challenges, there are some recommendations for improvement in the agriculture sector. Firstly, an investment friendly environment is essential. Government can do this by improving its relationships with the private sector, neighbors, and donors. It must attract corporate investors for commercialization; only then

can upgrading in the agro-economy become possible. Similarly, the government also needs to increase its budget allocation for the agricultural sector. As Lancker and Nijkamp (2000) point out, government spending encourages local farmers' involvement and it will create employment, bring new technologies and improve rural-urban linkages. Finally, towards improving better linkages and avoiding urban biasness, there should be proper connections with local, regional and central level markets. Pal (2013) suggests Nepal can learn a lesson from India by establishing reasonable government intervention, well-integration of different levels of markets and creating suitable agricultural programs, which were the pillars of agricultural transformation in India. Lastly, agricultural policies should attract young and innovative ideas to change the orthodox belief of agriculture as an unproductive sector. Different incentives and support for youth with greater ideas will be beneficial for scaling up in the agriculture sector.

National Cooperatives Policy for the Development

Besides agriculture, effective mobilization of cooperatives is another important policy for Nepal's development. Nepal has nearly 26,000 cooperatives with five million members, covering almost every aspect of rural economy (Government of Nepal 2012). A cooperative is a self-directed link of persons who willingly collaborate for mutual, socioeconomic, and cultural benefit of its members. The Cooperative Act 1992 highlights principles such as voluntary membership, democratic control, economic participation, concern for society and cooperation among cooperatives (NCFN 2007). However, there is no obligation and control mechanism to ensure them. In order to deal with these problems, the government has established the Ministry of Cooperatives and Poverty Alleviation to accelerate cooperative development in Nepal. Successively announced, 'National Cooperatives Policy 2013' aims to promote non-profit cooperatives, particularly related to the agricultural sector, while controlling profit-oriented ones such as saving-credit and multipurpose cooperatives.

This policy is developed to accelerate the development process with local resource mobilization in a different manner. Firstly, Government of Nepal (2013) has classified cooperatives into five categories as marketing, farm supply, service, production and processing. This classification makes a more concentrated effort by the government for the expansion of each cooperative group. Secondly, this policy has concentrated on encouraging cooperatives to produce, import and export agro-products. For example, towards promoting agriculture cooperatives focused on dairy production, tea, vegetables, bee keeping, and poultry farming, this policy has assured soft loans and subsidies from the government. This is likely to encourage the emerging and promising cooperatives towards providing efficient services to their clients. Thirdly, the policy has prioritized an effective credit information system of the loan taken by individual or groups. It helps banks and financial institution provide larger amounts of loans looking at their previous disbursements (Nepal & Thapa 2009). Fourthly, there are different incentives as well as control mechanisms anticipated. It is useful for the non-profit cooperatives as they are likely to receive some support and for-profit ones will have to associate with government mechanisms and should report their progress in a transparent manner.

There are positive implications of this policy for improvement in urban and rural areas as cooperatives are prevalent in both communities. First and foremost, classification of cooperatives is useful for noteworthy contribution in domestic economy. It encourages local agricultural production, marketing of various agro-products, dairy, poultry, fishery and improved delivery of them in the markets. Similarly, support mechanisms for technology transfer and infrastructure development will be helpful for the commercialization of these products. Cooperatives, for example, have employed nearly 40,000 staff and generated 28 million Nepali rupee savings (Government of Nepal 2012). This savings, when invested in productive sector, will generate an additional source of income to cooperative members.

Moreover, the possible collaboration with private sectors and investors, as planned in the policy, will be effective for the mobilization of community resources. As Yadoo and Cruickshank (2010, p. 1) argue, cooperatives can support rural electrification in Nepal. With the case study from Nepal, Bangladesh and USA; Yadoo and Cruickshank found that appropriate financial assistance, institutional preparation and community's willingness in Nepali cooperatives can contribute to the provision of efficient rural electrification. It further highlights the significance of cooperatives in community led micro-hydro sectors. Similarly, this cooperative policy has followed diverse strength of communities to the proficient mobilization of cooperatives. For instance, in the similar socio-economic context of India, the Indian dairy is successful due to meaningful support and cooperation among its community members, their cultures and adopting multifaceted approaches for sustaining livelihoods. As Monk (2012) argues, the success of cooperatives in rural transformation in India has challenged the conventional 'one size fits all' approach through the community led perspective. This case indicates the importance of cooperatives for development and accelerating growth in Nepal.

