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OPERATIONAL MODALITY FOR POCKET-PACKAGE APPROACH TO APP IMPLEMENTATION

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Inputs from various stakeholders during interactions at Advisory Committee meetings, and the workshop organized by the EPN Focal Unit, have been incorporated in the report.

Foreword

Economic Policy Network (EPN) is an undertaking of the Government of Nepal since August 2004 with an Asian Development Bank (ADB) technical assistance (TA) to develop and institutionalize an open, responsive and result oriented economic policy formulation process based on sound economic analysis and dialogues with the partnership of public and private sector, academia, and independent professionals, to support and consolidate the Government's economic policy reforms on poverty reduction strategy. The initial focus has been in the areas of macroeconomic management, trade, investment, employment, infrastructure, tourism, agriculture, and regional development through four thematic advisory committees chaired by the secretaries of the respective implementing ministries, and guided by a high-level steering committee. The present study is an outcome of the initiative under the Advisory Committee for Economic Policy on Tourism, Agriculture, and Regional Development chaired by the Secretary of the Ministry of Culture, Tourism, and Civil Aviation.

The study makes an analysis of the Pocket-Package Approach adopted by the Government vis-à-vis the Prioritized Productivity Package (PPP) envisaged by the Agriculture Perspective Plan (APP) and provides valuable recommendations for the effective implementation of the APP. The recommendations are the outcome of consensus reached among major stakeholders through various consultations and the EPN workshop. I hope the findings and recommendations will be helpful for policy makers for future reforms.

I would like to thank Dr. Ram Prakash Yadav for carrying out the study. I also thank all those who have provided inputs for the report during the interactions at the advisory committee meetings, and the EPN workshop. The work of the Advisory Committee for Economic Policy on Tourism, Agriculture, and Regional Development is to be commended for selecting the issue and for following through with the study. I would also like to appreciate the entire EPN team for their hard work. I also thank the former Steering Committee chairperson (former Member of National Planning Commission) Dr. Champak Prasad Pokharel, for his guidance during his tenure. Last but not least, I would like to thank the ADB for supporting this initiative.

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Abbreviations

APP	Agriculture Perspective Plan
APPSP	APP Support Program
AREP	Agriculture Research and Extension Project
CDP	Crop Diversification Project
CEAPRED	Center for Environment and Agricultural Policy, Research, Extension and Development
DAP	District Agriculture Plan
DDC	District Development Committee
DOA	Department of Agriculture
DOLS	Department of Livestock Services
DEPROSC	Development Project Service Centre
DOLIDAR	Department of Local Infrastructure Development and Agricultural Roads
HMG	His Majesty's Government
ILC	Irrigation Line of Credit
INGO	International Non-Government Organization
JT	Junior Technician
JTA	Junior Technical Assistant
MARD	Market Access to Rural Development Project
MOAC	Ministry of Agriculture and Cooperatives
NARC	National Agricultural Research Council
NGO	Non-Government Organization
PMA	Production and Marketing Association
PPA	Pocket Package Approach
PPP	Prioritized Productivity Package
PPS	Pocket Package Strategy
TLDP	Third Livestock Development Project
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VFC	Vegetable, Fruit and Cash Crops Project

Executive Summary

The purpose of this paper is to examine whether the currently followed Pocket –Package Approach is appropriate strategy for the implementation of Agricultural Plan or not and suggest what improvements are needed to implement APP effectively.

Before we analyze Pocket-Package Approach, it is important to understand the salient feature of APP and its basis of its implementation which is Prioritized Productivity Package (PPP).

APP is generally conceived as a growth plan for agriculture. Agriculture is the main sector of rural life. Therefore, to address poverty is to address agriculture. Also agriculture is a driver of economic growth. APP focuses on accelerated growth in agriculture and also on employment growth which is the key to reduce poverty in Nepal. Thus agriculture is central to poverty reduction and growth in country. APP is a poverty reduction plan since it aims to reduce poverty level from 49 percent to 14 percent in 20 years. As a growth plan it aims to increase agricultural growth from 3 percent per annum to 5 percent per annum.

Rapid and high growth in agriculture requires specialization and trade. The PPP and subsequently the Pocket-Package Approach (PPA) introduced by MOAC must be consistent with specialization and trade. APP concentrates on 4 to 5 major input priorities and four major output priorities. The logic behind this is that the limited available resources should not be scattered on too many priorities but concentrate on a few to have a significant impact on agricultural productivity and ultimately on economic growth and poverty reduction in the country.

The PPP which is an integrated package of prerequisites of commercialization of agriculture becomes the vehicle for the implementation of APP. The central message of PPP is in packaging of priorities which work on the basis of three vital principles. They are: (i) apply all the priorities together even though some areas will move ahead of others, since they are by and large complementary; (ii) the rate of return to investment must be the paramount consideration in determining the sequence in which block (pockets) are initiated; and finally (iii) finally, APP depends on synergy among a set of infrastructure, input and technology, therefore, a continued effort must be made to ensure that full package is implemented. Also the implementation of APP must be decentralized to the district and lower levels of community structure.

Though at conceptual level, APP focuses mainly on the integration of road, irrigation, electricity, technology and marketing together in fairly large area or along road corridors with focus on prominent commodities, the operational aspect of PPP remained mostly within the Ministry of Agriculture and Cooperatives, and other ministries have not joined in developing the package program together. It therefore limits its scope to much smaller area in its operational programme of PPP. The pocket package idea of Departments and Divisions within Ministry of Agriculture and Cooperatives is narrowed to cereal crop or an animal or specific vegetable or fruit. So presently pocket package program is operating mostly at highly disaggregated level of agricultural commodities at wide spread small areas. Thus the present pocket package approach lacks the comprehensive, integrated holistic approach and has failed to create the momentum for rapid rate of growth in the specified potential area. The currently practiced PPA is not at all compatible with the PPP approach as proposed by APP. Other studies have also found that pockets promoted are too small. It has been more physical target oriented in terms of number of pocket-package rather than impact oriented.

The recommendation is to go for Project approach which is also the experience of AREP to be most useful extension approach and is also strongly recommended by the Taskforce Team on National Agricultural Extension Strategy in the Ministry of Agriculture and Cooperatives. Other recommendations are the make a provision of the establishment of APP National Implementation Committee under the Chairmanship of Minister of Agriculture and Cooperatives who should be either Deputy Prime Minister or Senior minister in the cabinet. The other members of the committee should be the ministers from Water Resources, Local Development, Forestry and Soil Conservation, Land Reform and Management, Finance, Industry, Commerce and Supply, and the Vice Chairman of NPC. Similarly a APP Secretariat should be established in the MOAC to e headed by a Joint secretary, who will work very closely with the Secretary of Agriculture.

