

Agricultural Development in Nepal: Challenges and Opportunities

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Nepalese agriculture provides livelihoods for nearly two third of the nation's population and contributes about 33% to national GDP. Despite over six decades of relentless governmental efforts on agricultural transformation, Nepalese agriculture is experiencing a serious downward spiral. Past agricultural initiatives such as land reforms, investment on irrigation projects and agricultural roads, establishment of agro-industries, providing subsidized fertilizers and agro-inputs to the producers; investment on agricultural research, education and extension; capacity-building, credit facilities to the farmers, export promotion, etc., were expected to result in food self-sufficiency, economic growth, and overall development of the nation. However, the nation is currently undergoing severe food deficits, shortage of agricultural labor due to massive outmigration of youths, widespread malnutrition, increasing agricultural imports, and massive loss of agricultural lands and land degradation. In Nepal, 25% population is below the poverty line, 36% of children are suffering from stunting, 10% from mass wasting, and 53% from anemia. Similarly, 41% of women of reproductive age are suffering from anemia and 17% are suffering from long-term energy deficiencies. Nepal's 32 districts out of 75 belong to food deficit districts. In 2014/15, Nepal had a negative trade balance of Rs. 622.37 billion (of which 63.22% was with India and 14.21% was with China), and two top imports in 2014/15 included agricultural products (Rs. 137.12 billion) and petroleum products (Rs. 112.16 billion). Nepal's total outstanding public debt in 2015/16 was Rs. 627.8 billion. More than five million youths from Nepal have migrated for foreign employment.

After completing the implementation of Agriculture Perspective Plan (APP) 1995-2015, the Government of Nepal has launched Agriculture Development Strategy (ADS) 2015-2035 envisioning the development of a self-reliant, competitive, and inclusive agriculture for food and nutrition security, livelihoods, food sovereignty, and economic growth. Along with several core and other programs, four flagship programs identified by ADS include, 1) Food and Nutrition Security Program, 2) Decentralized Science, Technology, and Education Program, 3) Value Chain Development Program, and 4) Innovation and Agro-entrepreneurship Program. Various agricultural development programs implemented under the ADS include the Prime Minister Agriculture Modernization Project (PM-AMP) (2016-2025), Zero Hunger Challenge National Action Plan (2016-2025), Multi-sector Nutrition Plan (MSNP) (2013-2023), and periodic plans. In addition, several multilateral or bilateral programs such as Project for Agriculture Commercialization and Trade (PACT), 2009-2018, Raising Incomes of Small and Medium Farmers Project (RISMFP), Knowledge-Based Integrated Sustainable Agriculture in Nepal (KISAN) project, High Mountain Agribusiness and Livelihood Improvement (HIMALI)

Project, Inclusive Growth Program in Nepal (UNNATI), Samarth-Nepal Market Development Program (Samarth-NMDP), and Sahaj- Nepal Agricultural Market Development Program (Sahaj-NAMDP) make remarkable contributions to agricultural development in Nepal.

Although ADS attempt to consolidate agricultural initiatives under one umbrella and presents a thoughtful implementation and organization mechanism, successful implementation of ADS is highly questionable. In general, implementation challenges for ADS include: 1) conformity with the federalized governance and administrative structure, 2) linking agricultural development programs closely with the user groups, 3) availability of necessary manpower, legislations, policies, and resources for program implementation, 4) sufficient engagement of private sector in agricultural investment, 6) coordination among implementing agencies, 7) corruption control, and 8) monitoring and evaluation. More importantly, the ADS fails to identify key drivers of agricultural development and streamline agricultural development initiatives and strategies focusing on these drivers.

Nepalese agricultural development revolves around five drivers: 1) sustainable commercialization of small-holder mixed farming system, 2) incentivized farmers, buyers, sellers, traders, and agro-entrepreneurs, 3) pro-poor market, 4) strategic public investment on infrastructure, and 5) policies, plans, strategies, rules and regulations, and trade agreements. Smallholder mixed farming system is the backbone of Nepalese agriculture. Agricultural policies and programs must contribute to sustainable commercialization and development of the smallholder farming system. It is critical to incentivize individual producers, sellers, traders, buyers, agro-entrepreneurs and other stakeholders for agricultural production, processing, marketing, and export. Individual decision-making by producers and other stakeholders on agricultural production, processing, marketing, and profit making is critical for agricultural development. Similarly, market mechanism should favor the poor. Public investment on agricultural development should focus largely on irrigation projects, agricultural roads; education, research and extension, and projects in which private sector is reluctant to invest. Timely formulation of appropriate plans and policies, development of rules and regulation, and signing and revising treaties and trade agreements, etc., is necessary for agricultural development. Policy training, research, formulation, and policy implementation should be of high priority.

In order to enhance sustainability and profitability of agriculture, it is critical to conserve and develop natural resources such as land, water, and forests and utilize climatic conditions appropriately in a comprehensive way. Therefore, agricultural development programs and projects must have a comprehensive view of the development of natural resource system. This requires a close coordination among various agencies dealing with natural resource management and agricultural development initiatives.

Agriculture Development Strategy (ADS) presents valuable framework for agricultural development. However, due to several implementation challenges including the federalization

of governance and administrative structure, an immediate revision of ADS is necessary. Future agricultural development initiatives in Nepal must focus on strengthening the advancement of the five drivers of agricultural transformation within a framework of natural resources conservation and development.