

ECONOMIC POLICY NETWORK

Policy Paper 11

POLICY REFORM NET-WORKING IN NEPAL: A SUGGESTED FRAMEWORK

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May 2006

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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 Macroeconomic Management chaired by the Secretary of the Ministry of Finance.

The study makes an analysis of the Policy Reform Networking in Nepal: a Suggested Framework that need to be adopted by the Government and provides valuable recommendations for the effective implementation in the policy level. 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 Mr. Prithvi Raj Ligal 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 macro economic management 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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ACKNOWLEDGEMENT

The author is highly privileged to have the opportunity to undertake this study on "*Policy Reform Net-working in Nepal: A Suggested Frame-work*". The author wishes to place on record its sincere gratitude to the EPN Focal Unit for entrusting this important assignment.

The author wishes to express sincere thanks to Dr. Champak Pokharel, ex- member, National Planning Commission and the chairman and the members of EPN advisory committee for their all round support and professional suggestions. I would also like to thank Dr. Bimal Koirala for his excellent comment on the paper and to other participants in the thematic group meeting and the seminar for their comments and suggestions. I have tried to incorporate it in the final report.

The author believes that the analysis and the recommendations made in the study will be very helpful to all those who have keen interest on the Policy Reform Networking in Nepal, including the policy makers and the practitioners.

P. R. Ligal
May, 2006

Abbreviations

ADB	Asian Development Bank
ADDCN	Association of District Development Committees of Nepal
CBOs	Community Based Organizations
CBS	Central Bureau of Statistics
CEDA	Centre for Economic Development and Administration
CEDECON	Central Department of Economics
CNAS	Centre for Nepalese and Asian Studies
DANIDA	Danish International Development Assistance
DDC	District Development Committee
DFID	Department for International Development/UK
DIRC	District Information and Record Center
GTZ	German Technical Cooperation
GoN	Government of Nepal
HRD	Human Resource Development
LBs	Local Bodies
LMs	Line Ministries
MoAC	Ministry of Agriculture and Cooperative
MoES	Ministry of Education and Sports
MoF	Ministry of Finance
MoHP	Ministry of Health and Population
MoLD	Ministry of Local Development
MoITS	Ministry of Industry, Trade and Supplies
MoWR	Ministry of Water Resources
MOHPP	Ministry of Housing and Physical planning
NGO	Non-Governmental Organizations
NPC	National Planning Commission
NPRN	Nepal Policy Reform Net-Work
PAF	Poverty Alleviation Fund
PRSP	Poverty Reduction Strategy Paper
RAC	Reform Advisory Committee
SNG	Sub-National Governments (DDC, Municipality and VDC)
NSC	National Steering Committee
TPC	Trade Promotion Centre
TRAB	Thematic Reform Advisory Body
UDLE	Urban Development through Local Efforts
UNDP	United Nations Development Fund
UNESCAP	United Nations Economic and Social Commission for Asia and Pacific
VDC	Village Development Committee
WB	World Bank

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Executive Summary

After the restoration of democracy in 1990, Nepal implemented a well thought out policy reform agenda, also known as liberal economic policy, in 1992 to accelerate the pace of economic development and reduction in the level of poverty in the country. The main focus of the reform agenda was to create private sector friendly investment environment by dismantling “license raj system “ on trade, investment, tourism, communications, financial sector and hydro-power development etc., and privatizing government owned public enterprises, there by, providing avenues for boosting productive private sector investment in the country.

The problems in the political system manifested decision making at the government level and the increased security problems caused by heightened insurgency has further compounded policy implementation in the country. The result, slippage in the policy implementation, delays in the necessary policy response and action taken. Lack of a mobilized civil-society constituency to support economic reforms caused a failure on the part of the stakeholders to put pressure on the government and other agencies to take timely action on the reform agenda and the implementation follow up. As noted elsewhere, such a constituency is essential to sustain and consolidate the reform process since economic reforms are inevitably involving the competing interests of different stakeholders. Potential losers seek to block reforms and, hence, sustainable growth, social development, and poverty reduction. In such a situation, a vehicle enabling experts, policymakers, and opinion makers to network among themselves would be useful to build and strengthen a coalition for reforms, based on sound research on key policy reform issues.

The political uncertainty and the growing conflict situation have compounded the task of policymaking and implementation in recent years. This calls for more homework in policy design and the consensus of the large mass of the population in implementing these policy reform prescriptions. For this, the adhocism in policy making and policy making at the desk has to be changed to a system based on intensive study on policy areas, discourse with the stakeholders at different level, monitoring and evaluation of policy implementation and the feed back mechanism in policy improvements. The rapidly developing ICT web portals can assist the policy makers in achieving these tasks. Thus, there is a greater need for institutionalizing policy formulation in the country. Creation of NPRN may be the answer to these issues.

With this in view, the present study tries to develop a framework for economic policy networking in Nepal that can consolidate the reform process by providing sound footing for the reform agenda to be carried out in the country through;

- Developing policy research networking capacity to build support for and consolidate the reform process,
- Supporting high-level policy dialogue, as well as civil-society policy discourse and constituency building for reform, based on sound policy research in priority areas.

Based on a thorough review of policy networking in Nepal and elsewhere, the study prescribes a framework for policy networking in Nepal including its' institutional framework for economic policy dialogue and analysis, the capacity enhancement requirements in public and private policy research institutes and the funding requirements for sustaining it.

Policy in general is characterized by certain attributes. The first is that some of the most important policies in terms of their consequences lie outside the sector. The second attribute of policy in general is that, in practice, actors exert little influence on the formulation and design of macro-economic and other sector policies originating outside its domain. Consequently, the notion of the policy process has received considerable attention because

of the manifest failure of the traditional (discrete policy) approach. This implies that policy is not just a set of discrete events, but a process of interactive phases, such as, problem recognition or identification; policy formulation, design or articulation; policy appraisal or Verification; policy implementation and adoption; and policy evaluation and impact assessment.

It has been experienced world wide that the Policy varieties are subjected normally to three types of environmental stresses: *Political stress* occurring when an existing or new government denies owning the policy. This causes the lacking of the political support it needs so the policy withers out and dies and is discarded and replaced with a new policy the government favors. *Bureaucratic stress* in policy making occurs when the bureaucracy denies a policy of administrative support, so it withers out and dies. Finally, *Funding stress* in policy making occurs when the government denies funding of the policy, resulting in to the early death or stunting.

The importance of economic policy networking has increasingly been popular because of four things; first, there has been an increasing realization among multilateral institutions that the stability in macroeconomic fundamentals and the adoption of conducive macro-economic policies are pre-requisites for the success of any development programs in a country. Secondly, there has been an increasing belief among development economists that the sustainability of policy requires policy ownership and to deepen such ownership at the local level the preparation of the policy requires a comprehensive participatory process that involves stakeholders and civil society at the national, regional, and local levels. Third, there has been an increased focus among international agencies of the role of policy analysis, and the need for capacity strengthening in this area, as a means of achieving poverty reduction in developing countries and fourth, there has been an upsurge of interest in the development community about the potential role of information exchange networks as an instrument of development policy.

The country has relatively good expertise and capacity to analyze policy distortions and their impact on economic performance. However, these intellectual resources are typically individual experts scattered in many public/private institutions which, unfortunately, lack the resources to conduct sustained and focused research or to network among themselves to design policy reforms, develop public policy dialogue, and build a reform consensus. This is a serious gap in policy networking capacity, which needs to be addressed to accelerate and consolidate the next generation of economic reforms. It thus, calls for establishing a vehicle for such networking among experts, policymakers, and opinion makers to build a constituency for reforms based on sound policy research.

Basically, networking of policy will help us to:

1. Accomplish those things we cannot accomplish alone – complex development problems and issues that seem overwhelming, e.g. resource control and real political and fiscal devolution of power to states and local governments.
2. Influence others, within and outside the network.
3. Accomplish those things we cannot accomplish alone – complex development problems and issues that seem overwhelming, e.g. resource control and real political and fiscal devolution of power to states and local governments.
4. Influence others, within and outside the network.
5. Promote exchange of ideas, information, knowledge, insights, experiences and skills through cooperative programs and arrangements.
6. Provide a needed sense of solidarity, moral and psychological support.
7. Link people of different levels, disciplines, communities and background.
8. Broaden the understanding of an issue or struggle by bringing together different constituencies.

9. Provide the critical mass needed for local and national advocacy and lobbying – networking has been quite useful and successful at influencing decision-makers both within and outside the network.
10. Reduce duplicating efforts and wasting of resources.
11. Open opportunities, strengthen and sustain capacities.
12. Under certain circumstances, mobilize financial resources for development.

The establishment of an operational economic policy network with active participation of stakeholders in the public and private sectors will be helpful in addressing the issues and concerns of the economy, and support implementation of the Government's policy reform agenda for achieving poverty reduction and human development. These goals will be realized through an innovative partnership arrangement among policy makers, policy research institute, private sector organizations, opinion makers, stakeholders and other experts to engage in continuing policy discourse and analysis.

The establishment of a public-private interfaces for economic policy dialogue and analysis and catalyze constituency building and reform will be the basic premise of Nepal Policy Reforming Networking (NPRN). This will be reform oriented and implemented through a partnership modality. It is well argued that the confidence and trust of the private sector in the Government could be won through this policy networking process, which will help sustain and institutionalize the network.

As per the NPRN framework, the National Steering Committee (NSC) will be at the apex, bringing together policy makers and implementers, research institutes/researchers and stakeholders in a place in designing policy reform and prescribing it to the government for decision and implementation. The committee will guide for the overall strategic direction of NPRN, and oversee the operation, including the monitoring of policy implementation and evaluation activities.