The formulation of APP was completed in 1995. Since then we have already spent more than ten years but APP achievements are far behind the targets. Therefore, we should not lose more time but get ahead with its full implementation. The constitution of a high level National Implementation Committee will show the seriousness and commitment of the government in the implementation of APP.

1. Introduction

The purpose of this paper is to examine whether the currently used Pocket-Package Approach is an appropriate strategy for the implementation of Agricultural Perspective Plan or not and suggest what improvements are needed in the current Pocket –Package Approach to implement APP properly.

The "pocket- package approach" (PPA) or "pocket-package strategy" (PPS) was designed by the Ministry of Agriculture and Cooperatives in 1998 to implement the Prioritized Productivity Package (PPP) of Agricultural Perspective Plan (APP). APP has not mentioned "Pocket-Package Approach" in its document; however, it has outlined the PPP as the basis for implementation of APP. Therefore, first of all it is important to understand PPP. "The PPP consists of a few priorities in a mutually consistent and interactive framework. Since the PPP is an integrated package its individual components will have little impact unless the entire package is in place. Hence, the objective of the plan is to bring about the commercialization of agriculture through a few tightly integrated measures: the concentration of agricultural roads and electrification; well-controlled year-round irrigation; research focused on dynamic technological systems; extension activities and fertilizer use; and the promotion of high-value crops, livestock, forestry, and agro-industries."[Nepal APP, 2005:p.274]

Background of APP

In order to understand PPP, one needs to know the principles and thrust of the Agriculture Perspective Plan. Therefore the salient features of APP are presented here. APP is often misunderstood by its critics as it being only a growth plan of agriculture, and does not address the problems of small, marginal and landless farmers and thus fails to contribute in the reduction of poverty. On the contrary, APP has focused on the reduction of poverty through employment generation and increase in agricultural productivity. APP is essentially an employment generating plan that will increase the incomes of small farmers through commercialization of agriculture and farm intensification and create employment opportunities for marginal farmers and landless agricultural labors through rapid growth in rural on farm and non-farm activities. APP is a poverty reduction plan since it aims to reduce poverty level from 49 percent to 14 percent in 20-years.

APP is a growth plan, since it aims to increase agricultural growth from 3 percent per annum to 5 percent per annum. The only way that jobs can be added at a sufficient rate to eventually eliminate poverty is through the direct and indirect effects of accelerated agricultural growth. While agricultural growth is moderately employment-intensive, it greatly stimulates employment intensive growth in the non-agricultural sector. Rapid and

high growth in agriculture requires specialization and trade. The PPP and subsequently the Pocket-package approach (PPA) introduced by MOAC must be in consistent with specialization and trade. Commercialization of agriculture in contrast to subsistence agriculture focuses on specialization and trade. Thus commercialization of agriculture is synonymous to PPA. The development of connectivity along with improved market outlets for the farm produce is the most essential element in promotion of commercial agriculture.

App is also a regional development plan in practice. Though regional development strategy for Nepal was conceived in the 4th Five Year Plan, but APP is the only comprehensive plan which recognized and incorporated that regional framework into its operational strategy. Therefore APP recognizes the need for different strategies for the Tarai and the hills and mountains. The Tarai strategy is technology driven and centers around the development of ground water, while the strategy for the hills and mountains is demand driven and is centered around high value commodities—particularly horticulture and livestock. Rising income in large degree from the Tarai strategy and also from export prospects, will create enormous demands for high-value commodities of the hills and mountains. They also have location and seasonality advantages over Tarai.

APP strategy for hills and mountains is focused on high-value commodities which use less land but more labor relatively. So in a country like Nepal where farms are too small, this strategy is most appropriate for our farmers to enhance their income from small area of land. The National Agricultural Sample Census, 2001 conducted by Central Bureau of Statistics of His Majesty's Government of Nepal indicates that 75 percent of the holdings in the country are less than one hectare of land and constitute about 39 percent of the total cultivated area. Similarly about 93 percent of the holdings are less than 2 hectares of land and account for about 69 percent of the total cultivated area in the country. Conversely only about 7 percent of holdings are more than 2 hectares and occupy 31 percent of the cultivated land. Of the 7 percent only 0.75 percent of holdings are more than 5 hectares of land accounting for only 7 percent of total cultivated land in the country. These glaring data must be kept in mind in developing any agricultural plan, strategy, and programs in agriculture and its related sectors. Nepal is becoming a country of mainly small and marginal farmers due to high rate of population growth and the law of inheritance to divide parental properties among their children. The smallness of the size of holdings and their low productivity pose serious concern for many agriculture-based households in generating adequate food and income to meet their minimum basic needs. Thus commercialization of agriculture is likely to provide them better alternative to get out from the poverty trap.

The farm size and distribution of cultivated landholdings in hills and mountains paints further a bleak picture of the situation. The farm size overtime has been declining and the number of holdings is increasing towards small farm size. The result of 2001 National agricultural sample Census shows that 80.2 percent of the holdings in the hills and mountains are less than one hectare of cultivated land and constitute about 51.3 percent of the total cultivated area. Similarly about 98.8 percent of holdings are less than 3 hectares of land and account for 92.5 percent of the total cultivated land in the hills and mountains. Conversely only 1.2 percent of holdings is more than 3 hectares and constitutes only about 7.5 percent of total cultivated land.

APP has thus rightly focused on high value commodities –particularly horticulture and livestock in the hills and mountains. These enterprises are highly labor intensive. Thus transfer of area from grain crops into fruit, vegetables and livestock require an increased number of labors. Seasonal and long term migration from hills and mountains due to Maoist insurgency and also availability of better opportunity of income from jobs in the over-seas countries has already caused shortage of labor in the hills and mountains. It is now well recognized that high value crops are particularly important for the future growth of income in the hills and mountains. They offer an opportunity for high income per hectare in areas of acute land scarcity with favorable income generation and poverty reduction. The secondary employment potential in processing and marketing is large. The physical access of those regions is the necessary condition for promoting commercial agriculture in the hills and mountain. Therefore, rural accessibility and particularly north-south road developments have been given highest priority in APP.

Another very important factor to remember is that there is an incentive to produce more because of increased demand and hence it is profitable without increased factor productivity. APP has recognized the need for different strategies for the Tarai and the hills and mountains. The strategy for the hills and mountains is “demand –driven” while the strategy for the Tarai is “technology- driven”. Rising incomes, in large degree from Tarai and also for exports will create enormous demands for high-value commodities of the hills and mountains. What is needed is to create appropriate environment, incentives and conditions for commercial production and marketing of high value products.