However, there are many challenges for the cooperative sector and this new cooperative policy is no exception. The Nepalese government has declared the cooperative sector as one of the three pillars of the economy, but in reality, implementation is weak. There are some determinations from private and NGOs/INGOs in promoting cooperative movement, but the result is not inspiring (Dillon, Sharma & Zhang 2011). Moreover, diversification of the cooperatives has remained silent about the exclusion issue as urban biasness. It also lacks attention for women and disadvantaged groups and their representation in cooperatives. Furthermore, there is a lack of clarity on promotion and innovation of cooperatives. Due to lack of research, many of their best practices are lost which could have been preserved for wider replication. As NCFN (2007) argues, there are human capacity hindrances in rural cooperatives, lack of managerial and technological skills, record keeping, and essentially risk pooling of the small cooperatives.

Therefore, towards improving the efficiency of cooperatives, it is necessary to improvise these challenges. For a full-fledged contribution of cooperatives, the government needs to invest in the study of the cooperatives and their contribution to the development (Lam & Ostrom 2010). This will provide valid documentation to guide future interventions and help improve the prevalent challenges of the cooperatives. Moreover, for improved implementation of the policy, building meaningful partnerships, strategic relationships with different private as well as public sector should be encouraged. Similarly, the existing cooperative policy should ensure the credit availability, insurance of cooperatives, developing support systems and building strategic relationship with other actors for its smooth operation so that the cooperative sector can contribute to the long-term development in the country.

Micro-hydro for Rural Development

In light of above-mentioned policies, micro-hydro is considered to be another crucial policy for Nepal's development. Although, Nepal has potential of 83,000 Megawatt electricity generation, only 0.7% has been utilized (Gippner, Dhakal & Sovacool 2013). The government is spending nearly 40% of its import for petroleum products (Kumar 2010), and currently there are increasing power cuts for up to sixteen hours a day. There are many community-led hydro-power initiations but these still remain insignificant due to lack of regulations, sustainable funding as well as political instability. To foster the development of Nepal, predominantly in rural communities, the government has taken various approaches for hydro-power promotion through a National Energy Strategy 2010, Water Resources Strategy 2012 and recently began work to generate 25,000MW in twenty years. This paper expresses the Government of Nepal (2011) commitment to 'Micro-hydro for Rural Development Policy' for its longer term impact on the development of the country.

There are some positive impacts of this micro-hydro policy. Consequently after the hydro power received great attention from the policy makers, Hydro Power Investment and Development Company is established to promote investment capacitating Nepal to transform rapidly from acute power shortage to the exportation of electricity. Importantly, Nepal has regarded micro-hydro as a tool to improve livelihoods of rural communities. In this case, the micro-hydro can contribute to better irrigation and drinking water facilities while meeting the energy needs from electricity in rural areas (Sharma & Awal 2013, p. 686). With this intervention, people living in different rural communities are expected to have access to electricity and the anticipated changes in their livelihood due to the newly generated facility. Similarly, this new policy has announced subsidies for promoting small scale community hydro projects. This project is likely to promote local initiatives through the use of local technologies, local participation and there will be effective utilization of local resources such as water and human resources.

Moreover, the micro-hydro policy's target is to create more employment opportunities. There are more than 15,000 people employed in this sector (Dhakal 2013) and the number is expected to rise in the future. Similarly, this policy emphasizes private investment and debt financing for various hydro projects. The Nepalese government has requested bilateral, multilateral donors to provide long-term financial support so that micro-hydro project is completed as planned. Last but not the least, the new micro-hydro policy has announced tax exemptions and hydro-promotion approaches. It is expected to be helpful for the promotion of the sector. Hydropower can satisfy long-term energy demands and equally have the profound export potential to neighbouring countries. Similarly, Kumar (2010, p. 975) summarizes a DFID research which highlighted the strength of the micro-hydro program in Nepal, Sri Lanka, Ethiopia and Uganda. The hydropower program in Nepal was regarded as the most successful example, particularly in rural communities, through energy supply as well as food processing.