Thematic Advisory Board will be the key body in NPRN identifying the issues and research/reform needs in the thematic areas. Based on the criteria set by the National Steering Committee, it will prioritize the study and select hub institutes/academia for carrying out study. It will oversee every critical step of the study, assist the institute in selecting independent researcher for ensuring the quality of the study and also arrange for a peer review. The board will take necessary steps to educate and consensus building among stakeholders by arranging policy discourse with stakeholders and those interested in the policy agenda, including the media. Policy dialogue will be undertaken, both through a conventional approach of workshops and seminars, as well as informal consultations among stakeholders and through posting on ICT portals that provide a platform to all those who are actually keen to participate.

One or more Hub institutions will be selected in each of the thematic areas. They will work under the general direction and supervision of the Thematic Advisory Board. The Hub institutions will conduct/commission policy studies and oversee their completion, review, and revisions. Hub institution will also organize expert technical workshops, policy retreats, policy reform seminars, and participatory stakeholder consultations to build consensus among the stakeholders.

NPRN Secretariat will work as an independent unit directly under the supervision of the National Steering Committee. In the initial phase, it will be physically located in the Ministry of Finance and a full time joint secretary level Government official will be the in charge of the secretariat. However, as the NPRN framework get institutionalize, the secretariat will move to National Planning Commission as one of it's important wing. The creation and maintenance of the ICT Portal will be one of the critical activities of NPRN program.

Although, the creation and maintenance of the Portal itself may be contracted out, the updating of contents in the portal and the posting of policy research reports as well as the ICT discourse will be closely monitored by the secretariat.

As the basic problems confronted by policy makers and supporting agencies in Nepal are the slippage of policy implementation, it is suggested to create a Policy Implementation Monitoring Committee in the NPRN framework under the chairmanship of the Chief Secretary.

Based on the likely contribution in the overall objective of poverty reduction and human development, it is suggested that five thematic groups be created as follows;

1. Macroeconomic policies, governance and fiscal/financial reform,
2. Trade, regional integration and private sector development,
3. Agriculture, forestry and rural development,
4. Energy and infrastructural development, and
5. Human resource development and poverty issues.

It is proposed that the donor community such as, ADB etc., be requested to support for an initial period of three to five years. A sliding scale of support would be needed towards the latter end, as the networking member institutions on research and policy and others take up the role.

Chapter I

Introduction

1.1 Background

After the restoration of democracy in 1990, Nepal implemented a well thought out policy reform agenda, also known as liberal economic policy in 1992 to accelerate the pace of economic development and reduction in the level of poverty in the country. The main focus of the reform agenda was to create private sector friendly investment environment by dismantling “license raj system “ on trade, investment, tourism, communications, financial sector and hydro-power development etc., and privatizing government owned public enterprises, there by, providing avenues for boosting productive private sector investment in the country. Encouraged by the success of the first round of reform agenda, GON expanded the coverage of the reform process later on to fiscal management including, revamping the system of revenue and budget making, financial reform targeting improvements in the financial system of the country and reforming good governance by streamlining government and implementing the process of decentralization, where by giving more authority to local bodies at the grass root level for sustaining development activities and effective service delivery.

The successive plan (9th and 10th plan) continued the reform process, albeit at a slower pace. The recently published Living Standard Measurement Survey (LSM II) shows impressive strides in reducing poverty during the years 1995 - 2003, mainly through diversification in agriculture creating better employment opportunity at the local level and remittances from abroad. Besides, the reduction in the level of poverty should also have to be attributed to a sharp improvement in literacy, health services, drinking water coverage and rural transport network. Similarly, a sharp reduction in the fertility rate, down from 5.8 in 2001 to 3.5 in 2003 has also contributed much in poverty reduction during the period. However, sustainability of such remittances-led poverty reduction is now in doubt because of three major challenges: structural distortions, especially fiscal imbalances - which can impede macroeconomic stability, poor infrastructure and the political instability and insecurity compounding challenges in the developmental activities at the grass root level.

Similarly, despite significant recent improvements, Nepal’s human development index still ranks 127 out of 173 countries. Besides, political problems and security situation, some core structural distortions and capacity constraints urgently need to be addressed, but a mobilized civil-society constituency to support economic reforms is lacking. Such a constituency is essential to sustain and consolidate the reform process since economic reforms is inevitably involve the competing interests of different stakeholders. Potential losers seek to block reforms and, hence, sustainable growth, social development, and poverty reduction. A vehicle enabling experts, policymakers, and opinion makers to network among themselves would be useful to build and strengthen a coalition for reforms, based on sound research on key policy reform issues.(ADB,2003)

1.2 Objectives:

The main objective of the present study is to develop a framework for economic policy networking in Nepal that can consolidate the reform process and broaden the constituency of reform process by providing sound footing for the reform agenda to be carried out in the country through;

- Developing policy research networking capacity to build support for and consolidate the reform process,

- Support high-level policy dialogue, as well as civil-society policy discourse and constituency building for reform, based on sound policy research in priority areas.

1.3 Scope of work

The present study will be focused mainly on the review of the existing policy making practices and networking process in Nepal, the legal base (if any?) for such networking process and the institutional capacity at both public and private sector for the same. Based on the review, the study will prescribe a framework for policy networking in Nepal including its' institutional framework for economic policy dialogue and analysis, the capacity enhancement requirements in public and private policy research institutes and the funding requirements for sustaining it. Finally, the study will provide a suggested action matrix for implementing each of the recommended components along with the responsible agency to carry it out.

1.4 Study method

The study is based purely on secondary data. Available literature on design of policy networking in Nepal as well as in other countries, region/sub-region as well as the existing practices of policy making and dissemination are reviewed extensively. Capacity of government and some private sector institutions in carrying out studies was also reviewed. Besides, extensive inter-net browsing was carried out to share practices of economic policy networking in some selected countries.

1.5 Study Limitation

As the study is based on the review of existing practices in economic policy design and dissemination in Nepal and elsewhere, there is room for improvements as we go on practicing policy networking in the country. The fast development in ICT and local area networking should be constantly monitored and updated for bringing stakeholders in formulating and monitoring of economic policies and its implementation in Nepal. The sustainability of the networking practices as suggested will depend very much on the certainty of funding relevant studies and development of capacity, both at the public and private sector. A better synchronization of ideas and transparency in policy design and implementation will help greatly in channelizing feedbacks and update policies as per the changes in the situation.

Besides, design of better policies and the policy networking will depend very much on how government (The lead actor) treats other partners, both, those doing studies and those who disseminate and raise voices.

1.6 Organization of the Report

The report is organized in four chapters. Chapter II discusses policy process, and challenges in designing and implementing policies, advantage of policy networking and the requirements for a broad based effective policy networking. Chapter III discusses the existing policy making mechanism in Nepal, the lacking in policy making and a suggested framework for an effective policy process and networking in Nepal. Chapter IV discusses institutionalizing policy networking and strengthening policy research capacity of public and private research institutes along with the creation and maintenance of a web portal for active participation in policy making with in and outside the country. Chapter V concludes with conclusion and recommendations. The report also provides an action matrix indicating the responsible agency and a preliminary list of policy research institutes and agencies in Nepal and in the south Asia region.

Chapter II

Economic Policy Process and Net-working: Some Issues

2.1 The Research Environment

There exist a significant number of research centers in Nepal, both at the public sector and private sector across multiple knowledge domains. Though almost all are supported by external international or GON sources on their research activities, they emerged independently as attempts to build competences across debilitated institutions and to create a critical mass capable of developing the quality and volume of research required. A near consensus emerged that Nepal needs an elite corps of academics to lead the hunt for effective homegrown solutions. The World Bank, ADB, UNDP, DFID, USAID and other multilateral or bilateral agencies as well as the international private grant sources have provided support to initiatives that focus on building research centers/capabilities in many a discipline. These efforts had demonstrable success in enhancing research capacities in the country.

Networks are seen to fulfill several functions in terms of research capacities, even where the institutional context is under strain:

- They provide a critical mass for professional peer review, enriching and validating the research and drafting process;
- They help in maintaining contact with the rapidly changing frontiers of knowledge in the domain;
- They provide a medium for the exchange of comparative research, opening a window also for testing ideas in different contexts, including policy contexts;
- They provide a mechanism to offer specialized training and development not available nationally;
- Their 'unstructured informality' can deal more flexibly with important, yet ill-defined, issues than can structured hierarchical entities;
- They can enhance the profile of a given discipline, and help to professionalize it.

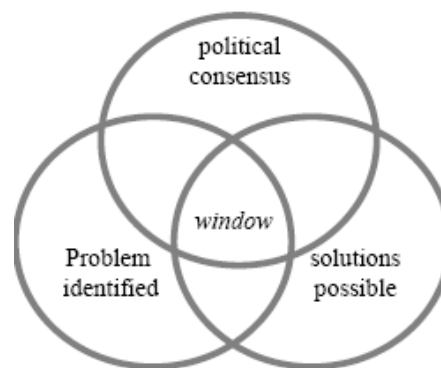
Networks are often catalysts for change, by generating and promoting new ideas and shaking up accepted logic through their ability both to tackle major issues demanding concerted and substantial research efforts, and to disseminate conclusions from several sources and directed at diverse groups.

At the national level, some professionals, including donors, argue the need for a strategic framework within which research networks can develop on to another stage, and to contribute especially to the policy and development context. Research results, they argue, are currently not used as much as they might; nor is the research community sufficiently enriched by direct contact with policy and with the development context. In order to sustain the spontaneity emerging from professional contact at the local level, which is a key to success, such a framework would necessarily be facilitative rather than directive. In sum, the need to build Nepalese research capacities, through supporting research centers and networks, is well established. Efforts are underway to address this, and the present paper tries to develop a framework as to how the scattered policy making actors could be networked for consolidating their study and ideas in nation building.