Similarly there is a tremendous opportunities for large-scale employment increases in the Tarai through irrigation in increasing cropping intensity and crop diversification. Farms in Tarai are also small land owners. According to 2001 Census about 68.3 percent of holdings in Tarai are less than one hectare of land and constitute about only 27.7 percent of land. Similarly about 95 percent of holdings in Tarai are less than three hectares of land and constitute about 74 percent of total Tarai agricultural land. Middle sized farms

above 3 hectares are owned by 5 percent of the families and constitute about 26 percent of the total Tarai cultivated land with an average holding of 4.9 hectares. These farms, under no condition, can be considered as large farms. Therefore, the challenge of Nepalese agriculture is to generate technologies which are suitable for small farms. Since most of the technologies are neutral to scale, it becomes crucial to provide connectivity and irrigation to these farms to increase crop intensities and make accessible to markets. Thus enhancing the accessibility and irrigation is central to agricultural development in Nepal.

This is strongly supported by Jeffrey D. Sachs, who says "when the preconditions of basic infrastructure (roads, power and ports) and human capital (health and education) are in place, markets are powerful engines of development. Without those preconditions, markets can crudely bypass large parts of the world, leaving them impoverished and suffering without respite. [Jeffery D. Sachs; The End of Poverty, 2005; p.3]

In the past, agriculture was viewed only as a sector which focuses on crops, livestock, horticulture and fisheries and their related research, extension and supply of inputs like fertilizer and improved seed.. Efforts, then, were to generate technologies for those crops and activities, provide extension services for their adoption and also make access of seeds, fertilizer and credits through government supported parastatal agencies. This was a very narrow boundary under which agriculture was viewed. Now APP has brought a change in the mind set of people in policy making and implementation of agriculture programs that agriculture must be viewed broadly to include agricultural roads, irrigation, rural electrification, and marketing without which narrowly defined agriculture sector in isolation cannot be developed. Rural infrastructure is a prerequisite for agriculture development. It includes rural/ agricultural roads, irrigation, power supplies, agricultural markets and storage facilities. This is why PPP which is an integrated package of prerequisites of commercialization of agriculture becomes the vehicle for the implementation of APP. The central message of PPP is in **Packaging of Priorities**. In view of scarcity of resources, it is not wise to spread limited resources thinly everywhere to justify equity or meet political aspirations, but concentrate in few areas initially and spread it in contiguous areas of districts. Although it is a normal political practice to distribute priorities evenly over a large constituency, that will not work in this case. APP outlines three vital principles in the adoption of PPP. They are as follows:

1. 'First, since all the priorities are by and large complementary, they must be applied together even though initially some areas will move ahead of others. By doing so it will bring many fold increase in agricultural output and also create a

great deal of employment in the area. It will also have spreading effect and high returns to investment

2. Second, in view of scarcity of resources, it is important that high potential areas receive the package early. Thus concentrate the agriculture program in few areas initially and spread it in contiguous areas of districts. The rate of return to investments must be the paramount consideration in determining the sequence in which blocks (pockets) are initiated; and
3. Third, APP depends on synergy among a set of infrastructure, inputs and technology. Therefore, a continual effort must be made to ensure that the full package is implemented. The integrated approach is driving force in the implementation of APP. For the Tarai, it requires that the key inputs—controlled water, fertilizer, and improved technology, all made possible by improved agricultural roads and electricity—be available simultaneously. For the hills, it requires that attention be focused on a few key commodities, supported by research and extension, roads, credits, marketing and a non-obstructive policy environment. The implementation of APP must be decentralized to the district and lower levels of community structure' [Nepal APP, 1995, p. 274.].

Under Pocket Package Approach, improved market outlets for the farm produce must receive very high priority. Unless there is market development, farmers will be unwilling to transform subsistence production system to commercial production system. Without assured markets, the farmers have no incentive to invest resources in productivity enhancing technologies, change production patterns to specialize in specific products. Therefore the pocket package approach can't be implemented unless the markets for farm products are assured. In the absence of markets, the opportunity for specialization – and the associated advantages in terms of scale economies regarding the use of modern seeds, fertilizers and other inputs –is also lost. APP has also indicated that government role should be catalytic rather than its full involvement in marketing farmer's product. Market development must be a private sector driven process. Government's role should be more in regulating, monitoring, capacity building and information dissemination activities.

Similarly access of water all the year round is essential to promote commercialization of agriculture. "Farmers can diversify into high-value crops provided they have good water control, and receive higher prices even for their other crops" [Ashok Gulati, Ruth Meizen-Dick and K.V. Raju ; **Institutional Reforms in Indian Irrigation**, Sage Publication, New Delhi; P. 16] . They also argued that "individually- controlled groundwater irrigation could be closely matched to crop needs, the productivity effects of groundwater irrigation were even greater than a comparable area of surface irrigation" [Ibid p.18]

2. MOAC Pocket Package Strategy or Approach

Though at conceptual level, Pocket Package denotes mainly the integration of road, irrigation, electricity, technology (research and extension) and marketing together in fairly large area or along road corridors with focus on prominent commodities. However, the operational aspect of PPP has remained largely within the Ministry of Agriculture and Cooperatives, and other Ministries have not joined in developing the package program together. Though the integrated package approach conceptualized in the PPP requires that all relevant line agencies to act together on priority basis; but the Ministry of Agriculture and Cooperatives is left alone to implement this package, taking advantage of existing road, irrigation and other services. It, therefore, limits its scope to much smaller area in its operational program of PPP. The pocket package idea to Department of Agriculture and the Department of Livestock and their Divisional levels is narrowed to only cereal crops or to livestock or horticulture enterprise and that too is further narrowed to a specific crop or an animal/bird or vegetables or specific fruits such as apple or citrus or banana crop. So presently pocket package program is operating mostly at highly disaggregated level of agricultural commodities and there is lack of integration within the divisions of departments as well as between departments and ministries. So this beautiful concept of the Pocket Package is lacking the comprehensive, integrated holistic approach at implementation level and has failed to create the momentum for rapid rate of growth in the specific potential area. It has boiled down to mainly at the level of setting certain targets in terms of number of pockets for specific crops or activities and meeting those targets. Therefore it is important to bring the related agencies to work together to own the concept of Pocket Package and develop the program together. Once the program is developed jointly, each agency would be required to fulfill its specific activities so that there is a synergic effect and the development in a pocket area takes its own momentum to grow and expand.