However, there are some limitations in this micro-hydro policy. Every successive government in the past focused on the use of micro-hydro for economic development in Nepal. They emphasized introducing new policies for hydro-power promotion, however, they fell short to clarify how it is actually arranging to make the effective use of hydro resource (Sharma & Awal 2013). Likewise, there are some gaps in the implementation of this policy; that is, this policy has focused much on the micro-hydro projects. So, this policy became inadequate to deal with high-budgeted mega hydro projects. For instance, bigger hydro projects such as the Chamelia and Kulekhani projects were frequently disturbed by the community people and other impractical demands made by various sectors (Gippner, Dhakal & Sovacool 2013). Furthermore, Micro-hydro has been providing electricity for remote areas but is poorly planned and executed. This policy is likely to suffer from the same criticism if it does not take into account of the issues highlighted earlier. Furthermore, many argued the new micro-hydro policy did not address the issue of community-led hydro projects and overlooked local skills and traditions (Fulford, Mosley & Gill 2000; Kumar 2010).

There are a number of recommendations for the micro-hydro policy and its effective regulations. Firstly, micro-hydro projects should involve the local community and strengthen the existing economy from grassroots level for sustained economic development. Only if there is full community participation, will this policy bring successful results, support small and medium projects and thus create employment opportunities. Secondly, there should be established mechanisms for follow-up rather than concentrating on opening new projects. There should also be repair and maintenance of the ongoing and completed micro-hydro projects. As Fulford, Mosley and Gill (2000) suggest, community people should be trained to manufacture, install and use this technology. Thirdly, the end use of the electricity for effective utilization except lighting should be promoted in coordination with community organizations. The rural community and different cooperatives working in the local areas should be made aware about the end use of

electricity, operating procedures and effective utilization. Finally, as Kumar (2010, p. 74) argued, the success or failure of the development in Nepal can be determined by how effectively it considers investing in the hydropower sector.

National Youth Policy for Youth Unemployment and Underemployments

Youth groups have played a crucial role for the positive transformation that the country has succeeded in restoring peace and democracy. However, due to lack of job opportunities and lack of governmental programs to tap their potential, youth migration is mounting and Nepal is facing one of the most critical phases of development in its history (Acharya 2011). Government of Nepal (2009a) reports, every year approximately 350,000 youths enter the job market where as only 10% of them are absorbed in the domestic market. More than 100,000 of these leave the country in search of jobs. 'Nepal Labor Force Survey 2008' shows 46% of youth are underemployed, increased two times that of last decade. Ministry of Youth and Sports established in 2008 is designated to formulating, implementing, monitoring and evaluating policies and programs for youth in Nepal. Moreover, 'The national youth policy' stresses on developing entrepreneurship and massive youth employment generation. At a time when the investment growth is just one percent and manufacturing value added growth is almost negative, the youth policy has provisioned various strategies for youth employment for national development.

Furthermore, the government has planned to create 240,000 new jobs by piloting employment centric programs such as youth self-employment and agriculture sector programs are expected to create 150,000 employment opportunities. Similarly, national youth policy (2010) states, self-employment and vocational training programs will be beneficial for both educated and uneducated youth. Government is willing to provide adequate employment opportunity by providing 200,000 rupees per person collateral free periodic loans at nominal interest rate. The emphasis is given to the marginalized and socially excluded youth groups. Similarly, this policy prioritizes self-employment package such as farming, agriculture, and operation of rickshaw, carts services, traditional indigenous skills, and skill based programs (Piotrowski, Ghimire & Rindfuss 2013). High emphasis is laid on the coordination and collaboration among government, private sector, financial institutions and civil society organizations. As Shrestha (2009) argues that youth mobilization is essential for the overall development of Nepal including its economic, social, cultural, and political aspects. The policy is a unique initiation and has many ambitious strategies and some vague assumptions as well.