2.2 The Policy Environment

The process by which a new policy emerges may be viewed as a congruence of three factors, namely, defining a problem; suggesting solutions, and obtaining political consensus for implementation. Each one may have multiple facets and a need to look at alternative ways. When these three come together, a 'window' for policy change emerges. This is illustrated in figure 1: The insight this brings, even if not precisely applicable in all circumstances, is that research must look at subtle and sometimes complex ways of entering the policy process along several routes. The political environment has many actors and is under pressure from multiple directions – research is simply one amongst many other inputs demanding attention. Similarly, the perspective of the problem may vary with stakeholders looking at it and so does the possible solution. The policy research should look at each of the facets and suggest best possible alternate solution. Furthermore, each of these areas has different (though overlapping) sets of stakeholders. Efforts to link research and policy must thus consider at least two key questions:

Figure 1: Policy Factors



First, the need to enhance the quality of knowledge in the policy environment, by channeling research results to multiple stakeholders and by creating links and mechanisms more akin to advocacy than to more usual academic mode of disinterested research; and, Second, the need to address the production end of quality research, by building up research capacities concentrating especially on networks and by supporting a policy focus. In so doing, efforts has to be made to draw on the huge potential of ICTs to address these needs, deploying them as the central communication tool. (Comunex, 2001)

There is a wide spread concern that policy in Nepal, at all levels, is insufficiently informed by well-grounded research. It is well known that the relationship between research and policy is not at all straightforward or linear in nature. A smooth succession of problem identification, generating research, laying out policy options, selecting between alternatives, and implementation is the norm that has to be normally followed in prescribing a policy and it's implementation. However, this has not been the steps followed in making policy in Nepal. Most often, policies are made in haste and without adequate homework, in terms of research and discourses with the stakeholders. Neither, there is a system to follow up policy implementation.

2.3 Policy Networking Process

The widening policy gap suggests that the stock and flow of sectoral policies have generally failed to impact positively on development in most of the developing countries. This gap exists in these countries in varying degrees and explains much of the differences between the outputs of their program. The growing recognition of the importance of the policy process

stems from the general concern about the persistence of policy failures, even after recognizing policy as a constraint. Indeed, these failures have persisted from year to year, from regime to regime, and from one country to another as if the policy actors are incapable of learning from their own mistakes or from the mistakes of others, including their neighbors. Hence, a theory of policy mistakes is required to provide an acceptable explanation for persistent policy failures (Stigler 1982).

Main Features of Policy Process

The three main features of policy as a process are:

- The non-linearity and inter-activeness of the process, enabling monitoring and evaluation information to be fed back to redesign policies and initiate another round of policy making;
- The multiplicity of policy actors in each phase of the process, giving substantial scope for broadening the spectrum of actors in each phase and empowering them (they include not only public sector actors but also private sector actors, mainly the stakeholders, not previously involved in policy articulation);
- The gap between the intended and unintended consequences of policies, leading to the wide gap between the groups of intended beneficiaries and the groups of unintended beneficiaries of public policies.

These features of the policy process have to be kept in mind while doing some policy research on any topics that has implication on people. A carefully designed policy that takes in to account of these features may find more stakeholders supporting it. Similarly, one should also recognize the fact that the policy in general is characterized by the following attributes.

The first is that some of the most important policies in terms of their consequences lie outside the policy domain of the researcher and have to live as given, but these are very vital for the successful implementation of a sectoral policy. These externally given policies include:

- Foreign exchange rate policies that set the average levels and variances of foreign exchange rates and their consequences for the foreign and domestic prices of say, exports and imports of commodities, including inputs and outputs;
- Monetary policies and their inflationary implications for the domestic terms of trade between different sectors. The term-structure of interest rates assumes great importance in developing countries where governments implement subsidized credit and thereby run into bottlenecks because there is a limit to which they can provide credit at subsidized interest rates.;
- Fiscal policies (taxes, tariffs, domestic borrowings fro banking system, etc.) and their consequences for domestic terms of trade;
- Incomes policies (national minimum wages, equity, etc.) that are usually targeted at the urban labor force wages but have consequences for rural labor supplies, issues of equity, regional income distribution, etc.
- National industrial policies, if not carefully designed create a conflict between the needs of different constituencies, say the export and domestic use of agriculture raw materials; and, international trade and balance of payments policies.

The second attribute of policy in general is that, in practice, the stakeholders in most countries exert little influence on the formulation and design of macro-economic and other sectoral policies. The reason is two fold. First, that the technical capacity of key actors (particularly the grass root level stockholders) in macro-policy formulation, implementation and impact assessment is often very limited. The second reason is the ignorance (most

often) of the sectoral policy makers at the centre about the unintended consequences of the macro-economic policies on the sector.

The third attribute of policy in general is that, the stakeholders hardly have the chance to voice, as the policies are, often a time, being made in a non-participatory approach at the center.

Stages in the policy process

The notion of the policy process has received considerable attention because of the manifest failure of the traditional (discrete policy) policy making approach- an approach that confines policy makers at the center with limited or zero participation of the stakeholders. This implies that policy is not just a set of discrete events, but a process of interactive phases, such as,

A. Problem recognition/identification. This involves the recognition of a problem requiring an appropriate policy response or action. The recognition of a problem depends very much on the amount and quality of information and transmission mechanisms between key stakeholders, media coverage, capacity within agencies of government and other constituencies for tracking and monitoring information on emerging problems. The lack of capacity on all these often causes a long time elapses between the existence of a problem and its recognition for policy action. In this regard, policy networking creates substantial scope and opportunities for sharing information among stakeholders relating to the identification of a problem and mechanisms for reducing the time lags between problem identification and appropriate policy response.

B. Policy design, formulation or articulation. Quite often, there is a mismatch between recognition of a problem and designing of an appropriate policy package in response. As in the first stage, there are long time lags between recognition of a problem's existence and the design of an appropriate response. The lack of technical capacity within the relevant ministries and other government agencies for policy design and formulation, the lack of a mechanism for sensitizing policy makers to the problem areas requiring policy response and the absence of a well knit linkage between research institutes, think tanks, and stakeholders etc. as a source of ideas for policy design and formulation often delays identification of a problem and the design and articulation of policy response. This justifies the concept of policy networking for information exchange.

C. Policy verification or appraisal. After formulating a policy, it is often advised, that the policy package should be appraised prior to commitment of the resources. To ensure the effectiveness of the policy prescribed, it is necessary to verify the underlying assumptions, conduct sensitivity analysis, check out the package, and simulate consequences to see what variables the investment proposal is most sensitive to. Although this stage is critical, it is usually skipped in most of the cases. There are several reasons why this step is normally not followed through in most of the reforming countries. The lack of quality information and the eagerness of the government to show that they are responsive are often the major causes for skipping this important step.

D. Policy implementation and adoption. Often times, many policy never see the light of the sun, no matter how well it is designed and what best implication it can have in correcting the problem. It is mostly because the bureaucracies in developing countries are shy to take risk or innovation until they are pushed hard or the problem becomes serious enough. Translating policy designs into policy implementation involves long lags, and as such, the policy design into policy decisions requires strong and smoothly functioning partnerships between policy analysts, designers and formulators on the one hand, and government decision-makers on the other.

E. Policy evaluation and impact assessment. This is a crucial step. This stage involves looking back to see how the policy implementation has performed against the stated objectives (evaluation) and against some quality of life parameters (impact assessment). In most of the reforming countries, this step gets least importance because of number of factors, including the centralized approach in policy making, limited technical capacity on the methodology of impact assessment, lack of information needed for policy impact assessment and, above all, the failure to distinguish policy, program and project output from policy impact. Some times, it is the fear of negative impact or no impact that the government, are not too keen to undertake impact assessment of policies. This arises the need for sustained mechanisms to support independent partners to undertake independent evaluation and impact assessment.

Stresses in Policy Making

The success in policy execution and its effectiveness depends upon a number of factors, the foremost being the ownership of policy itself. It has been experienced world wide that the Policy varieties are subjected normally to three types of environmental stresses:

1. Political stress. This occurs when an existing or new government denies owning the policy. This causes the lacking of the required level or stability of political support it needs, so the policy withers out and dies and is discarded and replaced with a new variety, which the new or existing government favors. To contain such a situation, care must be taken to develop not only a niche in the identification and categorization of policy but also in dissemination of information at different levels either at the generic level or at the level of finalizing policy. This will broaden the participation in policymaking and ensure stability of political nutrients for policy varieties;

2. Bureaucratic stress. This occurs when the public bureaucracy denies a policy variety the required level or stability of administrative support, so the variety withers and dies or has stunted growth. It has been seen in the recent past that with a new government or new minister disliking inherited policies; the bureaucrats soon follow suit, thus denying support for particular policy varieties. And later the policy is discarded, and dies off or has stunted growth. Such a discard in supporting policy programs in Nepal are numerous, in spite of the fact that the policy /programs might be benefiting the targeted people. A number of such abruptly phase out program can be seen where people are receiving salaries but there is no fund for operational work;

3. Funding stress. This is when an existing or new government denies a policy variety the required level or stability of funding, resulting in wilting, stunted growth or death of the variety.

2.4 Policy Networking

Before discussing the importance of policy networking, it is important to know what it means. There are no fixed definitions for "networking." The term is used in many ways and has a variety of meaning to different people. More recently, networking is seen as a valuable means of sharing information, of furthering common objectives and values, most importantly, as a strategy for promoting socio-economic and political growth and development of communities and nations. Networking is thus, a means to an end.