As far as operational aspect of pocket package approach is concerned, MOAC had issued an “Implementation Guidelines on PPS for Agriculture Development 2055 (1998)” to insure common framework for implementation of pocket package strategy in order to carry out APP at field level. The guidelines have presented the pocket package program under two categories namely Crop Production and Livestock Production.

Criteria for the section of production pockets in both categories were as presented in the table 1 below.

Table 1: Criteria for selection of production pockets.

S.N.	Type	Criteria
1	Crop Production	1. Area with access to road, and availability of irrigation and electricity. 2. Area with availability of irrigation and road 3. Area with irrigation facilities 4. Area with access to road 5. Other feasible sites (traditional agricultural area)
2	Livestock production	1. Area with road access, and availability of electricity and feed/fodder. 2. Area with road access 3. Other feasible sites (traditional agricultural area)

The first step in implementation of PPS to identify the pockets based on the above criteria. The guidelines have also determined minimum size of the pockets as presented in Table 2 &3

Table 2. Minimum Size of Pockets for agricultural crops

Regions	Activities	Size of area
Tarai	• Food & Cash/Industrial Crops • Fruits • Vegetables • Fisheries	1000 hectares of irrigated area or a command area of 400 shallow tubewells. 150 hectares 100 hectares 10 hectares
Hills	• Food crops • Fruits • Vegetables	100 to 150 hectares 60 to 70 hectares 30 to 40 hectares
Mountains	• Fruits	40 to 50 hectares.

Table 3: Minimum Size of pockets for Livestock (in terms of numbers)

(a) Cow and buffalo: Each pocket should have 50 to 75 animals. Five farmers groups will constitute one pocket where each group consists of 10 to 15 families and each family must have at least one improved adult productive animal.

(b) Goat, Sheep and pigs: Each pocket should have 100 to 150 animals. Five farmers groups will constitute a pocket where each group consists of 10 to 15 families and each family must have at least two improved productive animals.

(c) Poultry: Each pocket should have 1750 to 3000 chicken birds. Five farmers group will constitute a pocket where each group consists of 10 to 15 families and each family must have at least 35 to 40 birds.

Mechanism of formation of farmer's group: Once the pocket area is identified, the Agriculture Service Center will encourage farmers to form groups. The JT/JTA will organize farmer's meeting and discuss about the pocket package program and form groups. Each group should be registered in respective District Agriculture or Livestock Offices. As groups have gained some experiences, they could be brought to form Cooperatives. Al least 25 percent of farmers groups must be of women.

Programme formulation (Package development): Once the constraints and needs of agriculture and livestock development are identified, an effective program for increase in production should be developed. In order to fulfill the targets of each pocket program, seven important components of Package namely agricultural inputs, agricultural technology, institutional structure, agricultural marketing, and storage facilities, agriculture industries, agricultural finance, and infrastructure development must be described. The pockets based on the program activities could be of following types.

1. Basic or Preliminary Packages: agricultural inputs, agricultural technology and institutional arrangements fall under this package. The package consisting of these three components is the necessary foundation for all the pockets. Other physical aspects of the pocket to be known are the condition of soil, availability of irrigation and electricity, and access by road.
2. Commercial oriented packages: This package lies between the Basic and Commercial packages. It is a step ahead of Basic Package but not yet developed into a full package of commercialization. As agricultural technologies and necessary inputs have been met, the production level increases to such a level that a small surplus is also observed and this calls for access through development of roads and markets as essential infrastructure for further production in those pockets. Under that situation along with basic infrastructure there is further need for advanced technology, agriculture credit and storage capacities to achieve a certain level of economy of scale.
3. Commercial Package: This package requires a combination of physical infrastructure such as agriculture road, and availability of irrigation, electricity and agricultural credit, agriculture storage facilities, market development and agriculture business plan along with advanced agricultural technologies, inputs availability and institutional development. This is the level where the whole agriculture should reach to bring a substantial growth in agricultural production and income in the country.

4. Infrastructure Package: According to the potentiality and possibility of area the development of irrigation and access of roads and electricity can be brought in. These three constitute fundamental prerequisites for agriculture development. In order to develop these infrastructures there is need to coordinate activities with other ministries such as Ministry of Water resources and Local development. The commercial package cannot be introduced without infrastructure package and thus essentially infrastructure package is the part of Commercial package.

Comments on the Implementation Guidelines of Pocket –Package Strategy or Approach.

The central framework of APP is that "the APP is an interactive and interdependent plan crossing many interrelated sectors, sub-sectors, public agencies, the farming community, private entrepreneurs, nongovernmental organizations, and international donors and cooperating agencies." [APP, p.273] Prioritized Productivity Package which is an integrated package, is the approach to implement APP. The approach depends on three vital principles.: (1) all the priorities must be applied together; (2) the rate of return to the investment must be the paramount consideration in determining the sequence in which blocks are initiated as for all else, and then spread to contiguous districts because of the cost of extending the key inputs; and (3) a continual effort must be made to ensure that the full package is implemented.

Pocket packaging approach is required to concentrate available inputs in areas of high potential. This is done to increase productivity and employment. "APP's concentration of inputs strategy under PPS framework has been often criticized on the notion that the selection of priority production areas with best potential for agricultural growth in line with the spirit of PPS is likely to focus program activities and inputs on wealthier farmers with better access to land and other resources and poor who are in greater need of assistance are less able to capitalize productivity enhancing innovations. While overall approach of APP in focusing resources in priority investments might remain valid, the implementation of PPS does raise concerns about equity and pro-poor feature of the strategy is often questionable". [Review of the pocket package strategy for agriculture development in Nepal: Ministry of Agriculture and Cooperatives, Monitoring and Evaluation Division, APP Support Program (APPSP) p.5]. The above observation is unfounded since there are significant numbers of small farmers who live in those potential pocket areas. Also an intensive agriculture program in those areas are likely to create a great deal of employment where many very small and landless farmers can be employed and raise their income. Limited resources when thinly distributed widely in the

name of equity, has brought no positive impact in enhancing the production and productivity. So the idea is to start with small potential pocket and gradually expand it to cover larger areas so that large number of farmers can participate in the production and income generation process. So this is an unfair criticism on APP and Pocket Package Approach in implementation of APP.

The integrated approach is essential for the Tarai because of the interaction with the groundwater program. It is also essential for the hills and mountains because of the interactions with the high-value output programs. From the above statements it is clear that the "pocket –package strategy" as implemented by MOAC is not at all compatible with the PPP approach as proposed by APP. The APP is designed to achieve a large aggregate increase in production and income. So, it must necessarily be implemented on a large scale, rather than as a pilot program mounted in a few favorable locations. Pockets adopted in the field by the Department of Agriculture and the Department of livestock are too small which are even much below the prescribed size of pockets by the MOAC which, by any standard, are small in view of the PPP requirements. While the targets of the PPAs are set high in numbers, the actual implementation of pockets is much below than what is set out in the annual plan.