The policy assumed encouraging participation from every sector for youth engagement, but lack of coordination and collaboration among line agencies has adversely effect on the program as only about 2,000 out of targeted 50,000 are self-employed in the first phase (NPC 2010). Similarly, there are many contradictions in youth policy 2010. Youth groups blaming that government is biased towards employing Maoist youth cadres since the scheme is announced by their government (Acharya 2011). Besides, there was no proper collaboration and coordination among banks, cooperatives and government while disbursing the fund for the individuals. Whereas Indian Youth Policy, introduced in 2003 had declared training and employment as the key sectors of immediate intervention and fixed sidewise necessary resources and implementation mechanisms. Mazumdar (2003) analyse that program was very successful to generate employment prospectus; however, Nepal lacks a serious commitment from the political parties, government and civil society organization to make the policy effective.

As Shrestha (2010) argues, Nepal still has no promising employment prospectus for graduates, lack of access to basic living standard, lack of participation in decision making, and youths are the victims of vulnerability for exploitation and trafficking. Likewise, even after three years of implementation, thousands of youth continue to flee to other countries for petty jobs and remittance still contributes to almost 30% of the GDP (Piotrowski,

Ghimire & Rindfuss 2013). Industrial development requires a competent labour force, which in turn, stresses excellent education infrastructure and effective planning to produce not only skilled workers but also sought after workers. Ironically, Snellinger (2009) argues youth in Nepalese context may well be understood from the cultural conception of life stages as a juncture in the larger process. Sadly, the Nepali youths are dominated by veteran disputed political leaders that it is a mammoth task to see the promising young lot on the important decision-making for themselves.

Consequently, the self-employment programs need to ensure suitability of the program for the youth living in the rural and geographically isolated areas. The government, donors, private sectors and civil society groups should assemble in a serious discussion and form an independent committee to investigate the impact of existing policy before disbursing more funds for self-employment schemes. Similarly, there should be realistic strategies to inspire young people in the local community to learn and succeed through enterprise to promote a culture of entrepreneurship as a viable career. Likewise, for those who already received the fund, post training support and linkage with market need to be addressed so that the deserving youths will be benefited who are likely to contribute for the development of their societies. Finally, for harnessing the youth potential, there should be ample room for public-private partnership, since the private sector could play significant supporting role particularly in terms of capacity building and employment generation.

Tourism for Development

Similar to all the above discussed policies, a tourism policy has a distinctive contribution towards economic growth and overall development in the country. Nepal's unique landscape such as the great Himalayan range, Mt. Everest- the top of the world; current water flowing rivers, flora and fauna are fascinating for tourists. Similarly, the rich ethnic culture, birth place of Gautam Buddha, living goddess Kumari, multi-lingual societies, and harmonious living have attracted many foreigners, mostly the academicians in the past (Government of Nepal 2009b). However, there are many challenges as Nepal has just recovered from the civil war. As a result of these wars, there is no proper infrastructure development in the rural areas, and there is inadequate investment from public as well as private sector for tourism (Bhandari 2004). In the recent years, the government has initiated some important steps such as Tourism Vision 2020 through the Ministry of Tourism and Civil Aviation; it envisions to achieve two million annual tourist arrivals in the country by 2020. In this way 'Tourism Policy 2009' has prioritized tourism sector for national development.

There are different strategies in the tourism policy to attract foreigners and promote the tourism sector. First of all, the policy is designed to attract foreigners through incentive and package based programs such as group rates discounted holiday packages and other promotional offers. Similarly, the policy has planned to foster healthy competition among the travel agencies to offer the best quality services. This policy introduces, for the first time, inter-regional tourism between SAARC countries (Government of Nepal 2009b). It has good implications since the majority of tourists come from SAARC countries. Secondly, the government has requested the international community to invest in infrastructure development in the rural areas in the tourism expansion. The idea is if there are increased road connections and telecommunications, there will be more facilities in local communities and the number of tourists is likely to increase (Ministry of Finance 2012). The increased number of tourists will be beneficial for these communities and ultimately be helpful for broader development.