Individuals, groups and communities consciously or unconsciously engaged in networking because the socio-economic and political problems and issues that they face on a daily basis (especially in a competitive environment such as ours) are too large for them to tackle on their own. Besides, networking is used as a strategy of giving greater impact to individual

or group efforts. It involves synergy and has become highly fashionable in moving communities forward. Across the globe basically, networking helps us as a group to: (Cumunex, 2001)

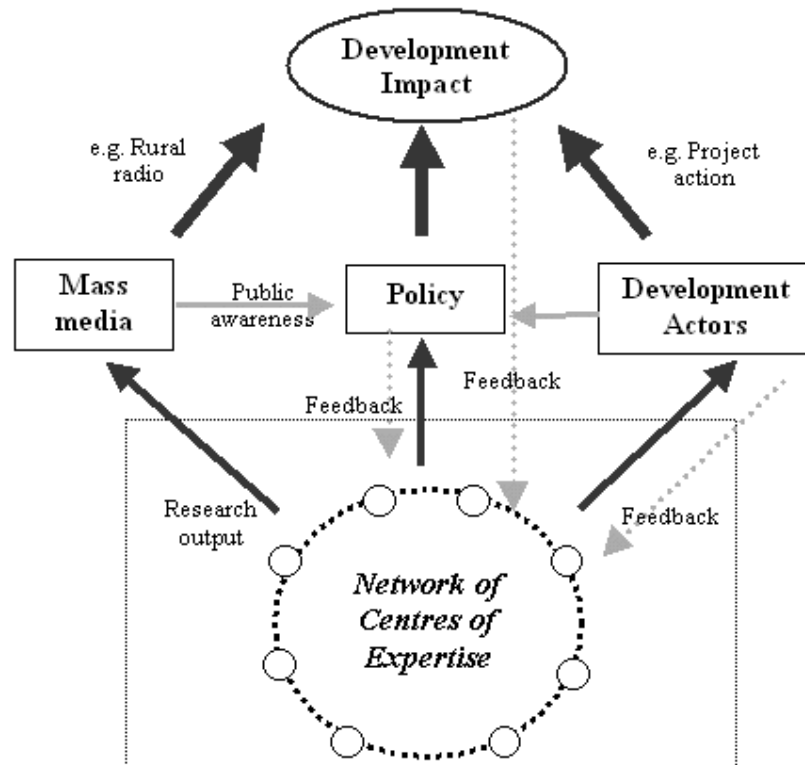
- Accomplish those things we cannot accomplish alone – complex development problems and issues that seem overwhelming, e.g. resource control and real political and fiscal devolution of power to states and local governments.
- Influence others, within and outside the network.
- Promote exchange of ideas, information, knowledge, insights, experiences and skills through cooperative programs and arrangements.
- Provide a needed sense of solidarity, moral and psychological support.
- Link people of different levels, disciplines, communities and background.
- Broaden the understanding of an issue or struggle by bringing together different constituencies.
- Provide the critical mass needed for local and national advocacy and lobbying – networking has been quite useful and successful at influencing decision-makers both within and outside the network.
- Reduce duplicating efforts and wasting of resources.
- Open opportunities, strengthen and sustain capacities.

Key Actors in Policy Networking

As noted earlier, policy making process comprises different steps, from problem identification to extensive study of the problem - the causes and the ramification, immediate and short to medium term effect – participation in policy designing and discourse on policy at different levels and with different stakeholders, role of media in educating people on the implication of the problem and the policy solution, implementation of policy, implementation monitoring, impact evaluation and policy feed back. Each of these steps is critical for the success of a policy reform. The wider participation by a variety of stakeholders broadens the support on the policy reform, which is key to its success. The Schematic linkage of Policy net working as depicted in the figure below shows the role of each of the actor how they are related in the policy networking process. The *network of centers of expertise, which* can include academia, NGOs, research institutions, HUB centers or others where expertise exists on the thematic areas, can be supported by a number of measures, including interactive ICT portals, electronic newsletters and reviews, and targeted support for research topics and for peer review and general interactions.

A key goal of policy networking is to ensure that the network also *relates to broader development needs* and has a positive impact on the ground. In this regard, a number of key players, such as the media and the development activists can play the role to communicate policies in a simple and locally understandable language and provide feed back to policy designer and research network.

Schematic Linkage of Policy Networking



2.5 Challenges in networking

Networks all over the world can face many problems. Some of these are structural and financial in nature, while others relate to more subtle networking matters. Structural problems may range from the educational system in the country and production of quality manpower to low policy reception in government and challenges in providing conducive working environment and difficulties in the retention of quality manpower. Even though, attempts have been made to build a stock of knowledge in policy relevant areas, policymakers in Nepal are not always open and willing to utilize these researchers for policy advice and often times fall prey to the policies prescribed by donors. The problem is largely due to lack of ownership of the domestic policy making process.

By and large, retention of human capacity is very much dependent on the institutional structures, the reward system and the incentives structure. The main responsibility of retention is very much dependent on institutions and governments. Given the changed environment, with the private sector increasingly playing a major role, the challenge to retain professionals conducting policy research is all the more daunting.

In summary, networks are effective tools for building human capacity. Although the challenges are daunting, the lessons learned may offer solutions to some of them and will strengthen other networks in the important role of capacity building and as reservoirs for policymakers.

2.6 Success in Networking

It is quite clear that development is more likely to occur where there is sustained and sound management of the economy and such management is more likely to occur where there exists an active, well-informed group of locally based professionals to conduct policy-relevant research. As such, the success of Development Policy Reform Network depends upon a number of factors; therefore care must be taken to;

- Enhance the capacity of locally based researchers, research institutes, university departments etc., to conduct policy-relevant economic studies on socio-economic economic problems facing the country;
- Promote the retention of such capacity in the country, and
- Encourage the application of the capacity in the policy context.

It is therefore, essential to strengthen local capacity to conduct independent, rigorous inquiry into the problems facing the management of economies.

Chapter III

Frame-work for Development Policy Net-working in Nepal

3.1 Importance of Policy Networking

The importance of development policy networking has increasingly been popular because of four things; first, there has been an increasing realization among multilateral institutions that the stability in macroeconomic fundamentals and the adoption of conducive macro-economic policies are pre-requisites for the success of any development programs in a country. Secondly, there has been an increasing belief among development economists that the sustainability of policy requires policy ownership and to deepen such ownership at the local level the preparation of the policy requires a comprehensive participatory process that involves stakeholders and civil society at the national, regional, and local levels. Third, there has been an increasing focus among international agencies of the role of policy analysis, and the need for capacity strengthening in this area, as a means of achieving poverty reduction in developing countries and, Fourth, there has been an upsurge of interest in the development community about the potential role of information exchange networks as an instrument of development policy. It is well clear that policy is at least as important as technology to improve the productivity and performance of macroeconomic policies of developing countries.

The need to further explore the synergy between information exchange and policy process as a poverty reduction strategy in developing countries provided a focus to enhance the capacities of these countries to formulate and implement effective macro and sectoral policies aimed at achieving economic growth and improved standards of living. One way of addressing this problem is to strengthen the information exchange capacity of the stakeholders in the policy process through networking. The need to carefully explore how these elements of a national or regional network can be made to function effectively, to enable all appropriate actors to contribute to the process of policy-making, to ensure that all actors have access to information relevant to their choice of options and to convert the process of exchanging information, ideas, data, decision-making points etc. into an effective system. This means that we have also to recognize the probability of conflicting interests. So there is the need to provide platforms for airing and resolving these conflicts.

The widening of decision-making, for all its merits, cannot resolve all problems, and where it is to work effectively it may well be very costly in terms of time and resources per decision. Networking would not reduce decision-making time *per se*, but it minimizes the time a given group takes to arrive at a decision. In effect, by giving a wide range of stakeholder's ownership of decision, it is a fairly well established safeguard against early reversal of the decision. A network should be an inter-connected system which, whether or not it is fed with inputs from outside, can define objectives, analyze data, diagnose problems, facilitate feedback, resolve conflicts and fashion programs to achieve agreed objectives.

This means that we can no longer focus on taking information from one category and passing it to another. We have to recognize that a widening range of actors and stakeholders involves a differentiated range of information needs and capacities. The challenge would be to properly identify the needs of each of the actors, define their role within the network and the appropriate routes along which they interrelate with the remainder of the network. To be coherent, policy will ultimately have to be settled at a given level and point. But in order to be successful and to be effectively implemented, the policy and its related programs will also need to contain the signals or stimuli which will elicit the desired action from the relevant actors within and outside the sector.

3.2 Policy Making Process and Networking in Nepal

Nepal has relatively good expertise and capacity to analyze policy distortions and their impact on economic performance. However, these intellectual resources are typically individual experts scattered in many public/private institutions which, unfortunately, lack the resources to conduct sustained and focused research or to network among themselves to design policy reforms, develop public policy dialogue, and build a reform consensus. This is a serious gap in policy networking capacity, which needs to be addressed to accelerate and consolidate the next generation of economic reforms. It thus, calls for establishing a vehicle for such networking among experts, policymakers, and opinion makers to build a constituency for reforms based on sound policy research.

The 1990's saw a sea change in Nepalese policymaking practice. The reform process which started in the mid 1980's, mainly due to the external pressure, has seen being domesticated with government, research institutes, university departments, professionals and private sector interacting and contributing more in the policy process. National Planning Commission coordinated the overall reform programs, identified the sectors to be reformed, sequencing of reform, speed of adjustment and close monitoring and evaluation of the implementation of the reform agenda. In this process NPC worked closely with Ministry of Finance and Nepal Rastra Bank. Economic Liberalization Project funded by USAID supported a variety of study and drafting of the necessary act and regulations required for the design of reform and smooth implementation of the program. A high level committee under the governorship of the deputy governor of Nepal Rastra Bank monitored the day to-day implications of the freeing of licensing system on export and import and the pressure on the foreign exchange reserves. This was perhaps the first attempt in networking policy reform in Nepal.