Review of Pocket Package Strategy for Agriculture Development in Nepal carried out by APPSP in September 2004, has come out with the same findings. This report points out that "implementation of PPS (PPA) is not uniform across districts. Pockets promoted are too small which is not consistent with PPS. PPS areas have been designed in the form of small and separate pockets for each commodity instead of concentration of all investments in a few pocket areas…PPS is not fully consistent to APP objective. It has provided greater focus on technology dissemination and use of existing infrastructure and has not fully addressed the issues of integration such as land consolidation, new command area development, new road corridor developments, processing, packaging, value addition and storage facilities" [p.80]. The monitoring or follow up supervision is the weakest part of the PPA implementation. Similarly APP Implementation Status Report (Volume 1: Draft Main Report), study carried out by the IDL group in collaboration with NARMA and SEEPORT Consultancy firms in July 2005 points out that " Unless the size of the pocket is expanded giving attention more to those for whom the pockets are developed, the likely impact of the APP is remote.---This exercise requires the active involvement of all concerned line ministries and the private sector in order that their sectoral policies would give due recognition to the PPS and that they would establish internal arrangements for ensuring the implementation of the PPS. At present none of the sectoral policies have recognized the usefulness of the PPS." [p.82].

Second, the APP depends on synergy among a set of inputs and technology. Thus, for the tarai, it requires that the key inputs—controlled water, fertilizer, and improved technology, all possible by improved agricultural roads-be available simultaneously. Here again, the PPA does not take full advantage of the existing road and irrigation infrastructure already built in the districts. Both the pockets as determined for agriculture and livestock are extremely small to create any significant impact on production and therefore they are totally inappropriate from APP point of view. Similarly the packages which are outlined in the Implementation Guidelines, as described above are also not conducive to PPP, since APP implementation demands the synergy among a set of infrastructure, inputs and technology. So App basically focuses on commercial packages and there is no need to confuse with four different packages. The pocket- package strategy as developed by MOAC has very limited focus and use and has gradually moved into more physical target oriented program in terms of numbers without of much relevance. They still focus on technology dissemination only, leaving significant parts such as efforts on processing, packaging, value-addition and storage facilities for efficient marketing of farm products. No wonder this strategy has not led agriculture anywhere to give a leap forward in the agriculture sector. It is pity that after formulation of APP in 1995, the nation has lost ten years without seriously implementing APP. Whatever progress we find in agriculture that has taken place as a normal course of event in development without any significant concentrated effort made through implementation of APP.

3. Successful Cases of Pocket-Package Approach

Poultry development in Chitwan is a good example of pocket package program. A minimum of 5000 birds is a set for commercial scale of production. Its development is lead by private sector but the conditions for its development were available in terms of accessibility and marketing. Similarly the dairy development and tea farming in Ilam is another good example of pocket package program. The focus of pocket package must be broad and cover large area for the specialization of those products which have “nitches” of that area and are marketable products. The production of orthodox tea is a highly potential enterprise in the eastern hills. In Ilam, farmers have started to shift land from food crops to tea, ginger, and potato which are high value crops. This became possible due to favorable biophysical and socio-economic conditions of the area as well as road access to Tarai and Darjeling in India for marketing. Accessibility and irrigation are most crucial for commercialization of agriculture and both are not directly within the jurisdiction of Ministry of Agriculture and Cooperatives. Therefore, Ministry of Agriculture and Cooperatives must take lead in coordinating the activities of rural road construction, rural electrification and irrigation development, so that these three activities complement each other for commercialization of agriculture. For administrative and

management purpose, the Minister of Agriculture and Cooperatives should be of Deputy Prime Minister rank or senior minister who can chair the central implementation committee of APP where the concerned ministries namely the Ministers of Water Resources, Local Development, Land Reform and Management, Finance, Industry, Commerce and Supply, and Vice-Chairman of NPC should be the members of this committee. This high level of committee can resolve the problems of coordination if any.

It is found that the access of electricity enhances commercialization by providing cheaper source of power for pumping water and developing cold stores for the storage of perishable agricultural commodities. Also as irrigation becomes available, the immediate effects usually appear on cropping pattern. There is an increase in cropping area, especially during winter and spring seasons, which increases cropping intensity and provides employment and income. However, cropping intensity remained much below the actual potential in majority of the irrigation systems. Halcrow, et al (1997) noted an increment in cropping intensity from 149 per cent to 178 per cent in rehabilitated irrigation systems under the Irrigation Line of Credit (ILC). This increment is not much. This may be due to lack of access road network, non-availability of farm inputs, poor extension facilities and other social problems. Assured irrigation during winter and spring is essential to increase cropping intensity and production of high value crops like vegetables. The conventional irrigation technology in FMISs was mainly designed for cultivating monsoon paddy. This conventional irrigation system must be replaced by technological innovation in irrigation so that water is also made available for winter and spring crops (Hill Irrigation: The question of Rehabilitation P. 57.) Besides year-round irrigation, assured market and commodity price information (market access) systems are imperative for commercialization of agriculture..

In the remote hills, the prospects of vegetable seeds (particularly of temperate vegetables) production is considered to be profitable. Seabuckthorn is another potential forest bush which is used to make juice with many useful commercial values. Farmers in the eastern region of Nepal have begun shifting from cardamon cultivation to Chiraito farming because of higher profitability in the latter. Thus physical suitability and profitability of particular crops or enterprise are very essential for commercialization of agriculture.

The pocket package program should focus on integrating different sector activities which are mentioned earlier for its holistic development. However within agriculture sector it should launch a cost-reducing production technology oriented to commercial markets and a marketing program designed to rapidly expand aggregate sales far beyond the present. MARD project of USAID in Rapati zone had concentrated on such pocket package approach to emphasis on vegetable seed production. The central objective of the MARD

project was to achieve a large increase in production and marketing of high-value commodities. VFC program followed MARD project and focused on a few high –value commodities that would bring a major increase in farm family income. The program concentrated on specific pockets (villages or small sets of villages) well adapted to high-value crops. Marketing was emphasized in VFC program. Citrus and apple were important fruit crops for commercial exploitation. Lack of physical access due to non-availability of road restricted the spread of the program to only very limited area. It concentrated on apple cultivation in the less remote areas and the production of temperate vegetable seed in the more remote areas. MARD and VFC provide good example of the success of pocket package program.

Essential Elements for Market Development

Different activities are to be conducted simultaneously for market development.