Thirdly, the tourism policy has specifically prioritized the promotion of tourism at the international level. So far, tourists travel to Nepal on recommendation from friends and family members. The new policy aims to promote tourism in the international level by announcing a stimulus such as the 'Friends for Nepal' concept in appreciation of those

visitors who helped to promote Nepal to the world (Nyaupane & Poudel 2011). Fourthly, the policy has emphasized making easy visa processing, as well as increasing international flights to and from Nepal. These improvements have taken place such as an increased number of international tourists, improved hospitality and increased number of international flights. In this manner, the tourism policy is responsible for earning foreign currency and developing its rural and urban communities through tourism. Accordingly, tourism, as one of the world's largest employment creators (UNWTO 2010), can be of great help for employment generation. For example, the European Union is providing vocational tourism training in Nepal to reduce unemployment and support in achieving the Millennium Development Goals for the country's development (UNWTO 2010, p. 17). Moreover, besides contributing to economic growth and sustainable development, tourism also provides opportunities for employment, trade, entrepreneurship, agriculture promotion and the overall development (Zurick 1992).

However, there are many challenges for the tourism sector as well as some limitations in the tourism policy. To begin with, Nepal lacks basic infrastructure such as road connectivity in many of its rural heritages. Lack of access to the motorway, and the poor quality of existing transport networks make it difficult for the tourists to reach their destinations. Furthermore, there are some cultural limitations to participate in the management of tourism business for women's groups which the policy has not discussed much. Resembling many other policies, the investment from the government is very low and public-private partnership initiation is too weak to coordinate among the agencies (Bhandari 2004). As Gyan, Duarte and Lorraine (2006) analyse, many people in the local community lack investment capacity, face difficulties in foreign language, and technical knowledge on the operation of tourist friendly hotels. Likewise, a decade long civil-war has adversely affected tourism. The tourism sector is equally constrained by political transition, and unbalanced regional development. Bhandari and Bhandari (2012) analyze that poor international airport, low investment from government, lack of trained human resources and weak coordination among the stakeholders such as travel agencies, government authorities, and the rural communities have led to poor marketing and weak execution of tourism development plans.

Based on those challenges, this paper has some recommendations. Firstly, in order to have a viable impact on development, infrastructure building and human resource generation should be prioritized in the policy. It will help create better linkages among the communities with faster travel, improve capacity building, enhance self-entrepreneurship and promote tourism in rural communities. As Gyan, Duarte and Lorraine (2006) argue, tourism has a significant impact on rural development; it creates job opportunities in the hospitality business, travel agencies, recreation centres and souvenir shops. Secondly, the government should consider different tourist zones based on its uniqueness to promote tourism. This will consequently provide opportunities for self-employment such as tourist guides, opening gift-shops, cafeterias and low budget accommodation in the rural communities.

Conclusion

Nepal, as a resourceful country, has the enormous capacity to develop itself, if it continues to initiate economic growth, while concurrently implementing the above-discussed policies, to carefully address the issues of rural community development. As discussed in the paper, a policy such the Agriculture Development Strategy has potential for tremendous growth by significant contribution to GDP, resource mobilization and poverty reduction particularly in rural areas. Nonetheless, the government's budget allocation and overall administration should be improved (ADB 2013). Otherwise the agriculture policy will become a 'policy tiger' and remain ineffective. To generate plentiful youth employment opportunities, government and its partners, particularly private sector,

should be active and enthusiastic. In addition, the cooperatives mobilization is likely to bring remarkable changes in rural livelihoods and for this, the government needs to develop effective and strategic partnerships with the private sector (Yadoo & Cruickshank 2010). Similarly, micro-hydro is substantiated to be remarkably successful in improving living standards in focused rural communities, and it requires further scaling up for its lasting contribution for energy sufficiency and economic development. Last but not the least, tourism provides a strong foundation for the country's economic development and still requires a dedicated effort to increase connectivity, domestic and international airport, as well as generating capable human resources (Government of Nepal 2011). In order to achieve accelerating development in Nepal, coordination among stakeholders, enhanced public-private partnership, local participation and ownership, political commitment and the actual enactment of these policies are essential.

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