The whole reform agenda was implemented smoothly and the impact of policy reform started visibly seen in terms of improvements in trade, balance of payment, foreign exchange reserves, government revenue mobilization and fiscal balance and also in terms of an upsurge in the volume of investments by private sector. Soon it was reflected in terms of high economic growth and rising employment creation in the economy. The homegrown policy reform agenda, well versed and thoroughly discussed among a variety of stakeholders, has been the focal point of the liberalization policy in Nepal since 1992. Increasingly, a more participatory approach to policy making has been the practice in Nepal since 1992.

Despite some recent improvements in policy reform processes, such as preparation of the Tenth Plan and the Immediate Action Plan, more progress is required to meet the reform objectives. In spite of a more and more participatory approach followed in preparing policies, the policy reform has been characterized by slippages and implementation delays (mostly the result of political instability in the country after mid 90's). To achieve the poverty reduction objectives of the Tenth Plan (FY2002–2007) and MDGs continued and consensus-based economic policy reforms are crucial. Stakeholders in Nepal identified a number of specific weaknesses contributing to slippages in the economic policy reform process: (i) mostly ad hoc, top-down, and supply-driven economic reform agenda; (ii) inadequate consultation processes for securing commitment and consensus from other stakeholders; (iii) failure to specify appropriate implementation arrangements; (iv) ineffective monitoring capacity (ADB 2003) and lack of a built in mechanism of policy evaluation, impact assessment and feedback system, (v) insufficient ground work in designing policy and failure to visualize the policy implication and likely impact, and (vi) the instability in government mainly due to high political instability.

The Government is aware of these weaknesses and failures of past attempts to address them, and has realized in developing an institutional mechanism that could serve as a forum for development policy dialogue, based on sound analysis. The policy dialogue platform will focus on promoting consensus building and creating ownership of, and commitment to, the reform process among stakeholders. Because conflict is a key binding constraint to progress in Nepal and has brought to light a mosaic of deep-seeded divisions within society, the need for a broad policy network constituency to support and consolidate the reform process is more compelling now than at any other time in the past. (ADB, 2003)

3.3 Designing Policy Reform Networking Framework for Nepal

Objectives of Establishing DPN

The establishment of an operational development policy network with active participation of stakeholders in the public and private sectors could be helpful in addressing the issues and concerns of the economy, and support implementation of the Government's policy reform agenda for achieving poverty reduction and human development. These goals can be realized through an innovative partnership arrangement among policy makers, policy research institute, private sector organizations, opinion makers, stakeholders and other experts to engage in continuing policy discourse and analysis.

To institutionalize the public –private partnership in policymaking, it is suggested that a national level policy networking, Nepal Policy Reform Network (NPRN) be established. The development policy network, NPRN will serve as a vehicle to (i) evolve and develop a strategic vision for private sector development, (ii) identify concern and issues in economic policy areas and need for policy reform (iii) help improve the Government's economic policy reform agenda through policy research and by evaluating policy reforms and providing feedback on implementation, (iv) recommend new ideas and policy options indicating it's likely impact to policy makers, (v) assist policy makers in analyzing and responding to regional and global economic challenges, and (vi) foster a constructive policy dialogue between the Government, researchers and stakeholders so as to generate a national consensus on policies and thereby enhance the credibility of reforms (ADB,2003)

As such, the development policy reform network is expected to produce the following major outputs:

- A development policy agenda identifying challenges and concerns for promoting private sector development, as well as specific issues requiring in-depth analysis.
- A series of well-studied demand-driven, results-oriented economic policy papers in each of the thematic area deriving from the policy reform agenda that will contain important findings and recommendations, backed by sound economic analysis.
- Establishment of improved institutional processes for policy discourse and reform that are characterized by transparency and openness.
- Establishment of a modality for monitoring the implementation of development policy reform agenda and better feed back mechanism.
- Development of an ICT based web portal providing platforms to policy makers, researchers, stakeholders and other interest group in identifying problems, need for policy response, design of policy, implementation monitoring and feed back. The web platform will help create broad policy interest group and consensus on government reform agenda;
- Support in developing web site and portal on thematic areas by HUB centers and professionals will enrich knowledge on the subject by providing better information on it's status in Nepal and the development in the outside world; and
- Capacity enhancement in conducting world-class research on thematic areas for policy prescription. The networking of HUB research center and private

professionals and other knowledgeable people through interactive NPRN portal will greatly enhance the synergy in policy design and its successful implementation.

THE STRATEGY

NPRN will be driven by specific themes of relevance to Nepal's development. The ultimate objective is to strengthen in-house research capacities and link them to policy by improving the quality of information and knowledge available to policy makers, enhancing the quality of policies themselves. As such, the NPRN strategy envisages a strong policy reform networking considering the followings;

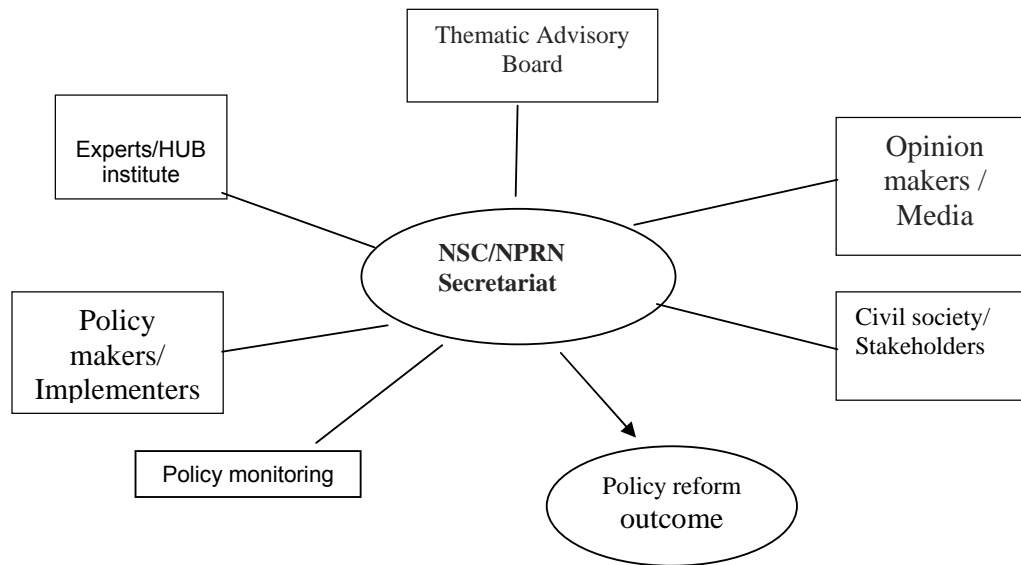
- Enhance research capabilities, enabling networks to produce quality research in the selected themes;
- Create a mechanism to link research activity integrally with the policy environment, so that the research work supported is relevant and focused on policy needs;
- Devise interactive and joint means to translate and repackage research outputs into useful material for all policy stakeholders, analyzing the problems, presenting possible solutions, facilitating consensus;
- Develop effective means of dissemination to ensure such output reaches all stakeholders;
- Exploit the potential of ICTs as a research, collaboration and dissemination tool.

The core of the strategy is to build a national network of policy research by (i) institutionalizing policy research network through establishing an independently functioning NPRN secretariat in the government with the mandate of coordinating and supporting all activities relating to policy reform network, (ii) creating a Thematic Network Board of policy makers, researchers, private sector organizations and stakeholders in each of the five Thematic areas. The Board will identify the issues of common concern, commission study, design policy reform, conduct policy discourse and suggest for policy implementation, (iii) promote and enhance capacity of HUB institutions for specializing in a specific areas of concern and carry out quality research on the Thematic areas for better policy design and provide feed back by conducting policy implementation evaluation, (iv) Create an ICT based web platform, NPRN-NET, to facilitate for discourse on policy issues, well researched policy papers, implementation of policies and its impact. The portal will have linkages to policy-research thematic networks and institutions outside, and (v) Establish a permanent monitoring mechanism for policy reform implementation providing feed back to the policy makers and implementers for better action.

The establishment of a permanent steering committee comprising of high government officials at the key policy making and implementing agencies, representatives of the umbrella private sector organizations, professional experts, research institutes and stakeholders is expected for better synchronization of the policy reform agenda and its successful implementation.