1. First is to bring farmers together with traders: Under this it is important to give more attention to building the extent to which farmers become traders, with the objective of increasing the number of sales outlets in each village.
2. It is also important to build the large and rapidly increasing number of Production and Marketing Associations (PMA's) into an integrated structure with an apex organization that can negotiate with large traders, particularly for entering the India market, this apex organization can also lay an important role in expanding PMA's into new pockets;
3. As the Indian market becomes more important it will be necessary to build trading centers at the border so that Nepali traders can sell to Indian traders in large lots, partly to avoid the entrance problems that still exist in the Indian side of the border;
4. It is important to carry out surveys of market potentials in India. Market research on commodities produced in Nepal is limited. Although Nepal, with its population of 25 million, is a significant market, the future market with a potential for absorbing Nepali exports is India, particularly border states such as West Bengal, Bihar, Uttar Pradesh and Uttaranchal. Similarly potential markets need to be identified in Tibet, autonomous region of Mainland China., and Bangladesh. Recently Pakistan has shown interest in importing tea from Nepal. Middle East region could be potential markets for vegetables and fruits from Nepal. So potential market places need to be identified for Nepalese products.

Private sector marketing can be achieved in two ways; by increasing the competitiveness of small traders and by building countervailing power through producer associations. The large numbers of relatively small private traders, both Nepali and Indian, will interact

with producer associations in the market centers to take fruit and vegetable products into the Nepali and Indian markets. The marketing and transport policy require analytical collaboration in implementing Pocket Package Programme. High transport costs represent a very significant marketing constraint in Nepal, particularly in transporting high-value commodities from hill areas to urban markets both in Nepal and India. An important empirical task in doing effective transport policy work and in quantifying marketing costs is the regular updating of a transport cost map or matrix, showing transport cost between key production zones and market towns. Transport costs should be partitioned on internodal transport itineries that combine porterage, mule transport, tractor haulage, and trucking. In this way, the relative costs per kilometer of transporting goods by different modes can be monitored. As the road infrastructure is gradually up-graded, of course, transport costs should decline in real terms. The up-to-date quantification of transport costs is a useful indicator of where road improvements should be made, which should be combined with estimates of actual production capacity, and production potential in less accessible areas.

4. Support Activities to make Agricultural products more competitive.

(i) Technology Generation:

While this used to be main domain of public sector in the past, now private sector and NGOs are involved in it which is a very encouraging development. Hill Agriculture Research Project (HARP) initiated the involvement of private and non-government agency in research while Agriculture Research and Extension Project (AREP), Crop Diversification Project (CDP) and Third Livestock Development Project (TLDP) promoted contractual arrangement with the private or NGOs to provide extension and technical and other inputs services in agriculture and livestock.

The main concern in research is to find ways and means to reduce the cost of production so that Nepalese agricultural products can compete with the external products. Both NARC, DOA and DOL need to discuss this issue together and improve technologies related to different high-value commercial crops and livestock. Similarly, in view of a continuous increase in price of fertilizer and diesel, it is important that NARC give importance on cost reducing technologies with high efficiency of fertilizer and water use so that farmers would find it profitable to use that recommended package of technology.

(ii) Technology Dissemination:

Improvement in the skill of subject matter specialist and JT and JTA is crucial. At the same time increased stability of DOA specialized staff in the field is critical to the future

success of Pocket Package Approach. The technical skills of key extension agents must be increased so that they can help bring farmers considerably closer to the forefront of knowledge about high-value cash crops. A full understanding of improved technology by the extension personnel is the heart of good extension. The on-farm research activities will be the core of providing the technical knowledge to the extension personnel. The plan for spreading the pockets according to place of greatest potential, in general fanning out from roads, will provide the geographical concentration of effort. Each district will also provide the schedule for geographical coverage. In brief, for each commodity there will be a map prepared showing the existing pockets of intensive activity, with the proportion of farmer participating in the program, the area per farm, the output and cash sales per farm. Then it will be shown on the map that expansion path year by year for each commodity, until complete coverage of the suitable area for that commodity is reached. The driving principles will be that areas of high density of output are important not only to efficiency in extension but also in marketing. Thus expansion is intended to always be in the context of achieving high density of production and marketing, not even coverage of the district. It is believed that the map of areas of suitability for each commodity will in sum give roughly total coverage in each district. Thus there will be a systematic approach to expansion. These all should be worked out as a project. Thus projecttization is a key approach in promoting Pocket Package Strategy.

(iii) Roads:

For the development of road –network, it is important to carry out transport analysis. It will be used for three purposes:

1. to sequence expansion of the pockets according to costs of marketing and profitability;
2. to leverage priorities for road construction in the zone.; and
3. to influence national policy on roads as this relates to Hill cash crop production. The road analysis will be used as a basis for discussions with the DDC's, VDC's and other interested parties in order to coordinate road development with expansion of the intensive development pockets.

In the Hills and mountains, local roads are a key constraint to marketing high –value products. Expenditure on local roads is also rising rapidly. Ender's previous analysis in Nepal emphasized the complementarity of truck, feeder, and farm-to-market roads and recommended more balance to road investment to counter the early bias toward the Kathmandu region. His work also began to specify criteria for elaborating a local road network, based on the locations and services provided by local periodic markets. This paradigm will be expanded to a more general index of potential road utility. Roads are a very high priority so work should begin as soon as possible. . Initially a department

named DOLIDAR was created in the Ministry of Local Development to promote the construction of agricultural roads which can link the production pockets with the markets. But now it has been given the mandate of only rural road (implying that agricultural road is part of rural road) which my not necessarily link production area with the markets.

Agribusiness policy inventories must be carried out in collaboration with local experts and input obtained from stakeholders and market participants. This process creates the possibility of viable policy dialogue.

(iv) Project Approach

In the World Bank financed - Agricultural Research and Extension Project, Projectization is combined with the Pocket Package Programmes. It has been found under this project that this projectization process is most effective practical extension management tool. The concept of projectization in agriculture was introduced in Nepal in 1993 under an UNDP financed project of District Agriculture Plan (DAP). District Agriculture Plan was prepared for 20 districts in project form and government budget was allocated accordingly for two years. But it didn't continue but dropped out. Later this concept was reintroduced under the World Bank Project and further refined.. Several innovative institutional developments have been introduced during that project. They are contract extension, public-private partnership in research and extension, improving M&E system. The project reinforced the functioning of farmer organizations as viable institutions, the linkage among research, extension and farmers collaboration with non-government organizations and institutional capacity of implementing extension programs in project format. Implementation Completion Report March 24, 2003 of the AREP indicates that "the most remarkable achievement of the project had been to bring realization across the organization regarding the changed role of public sector as "Service Provisioner" rather than as "Service Provider". The report also recognized that 'pluralistic institutional environment' can be synergistic to create high multiplier effect of public sector interventions. This change in the mindset of public sector players is extremely valuable. Another significant change in their mind is that subsistence agriculture must be commercialized for farmers to benefit from farming. So there is now serious effort to introduce this change in agriculture from all related agencies. APP, though not fully implemented as per the plan, but it has definitely influenced significantly in changing the mindset towards commercialization of agriculture in Nepal.