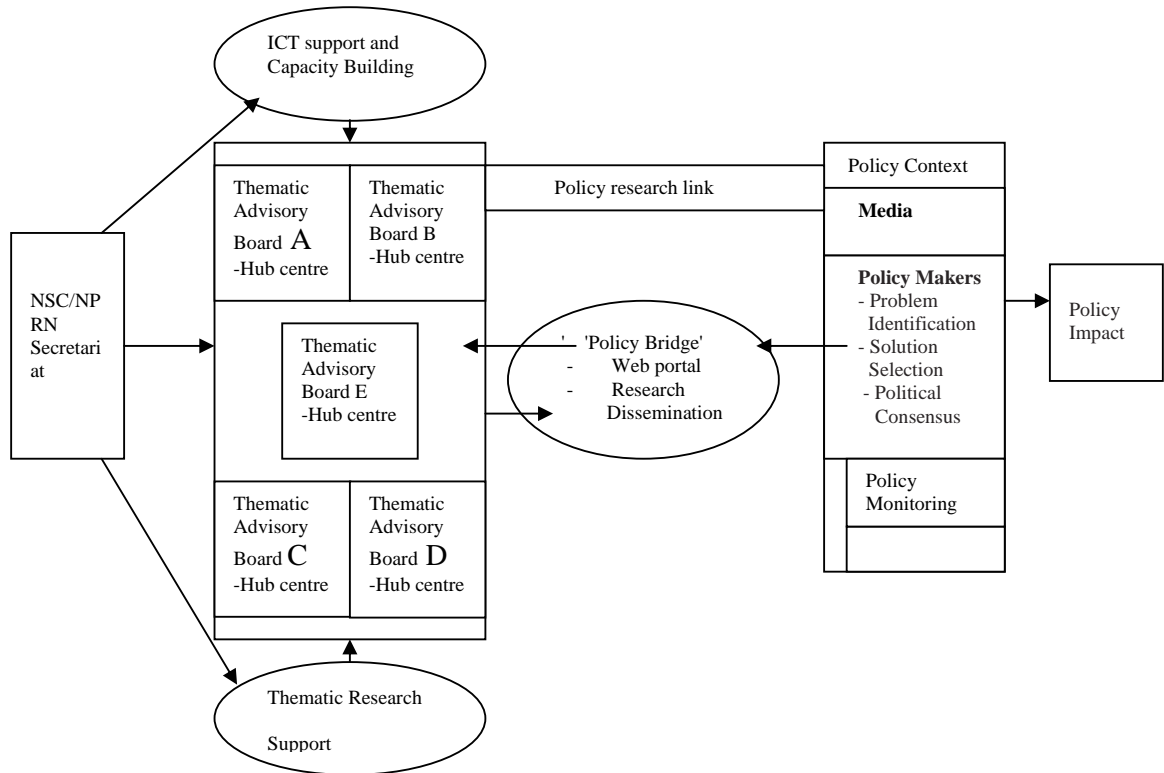
The stake holders in the policy networkig and the outcome of policy package is depicted in the figure below.

Policy Reform Networking and outcome



The Web based Portal would be accessible to all others interested in the area, and would include interactive tools by which they could also become engaged and utilize the resources. Dissemination activities would not, however, be confined to the Portal only, and would include targeted publications, seminars, media briefings and other means aimed at influencing the policy context.

Based on the strategy as outlined above, the NPRN will work as a framework as depicted in the following Schematic diagram. The three main inputs into the Policy Research Network Teams will be in terms of ICT use and capacity building; support for thematic research; and the provision of a Portal. At the same time, the 'bridge' to the policy environment for research outputs comprises not only the Portal but also additional dissemination activities to target the broader policy stakeholders including NGOs, interest groups and media. A close monitoring of policy implementation will provide necessary feed back for timely correction of activities to achieve the intended benefits. The integral policy/research linkage is also shown, establishing a linkage between the research and policy team of Thematic Advisory Board with both policy and research people. This link is both 'horizontal' to the national policy environment, and 'vertical' through the central team working in the regional and continental context.



The National Steering Committee will design and oversee the overall activities of NPRN, prescribe necessary action for implementation and work as a technical body for the government. The NPRN secretariat will work directly under the National Steering Committee in coordinating and supporting activities of NPRN including management of ICT portal.

3.4 The Program Concept in a Nutshell

A significant number of research institutions exist in Nepal across several knowledge domains, a sizable number of them in existence since the 70's. They emerged independently as efforts to build competences across debilitated institutions and to build a critical mass. Whilst a number have been quite successful in building research capacities, it has been increasingly argued that the need for a strategic framework within which these can develop to another stage, and contribute especially to the policy and development context. Research results are currently not used as much as they might; nor is the research community sufficiently enriched by direct contact with policy and with the development context.

Whilst a number of institutions have been quite successful in building research capacities, the professionals as well as the multilateral institutions and others increasingly argue the need for a strategic framework within which these can develop to another stage, and contribute especially to the policy and development context. In Nepal, like in many other countries, research results are not used as much as they might; nor is the research community sufficiently enriched by direct contact with policy and with the development context. In order to sustain the spontaneity emerging from professional contact at the local level, which is a key to success, such a framework would necessarily be facilitative rather than directive. This should be seen as a means to facilitate knowledge sharing and research partnerships between professional networks, and between them and key knowledge

End-users - including policy-makers, trainers at institutions of higher learning, civil society organizations and the private sector.

To achieve this, a program to establish and strengthen linkages and interaction between the Nepalese research and policy communities, through research capacity development, investment in selected research themes, and construction of a Web-based bridge between policy, research, NGO and development communities is what is needed at present.

The main policy focus of such a program should be on the inter-governmental process, as an expression of regional and sub-regional policy priorities of governments and others. Financial and other support measures should be directed primarily towards research networks. However, the dissemination platform should be available to and used by a variety of actors, including policy makers at all levels, NGOs, development actors, the media and other interested parties. Broader exchanges between these communities should be encouraged.

The Research Program must have at least four broad principal objectives to:

- Build a credible local capacity for policy research;
- Generate research results for use by policymakers;
- Promote links between research, stakeholder and policy; and
- Promote the retention of high quality researchers on the continent.

The research program should link individual researchers in the country to carry out research on selected themes designated by the NPRN Thematic Advisory Board as most pertinent to policy needs.

Thus, the Research Program should emphasize quality and relevance of research to policy and this is intended to ensure credibility and encourage utilization of its results. In this context, NPRN will, first, provide small grants to HUB institutions/individuals relating to a HUB institution or groups drawn from both academia and policy institutions to conduct research on a thematic topic. Second, NPRN will ensure establishment of a support system for research in the forms of peer review, methodology workshops, and access to relevant literature through its ICT portals and network institutions and third, it should also encourage maintaining research networking hub-an ICT portals - a web site.

Main Activities

The following are the main activities of NPRN as envisaged in the initial stage of its creation.

I. Institutionalizing Nepal Policy Reform Net-Working

It is now well clear that an effort is being launched to pull all scattered expertise in a variety of policy areas for designing better reform policies and its implementation and feedback. As the participatory approach to policymaking provides opportunity for policy discourse at different level and with different groups of stakeholders, the support for policy reform can be broadened. This is vital for the ownership of the policy. It is therefore, necessary to institutionalize the activities of policymaking and implementation in a coordinating manner. Creation of NPRN will initiate the institutionalizing process of policy making in Nepal.

II Identifying Reform Areas,

Based on the long term objectives of poverty reduction and MDGs, five thematic areas, namely, macroeconomic policy, governance, and fiscal/financial reforms; Trade, regional integration and private sector development; Agriculture, forestry and rural development; Energy and infrastructural development; and Human resource development and poverty

issues are suggested for policy reform. The policy reform activities in these thematic areas are expected to contribute in achieving the goal of poverty reduction and MDGs.

III. Capacity Building of Research Networks:

A set of support measures will be required to build the capacity of Nepalese research networks with a long-term commitment to developing Asian perspectives in selected domains. Building on the recent experience of supporting networking in Asia, measures have to be focused on existing networks, and might include, for instance:

- Research training, in collaboration with existing in-house training centre, research institutes and universities;
- Internships and exchanges, especially between researchers and academics and those working in policy and development contexts;
- Distribution of publications targeted at specific audiences, which would include an electronic format to ensure optimal distribution;
- Support for the use of ICTs among members of a network, including connectivity, web site creation and updating, application and content development, equipment and training; and
- General core grants for research and networks.

IV. Thematic Support for Policy Priorities:

Special support has to be made for research in selected priority themes, choosing one at least from a thematic area. While so doing, areas of priorities among donor agencies, such as, WB, ADB or DFID etc., should be explored along with the financing possibilities from these agencies. This would include special measures that directly support the production of high quality output, from Nepalese perspectives, that would be timely and feed directly into the intergovernmental policy context.

V. Creating Electronic Platform to Integrate Policy and Development:

A central aspect of the program is to establish dynamic linkages between research networks on one side, and policy makers, NGOs, development community and the stakeholders on the other. This will be done through the development of a Web-based *Portal* - an on-line, interactive and comprehensive resource on the selected themes. The activities of the Portal could include:

- Posting of priority research areas and the research outputs from each of the thematic area for discussion among the participants for particular audiences, especially policy makers, NGOs, development actors and media, so that the research generated can be disseminated and tested in these contexts;
- Establishing mechanisms for discussion, feedback and dialogue between research and user communities, enabling the Portal to act as a two way communication between research and policy;
- Providing links to other Nepalese, regional and international Research Portals and Networks for benefiting the researcher as well as the stakeholder and those with voice,
- Facilitating interaction between the supported research networks themselves;
- Providing training and support materials to facilitate usage.

The proposed *Program for Nepal Policy Research Networking* joins the two strands together. It aims to enhance the ability of research networks in key themes to gain access to and be enriched by the policy and development context, through conventional research support actions, network development support, and the use of Web-based technologies.

The existing networks put considerable reliance on conventional consultative mechanisms such as meetings, seminars, workshops and newsletters. With regard to the use of ICTs,

there had been very little attempts made in the past. At the regional level, ESCAP had attempted to publish an electronic newsletter and ASEAN as well as SAARC had established a website. Asian Development Bank has established a web site as well as a site giving information regarding the research organizations of the region under its Think Tank electronic website.

The Internet and email facilities were significantly affected by the limited access of stakeholders to these facilities. The establishment of websites was often done before networks could generate a large information base, resulting in poor updating processes. The sources of policy information include research institutions, markets and newspapers available in the public, private and voluntary sectors. Most of the sources are characterized by problems that further reduce the quality of information presented to policy-makers, including inadequate processing of data for particular policy uses, processing of reports long after data collection, obsolescence of data, and poor media of communication.

The role of the mass media as an information channel has traditionally been crucial as the mass media could serve as a powerful tool of communication between the policy-makers and the people at the field, as well as among all actors and stakeholders in the policy process.