A taskforce team on National Agricultural Extension Strategy in the Ministry of Agriculture and Cooperatives presented a draft report on national agriculture agricultural extension recently. The team strongly emphasized on the use of **project approach.** It

recommends that the agricultural programmes should be planned, implemented, monitored and evaluated according to project approach. The project should describe purpose, output, activities, timeframe, project location, target groups and the cost and follow a log frame approach. It is now high time that the MOAC follows projectization approach in extension rather than experiment with different modalities.

(v) NGO's involvement in commercial agriculture

Many INGO and NGO are now involved in promoting commercial agriculture through introduction of high-value vegetables and fruits in farming. The Center for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED), SAPPROS, and DEPROSC have contributed significantly in promoting the development of agriculture towards commercialization. Notable example of CEAPRED is in Dhankuta and of SAPPROSC in Dhadhing and Mugu and DEPROSC in Dadeldhura. There are such many examples where NGO as well as INGO have been involved to promote commercial agriculture in Nepal.

(vi) Dairy Development.

In Dairy or milk production three areas have come to be predominant and they are Ilam, Kavre and Syangja. DDC provides market for the milk collection and these all area are linked with roads. Thus road and milk purchase guarantee are essential for the promotion of dairy cows and buffaloes.

The milk production in Ilam is also driven by the Indian demand for the milk next to Nepalese boarder towns. Similarly for Jhapa milk there is demand from India.

In the western Nepal, Dailekh, Dang and Surkhet were the pockets of buffaloes for milk production and subsequently the production of ghee for export to India. But now there seems to be a decline in the demand of ghee and subsequently those pockets are dying out. Similar areas were Rupendehi, Kaski and Parbat. About 6000 metric tons of milk powder is imported. During the flush season, the production of milk is much higher than the demand. Farmers have to face two or even three milk holidays. So there is need to install a milk powder plant so that the excess milk can be bought to prepare milk powder and can be used in winter when there is shortage of supply. Government influences in setting milk price has also caused problems for Dairy industry to concentrate its milk collection only to limited area and they are inclined to use milk powder which is relatively cheaper.

(vii) Government new agricultural policies

Eight years after the implementation of APP, the government recently announced a new national agricultural policy which is largely based upon the APP and has added certain policies in view of new development under globalization and WTO since Nepal has become a member in this organization recently. The new policy has further created positive conditions for the implementation of APP.

More priority to building scientific facilities in NARC and implementing extension programs for the disadvantaged farmer groups should have been given. Despite government continued policy pronouncements, small, poor and disadvantaged farmers still have limited access to resources for their socio-economic upliftment, although the group approach in extension increased their access to new technologies and training. In AREP districts, at least 15% of such target groups could be served by the project.

(viii) Accessibility Criteria

Based on accessibility, potential areas can be grouped into three categories.

1. Areas with Road Access: There are many potential pockets with accessibility which are not yet harnessed. It is important to identify those areas and develop a project to cover the essential requisites to develop that pocket. The required investment to roads, irrigation and electricity should also be identified along with the technological and marketing constraints. Thus the packaging would be of small distance roads, rural electrification, irrigation, priorities commodities, agriculture input, research and extension services.
2. Areas Where Road Access is Economically Justified and which will become Accessible within next 5 to 10 years: Though initially the emphasis should be on the subsistence, mixed farming system but preparatory activities should be undertaken for the transformation of subsistence agriculture into commercial agriculture. Thus most of the activities would be similar to those in areas that already have access to roads, with some time lag.
3. Areas Where There is Sufficient Potential to Justify Limited Access Improvements (e.g. suspension bridges, trails, mule-tracks, airports). These could be made accessible by road in the next 10 to 20 years: The priority of these areas is still to meet basic needs (self-sufficiency in food-gains) through improvement. Agricultural research is oriented towards subsistence crops, mixed farming systems, and low-cost technology. Extension and other support services should be oriented towards meeting the needs of the mixed enterprise farming system, in which grain crops, livestock, and horticulture are given proper emphasis. In terms

of cash crops, emphasis is on low-weight and high-value crops such as medicinal herbs.

(ix) Tarai vrs Hill Packaging Approach Priorities.

The Tarai Packaging approach priorities are to some extent different than Hills and mountains. In Tarai, Irrigation and particularly Shallow Tube wells are emphasized to provide irrigation year-round and increase cropping intensity and employment. All the weather roads network and rural electrification should accompany this irrigation investment to make it more cost effective. So the main components of Tarai Package program are irrigation, road and electricity in addition to technology (research/extension) and marketing. One important consideration in the pocket package approach is that the number of priority commodities should be limited, so that required attention can be given in terms of technology generation and marketing of products. Priority commodities in the Tarai are cereal grains, milk, meat and other location specific commodities based on market demands. In Tarai, after the abolition of subsidy for shallow tube-well, its demand has significantly declined. The ADB project of Shallow Tube-well had target of installing about 15000 tube-wells but has hardly installed about 5000 of tube wells during the project period. Since the current policy of the government is not to provide subsidy in the installation of shallow tube wells, there is another mechanism to make its installation cheaper by providing power source through the accessibility of electricity. Therefore in the Tarai, the government should focus on rural electrification. . Where there are good opportunities, this will allow farmers to invest in shallow tube-wells and inexpensive electric pumps. Generally, farmers are better placed than the government to make such investment decisions. Besides, access to electricity will have many other benefits.

All institutions related to agricultural development should aim how to increase the value of agricultural production and ultimately farm income and employment. So we should always start from agriculture not from irrigation or rural roads. “Nevertheless, the institutional set-up which divides irrigation, agriculture, rural electrification and rural roads into three different Ministries does not facilitate more integrated thinking. The famous Agriculture perspective Plan was an attempt to look at agriculture comprehensively at the strategic level. The institutional divisions, however, seem to have been too deep to overcome, and the APP was never effectively implemented.”[Ken Ohashi; Irrigation in Nepal: Thinking beyond Green Revolution, The Himalayan Times, Dec. 22, 2004.]