It is now well clear that policy is at least as important as technology in the efforts of national and international development agencies to improve the productivity and performance of macroeconomic policies of developing countries. In this regard, information exchange networking helps in addressing the problems confronting the macro economic as well as the sectoral policy process and has much potential as an intervention instrument for poverty reduction in these countries.

The successful formulation and implementation of policies require strong and well coordinate institutions. Institutional responsibility for the technical aspects of policy formulation requires personnel with strong academic, professional and analytical abilities, backed by modern equipment and facilities to enable them to collect and analyze data and to compile background reports. These personnel must be able to present and explain the underlying assumptions and rationale of the technical proposals to the higher officials. The institutions must be capable of translating these technical proposals into pragmatic policy proposals (this process requires an insight into the workings of political and social systems) that can be easily understood and decided upon by policy-makers.

Once technical policy proposals have been converted into policy decisions, the institutional focus then shifts to implementation, monitoring and evaluation. While policy monitoring and evaluation remain at government level, implementation is usually the domain of those institutions that are critical if a policy is to achieve its objectives. In this respect, well-intended policies have often failed to achieve their objectives because of the weaknesses of those implementing them. Similarly, capable implementers have often been able to guide weak policies towards their objectives.

Chapter IV

Institutional Set up and Capacity Enhancement

4.1 Institutional Set Up for Policy Networking

The institutional and organizational aspects of policy networking are relevant if the role of actors and stakeholders in the policy process is to be maximized. In this regard, some existing networking arrangements in the country and outside, specially in India and other South and East Asian countries as well as the regional blocks such as, SAARC and ASEAN and the initiatives of the political establishment in their respective regions has to be explored and lesson learned. Although, there are quite a number of government organizations, universities, public and private research institutes, NGOs/INGOs as well as the Development Communities working in a variety of socio-economic areas and in poverty issues in the country, there is hardly any net-working system in existence that networks the activities of these organizations failing to synergies it's output and overall effect. Most of these organizations do have their own web site, but they are hardly interactive. The research output is hardly posted in the website. This has caused duplication of effort and loss of time and resources. Thus, there is a need to institutionalize the networking of these organizations for better synergy in their respective work. A web-based portal can bring all these organizations and their work in a common platform.

4.2 Governance Structures

The establishment of a public-private interfaces for economic policy dialogue and analysis and catalyze constituency building and reform will be the basic premise of NPRN. This will be reform oriented and implemented through a partnership modality. It is well argued that the confidence and trust of the private sector in the Government could be won through this policy networking process, which will help sustain and institutionalize the network.

Policy papers, the main output of the policy reform networking process, will serve as the basis for policy dialogue among stakeholders in Government, the private sector, and civil society. The policy papers, backed by sound research and analysis, will be prepared mainly by local experts, the most of whom are working outside government, i.e., in the private sector and civil society. The policy papers will be demand driven and address issues falling within the scope of the five thematic areas. The policy recommendations flowing from these papers will have a strong reform focus and could feed into the annual budget proposals, which are prepared in accordance with the objectives and priority actions identified in the Tenth Plan.

Policy dialogue will be undertaken, both through a conventional approach of workshops and seminars, as well as informal consultations among stakeholders and through posting on ICT portals that provide a platform to all those who are actually keen to participate. The vehicle for conveying policy recommendations to the political level will be a high-level steering committee, chaired by the Hon. Member, NPC. Funding will be required to take up the assigned job, for which donors has to be requested and made a partner in the whole process. The following framework model may be considered for executing policy networking in Nepal.

A. National Steering Committee: will bring together contributors, implementers, research institutes/researchers and stakeholders. The Steering Committee will explore the formation of policy networking (NPRN) as a legal entity independent in it's functioning. The committee will guide its overall strategic direction, and oversee the operation, including the monitoring of policy implementation and evaluation activities.

The steering committee (NSC) will be chaired by Hon. Vice-chairman NPC. The members of the NSC will include NPC members, Governor, Nepal Rastra Bank, Chief Secretary, and GON, secretaries of Ministry of Finance, Industry, commerce and supplies, and representatives of private sector umbrella organization and independent policy experts and research institutes. Based on the five year development plan approved by the Government and the National Development Council (NDC), the highest policy making body representing all segment of the society and chaired by the Hon. Prime minister, NPC coordinates all policies and programs within the government structure. It is therefore, most appropriate that the Vice- Chairman of NPC chair the National Steering Committee (NSC). Similarly, as most of the macro area policy reform and its implementation are the domain of the central bank (that is Nepal Rastra Bank in our case), the participation of governor as a member of the NSC will be of utmost importance. The participation of the Chief Secretary in the NSC is necessary because of its responsibility at the cabinet meetings and also in coordinating policy implementation by different line ministries both, at the center and at grass root level.

NSC will have a key role in identifying/approving reform needs, sequencing its implementation, selecting themes and recommending government for policy implementation. The body is also responsible for creating a broad based constituency for policy/reform support.

B. Thematic Advisory Boar: Thematic Advisory Board will be the body coordinating all activities in the thematic group. The respective members of NPC will chair the body and the members will comprise of secretaries of the respective ministry, representatives from Nepal Rastra Bank and the university departments/institute, independent researchers and experts plus the representatives from the private sector organizations.

The body will identify problems in the thematic area and the research/reform needs to tackle it. Based on the criteria set by the National Steering Committee, it will prioritize the study and select hub institutes/academia for carrying out study. It will oversee every critical step of the study, arrange for peer review and assist the institute in selecting independent researcher for ensuring the quality of the study. The board will take necessary steps to educate the stakeholders there by receiving their feedbacks by arranging policy discourse with stakeholders and those interested in the policy including the media

C. HUB Centre/ Institution: Hub institutions will be selected in each of the thematic areas. They will work under the general direction and supervision of the Thematic Advisory Board. The Hub institutions will commission policy studies and oversee their completion, review, and revisions. Hub institution will also organize expert technical workshops, policy retreats, policy reform seminars, and participatory stakeholder consultations to build consensus among the stakeholders. Given the weak institutional capacity to conduct and deliver quality policy reports, it may be necessary for the Thematic Advisory Board to support these institutions, in its initial phase, by arranging experts in the team of study of these institutions. This will, on the one hand, help ensure the quality of study and, on the other, help in building capacity of the hub institution for carrying out research activities. Besides, as one of the objectives of Policy Reform Network is to develop in-house capacity to carry out policy research and designing of Policy reform Agenda, the Hub institutions may need special support, in terms of ICT equipments and training.

There may be more than one HUB centre for each Thematic Reform Board, depending upon the nature of the study areas in the group. The choice of HUB centre will however lie with the Thematic Advisory Board.

D. NPRN Secretariat: will work as an independent unit directly under the supervision of the national Steering Committee. Initially, it will be physically located in the Ministry of Finance

and a full time joint secretary level GON official will be the in charge of the secretariat. The secretariat will be supported by a small number of permanent staff. However, the secretariat has to be moved to NPC as an important division in the final stage when the institutionalization process of NPRN completes.

Not limiting to the following, the primary role of the secretariat will be:

- To work as a secretariat under the general direction and supervision of National Steering Committee and as such, coordinate and support the overall activities relating to Nepal Policy Reform Networking (NPRN) program.
- Support all activities relating of Thematic Advisory Body and follow up decisions.
- Plan and administer Program support measures for capacity enhancement of hub institutes and, combine the policy and research members into coherent Research/Policy Networks;
- Create ICT Web portal, manage and disseminate information/research reports etc;
- Follow up research study and help arrange for peer review and policy discourse with the stakeholders;
- Engage with the policy implementation monitoring and evaluation process, as determined by the Steering Committee;
- Act as the focal unit and coordinate all donor-funding activities, submit consolidated progress reports to the steering committee, and disburse funds.

E. *Creation and Maintenance of ICT Portals/Web site*

The creation and maintenance of the ICT Portal will be one of the critical activities of NPRN program. Although, the creation and maintenance of the Portal itself may be contracted out, the updating of contents in the portal and the posting of policy research reports as well as the ICT discourse needs to be closely monitored by the secretariat. The development of content in the Portal may also be subcontracted out to appropriate bodies or institutions under it's own supervision. The secretariat should encourage hub institutions to create ICT portal and it's regular updating. If needed, NSC can initiate a joint support program for creation of such portal and the training of manpower in each of its member hub institution.

F. *Policy Implementation Monitoring Committee*

As the basic problems confronted by policy makers and supporting agencies in Nepal are the slippage of policy implementation, it is suggested to create a Policy Implementation Monitoring Committee in the NPRN framework under the chairmanship of the Chief Secretary, GON. The members of the committee should comprise of the secretaries of MOF, NPC, MOICS, MOPPH, MOWR, Chief of Research Department, Nepal Rastra Bank and other invitee secretary of GON ministry.

The committee will periodically review the implementation status of policy implementation and the issues that needs to be tackled. The committee will act promptly to address the issue by it's own or refer it to the concerned authority for immediate action. The committee will furnish information on the nature of the issue and the action taken to the National Steering Committee. Such provision is expected to expedite policy implementation in future.

Besides, the committee will also suggest NSC to commission studies meant for the evaluation of the policy /programs and it's overall impact on the targeted groups.