(x) Development Corridors:

The corridors in the hill and mountain districts have been listed as those which are existing now and then which have potential for development. These corridors are basically road corridors which provide the foundation input to promote agriculture and livestock development with high prospects for increasing return on investments. Unfortunately the PPA has provided less than adequate focus on road corridors. It is noteworthy that NGOs have taken initiatives to carry out their agriculture development programs along some of these road corridors.

Existing Development Corridors:

Name	Total Length in KM.
• Charali(Jhapa) –Phidim (Panchthar) road corridor	268
• Dharan (Sunsary)-Hille (Dhankuta) road corridor	111
• Arniko highway corridor.	113
• Prithvi highway corridor	173
• Pokhara (Kaski)—Banglung Road corridor	
• Sunauli (Rupendehi)—Pokhara road corridor (Siddharth Rajmarg)	181
• Bhalubang(Dang)-Pyuthan road corridor	
• Dang- Salyan Road corridor	
• Dhangadi-Dadeldhura road corridor.	

Potential Development Corridors

- Rabi (Panchthar)—Rajarani (Dhankuta) road corridor
- Hile (Dhankuta)—Bhojpur road corridor.
- Chatara (Sunsari)—Bhojpur road corrider
- Gaighat (Udaypur)-Salleri (Solukhumbu) road corrider
- Banepa (Kavre) –Badribas (Dhanusha/Mahottari) road corrider
- Trisuli road corrider.
- Surkhet—Jumla road corrider.
- Katari (Udaypur) -- (Okhaldhunga) road corrider
- Okhaldhunga----Salleri 47
- Okhaldhunga----Diktel 60
- Syaprubesi—Trisuli—Galchhi 80
- Baglung---Beni---Jomsom 96
- Phidim—Taplejung 86

5. Conclusion

APP is a visionary plan and provides a conceptual framework for agricultural growth which is precondition for poverty reduction and economic growth in the country. Different national five-year plans have always accorded high priority to agriculture in the document but unfortunately agriculture viewed on a broader sense has not received adequate resources to make a break through. Agriculture should not be left behind in terms of real political commitment and resources. Though the final document of APP was completed in 1995, it was half-heartedly implemented. The packaging of a small number of key priorities was central feature of APP. The complementary relationship among the priorities must be kept in mind at all times. They must be applied together. Secondly it is important that high-potential areas receive the package early. And thirdly the manner of implementation must be tuned to local features. In other words, the implementation of APP must be decentralized. These all together is known as Prioritized Productivity Package (PPP). Thus the PPP is an integrated package. It is here that MOAC Pocket-Package Strategy or Approach missed the point.

Then PPA became another physical target programme without substantial impact on agricultural growth. The recommendation is to go for Project approach which is also the experience of AREP to be most useful extension approach and is also strongly recommended by the Taskforce Team on National Agricultural Extension Strategy in the Ministry of Agriculture and Cooperatives.

6. Annex 1: Policy Action Matrix – Pocket Package Approach

S.N	Constraints	Recommended Improvement/Action	Activities	Indicators	Time Frame	Responsible Agency
1	Lack of full understanding of APP and the Prioritized Productivity Package(PPP) which is the basis for implementation of APP.	The salient features of APP and the three principles in the adoption of PPP need to be understood by every one involved in policy making and implementation of APP.	• Every training course in agriculture, irrigation, and related sectors should cover discussion on APP and PPP. • Leaf-let should be prepared in English and Nepali for wide distribution of these concepts. • Electronic media should be used for information dissemination.	The salient features of APP and PPP are understood by policy makers and those involved in implementation.	Immediate	MOAC, Ministry of Water Resources,Ministry of Local development and other agencies related to APP.
2.	Pocket-Package Strategy or Approach is not PPP. The current practice of	The PPA needs to be replaced by project approach.	Annual programmes of agriculture extension and research, irrigation, roads	Project approach is fully understood	From the coming budget	By all concerned ministries and

	PPA are inadequate.		should be submitted as projects	and reflected in annual plans.	programming.	agencies .
3.	Pocket Package Strategy of DOA and DOLS are working without linkage with agricultural research organization-NARC.	There must be a full partnership between research and extension activities.	Develop annual programmes with full participation of each agency.	Joint programme formation meetings, and Joint supervision missions.	Start from this forth coming annual programme.	MOAC, DOA, DOLS, NARC .
4.	Lack of proper identification of potential areas with road and irrigation and less potential areas without road and irrigation.	Every district should have map showing the potential and less potential areas. This will be useful for sequencing the agricultural programme in the district.	District Agriculture Plan is prepared visiting Ilaka centers and discussion with farmers and VDC representatives. Then the Plan is discussed and finalised in DDC.	Development of District Agriculture Plan for each district.	Immediate	MOAC
5	Lack of legal framework for contracting out agricultural services to Private sector or NGO.	Prepare the contracting document to contract out services.	Appoint a drafting committee for the preparation of service contract document.	The contract document is prepared and necessary legal clearance is obtained.	Immediate.	MOAC, Ministry of Law and Justice.

6	A serious oversight in terms of institution by not making a provision of the establishment of APP National Implementation Committee under the Chairmanship of Minister of Agriculture	Establish such Committee under the Chairmanship of Minister of Agriculture who should be either Deputy Prime Minister or Senior Minister in the Cabinet. Since the Agriculture Minister will have to chair this committee with several ministers of other related ministries and related key national agencies. This is essential to provide political commitment, ownership and effective coordination among related sectors of APP for its implementation on fast track.	This is to be discussed in the cabinet and necessary arrangements are made accordingly.	Committee is formed.	Immediate.	MOAC, Prime Minister Office.

7.	Another oversight in terms of institution by not making a provision of establishment of APP Secretariat in MOAC which can work as Secretariat of the APP Implementation Committee. A joint secretary either of Division of Planning and Coordination or Division of Monitoring and Evaluation should be made the head of the Secretariat to work very closely with the Secretary of Agriculture and Cooperatives.	Establish APP Secretariat in MOAC	Take necessary action to to establish such Secretariat.	A Secretariat is established with a board room to display the activities and progress of APP.	Immediate	MOAC.

8.	Market research and studies on commodities produced in Nepal is limited.	It is important to carry out surveys of market potentials in India, particularly border states as West Bengal, Utter Pradesh and Uttaranchal. Similar potential markets need to be identified in Tibet and Bangladesh. Middle east region could be potential markets for vegetables and fruits.	MOAC should make budgetary allocation in the forthcoming fiscal year for those studies. This must be on high priority list of activities for next fiscal year.	Market research and studies are carried out within the next fiscal year.	One year.	MOAC. The study may be contracted out to private firms.

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