4.3 The Thematic Policy Groups

The thematic policy groupings very much depend upon the need and focus of areas to be addressed in a particular country. Based on the current economic context defined by an

urgent need to accelerate pro-poor growth, the priorities identified in the Tenth Plan, and consultations with experts in the public and private sectors, five cross-cutting themes have been identified for policy dialogue and analysis, which are of direct relevance to poverty reduction. In the Nepalese context, based on the likely contribution in the overall objective of poverty reduction and human development, it is suggested that the thematic groupings be created as follows;

Macroeconomic policies, governance, and fiscal/financial reform,
Trade, Regional integration and private sector development,
Agriculture, Forestry and Rural development,
Energy and Infrastructural development, and
Human resource development and Poverty Issues

1. *Macroeconomic policies, governance, and fiscal/financial reform.*

A stable and consistent macroeconomic policy framework is critical for sustainable poverty reduction and economic growth. Sound macroeconomic management will not only help strengthen financial markets and stimulate investments in the economy but also help create more employment opportunities through sustained growth. Similarly, a transparent, non-corrupt and efficient governance system is vital for an effective implementation of the programs and policies and also for the effective delivery of services at the grass root level. The past few years has seen worsening conflict situation and heightened political instability in the country leading to low growth, declining development expenditures, poor growth in revenue and unstable trade as well as a failure in service delivery to the people and increase in the level of corruption in the government. Improving fiscal management, sustaining external stability, improving financial sector and improving grass root level activities and service delivery in conflict situation are the major challenges the country is now confronted with.

2. *Economic policy on international trade, regional integration and private sector development.*

A small economy with a limited domestic market, Nepal's growth potential is closely linked to its integration with the regional and the global economy. The proposed policy network can support the Government's strategy for regional integration and adoption of a more liberal economic policy for global integration by undertaking research on specific implementation issues and broadening the support of key stakeholders on the national strategy of integration. Foreign direct investment and joint venture partnership in a variety of critical areas such as, tourism, hydropower development, industry and services sector with high potential for export etc. Similarly, avenues for employment generation through small, and micro enterprise development, with focus businesses led by women, need to be explored.

3. *Economic policy on agriculture, forestry and rural development*

Keeping in view of the fact that agriculture sector is supporting majority of population and the poverty being the rural phenomenon in the country, a concerted effort will be needed to raise productivity and income in the agriculture sector, This will require huge investments in a variety of agriculture related activities to transform the traditional subsistence agriculture in to a vibrant commercial activities. Similarly, forestry- a major source of energy for large mass of the population and a critical livelihood support in the rural areas are declining rapidly and as such, needs to be developed and harnessed in a sustainable way so that the green resource continues to support the rural economy. The changing scenario in agriculture and forestry will have immense impact in transforming rural economy. A series of studies could be identified on a priority basis to achieve such transformation.

4. *Economic policy on energy and infrastructure development.* Poor Infrastructure is a key constraint on economic growth. Integrating infrastructure development to regional development, could serve as a powerful instrument of poverty reduction. Given the close

relationship between poverty and excluded development, such strategy could foster development of remote areas with consequences in terms of better service delivery, rapidly improving human development and reduction in poverty. Besides, with the POL price sky rocketing, it is time now to develop strategy to harness the water resources, which Nepal poses abundantly. Policies should be devised to encourage both foreign and domestic investors to invest in the area for export and domestic consumption. Improving rural infrastructure, creation of market places, rural communication and electrification can play crucial role in building a strong rural-urban linkages.

5. Economic policy on poverty reduction and human development. The recently published data on poverty shows a rapidly declining poverty during 1995 to 2003. However, the level of poverty is still high at 32 percent. The contributory factors in reducing poverty between these years are very much volatile and cannot be relied too much. Avenues should be explored and strategy should be designed in the years ahead to promote factors that can affect poverty, pulling together it's synergy and broadening such factors so that the reduction of poverty could be ascertained. While doing so, concerted efforts should be made to develop sectors in the economy that has the potential to reduce poverty. Tenth Plan identifies tourism as an important instrument of poverty reduction by virtue of its potential for realizing multiple objectives, including increased income and employment opportunities, particularly in the hills and mountain areas; strengthening and expansion of the transportation network; development of regional markets and new tourism products; and the opening up of new areas for rural tourism. Research in this area should include studies for addressing the effect of continued conflict in the tourism sector (ADB)

4.4 Main Areas of Support Activity

The smooth functioning of the policy framework and the intended benefits will very much need open mind among the government officials and their readiness to cooperate in sharing insights of policy making in the government and the limitations, be ready to share issues and weaknesses in policy making and implementation, as well as other issues relating to networking of policy. Besides, the cooperation of the senior government officials, the functioning of networking will require following support from the government and the donor agency, particularly from those agencies interested in establishing a policy network in Nepal for better policy making and implementation.

Thematic Support for Policy Priorities: Support will be required to engage in the research itself in selected themes. In effect, this will require funding or part-fund the research time of academics working in each network. The HUB research institute will require funding for the research on the thematic identified and commissioned by the Thematic reform Board. Key features of the selected theme would be explored, bringing national and international theoretical perspectives to bear and undertaking empirical research as required. The HUB institute and the working researchers would combine 'state of the art' research with a concrete policy focus. Together they would gradually build up a body of knowledge and an in-depth understanding of the area. Outputs would include a series of policy focused papers, agreed with the policy/research network as a whole, refereed publications, policy discourse and so forth. They would also be designed to feed into regional and intergovernmental policy development processes, with comparative research and explorations of regional and continental implications comprising part of the supported package.

ICT Support and Network Capacity Building: Each hub institute network should be provided with a set of tools and supports to build up the capacity of the individual centre and of the network to collaborate effectively in a number of ways, including in the use of ICTs. These might include the following:

- Specialized training courses, in collaboration with existing training centre, research institutes, universities, etc., for both research and policy staff as required;

- Internships and exchanges, especially between researchers and academics and those working in policy and development contexts. A central role here will be reserved for placing research staff for a period of time working within the policy formulation process, alongside the policy makers;
- Support, perhaps on a match-funding basis, for the creation and use of ICTs among members of a network, including connectivity, web site development, application development, equipment if required, and training and ongoing support. More conventional support for collaboration, including joint seminars with invited experts; team meetings; short study visits and so forth.

Electronic Resource and Dissemination Activities (A Portal): A central aspect of NPRN is to establish a comprehensive set of resources on the given theme, available electronically via the Web and Internet that will have two functions. First it will comprise a 'bridge' between the research community in general and the policy stakeholders beyond those even directly involved in the Project, including media, NGOs and civil society, and other interest groups, and

Second, it will comprise an enduring resource for all those in Nepal and outside interested in the theme, and would be maintained as such beyond the duration of the funded network itself. This may be described as a 'Portal' - an on-line, interactive and comprehensive resource on the selected themes. The activities of the Portal could include: (Cumunex, 2001)

- Editing and packaging research outputs from relevant academic research and Network outputs for particular audiences, especially policy makers, but also NGOs, development actors and media, so that the research generated is disseminated and tested in these contexts;
- Identifying, packaging and organizing more general external research output and providing web-links to information related to the priority themes, covered as comprehensively as possible,
- Establishing mechanisms for discussion, feedback and dialogue between research and user communities, enabling the Portal to act as a two-way research and policy connection;
- Providing integrated links to other regional and international Research Portals and Networks;
- Facilitating interaction between the supported Policy Research Networks themselves; and,
- Providing training and support materials to facilitate use.

It is conceived as a broad based, focused set of resources towards which those active in selected themes will turn to find state of the art research, current news and networking resources. Moreover, more conventional dissemination activities for the specific Network research output could also be supported, for instance:

- Seminars bringing together policy stakeholders to discuss research results;
- Targeted publications, written in accessible language;
- Press conferences and media briefings

In pursuing this strategy, it will be essential to avoid complex and bureaucratic relationships.

4.5 Capacity Enhancement

The first challenge is how to build capacity and retain that capacity in Nepal for its effective utilization for both policy analysis and advice, as well as for building other capacities in an effort to reach a critical mass. If this capacity is retained in Nepalese institutions, the next challenge is to identify the channels through which the capacity communicates to policy makers in what we call conveying the results of research and training to policymaking. Finally, in order to keep this capacity alive and active, there have to be ways of replenishing it through training and creating an appropriate incentive system for research. In sum, the

challenge is to build a network of individuals and institutions that are capable of tackling current problems in research and training with a view to applying the outputs in the policy context. From our experience, there are several interesting aspects that can be emphasized that keep the network alive. These are: (Cumex, 2001)

- The mission and objectives are clearly defined;
- An appropriate governance structure supports the mission;
- The management structure is responsive to and supports the network;
- The presence of or continuous production of innovative topical issues for research maintains the research relevance to policy application and enhances the visibility of the network;
- Research innovation driven by a peer review mechanism (and peer pressure) enhances the quality, ensures delivery and in turn strengthens the process of networking. This is the learning-by-doing research component of the thematic research;
- Sharing the networks research and training outputs at either the national level or across countries strengthens the desire for networking and sharing experiences;
- Building a community of professionals with common ideals and objectives is in itself a very strong incentive for networking; and
- The presence of a dissemination strategy or a communication mechanism gives the network a higher profile and thus enhances its strengths.

The foregoing may seem general, but they are important in trying to understand how capacity building has succeeded in some instances and generally failed in several other cases. Perhaps we have less successful networks in Nepal because of poor design and weak implementation, coupled with prohibitive dynamics, a few of which can be listed as follows:

- The small pool of resource persons;
- A weak human and financial resource base;
- Less favorable working environment and low incentives;
- Human and financial capital flight; and
- Lack of policy receptivity.

In order to sustain the spontaneity emerging from professional contact at the local level, which is a key to success, such a framework would necessarily be facilitative rather than directive. This is seen as a means to facilitate knowledge-sharing and research partnerships between professional networks, and between them and key knowledge end-users - including policy-makers, trainers at institutions of higher learning, civil society organizations and the private sector.

4.6 Financing and Sustainability

It is proposed that the donor community such as, ADB or DFID etc. support the Program, for an initial period of three to five years. A sliding scale of support would be needed towards the latter end, as the networking member institutions on research and policy and others take up the role. It would be run as an independent Program, but work closely with the key Intergovernmental organizations. Most of the expenditure will be in the form of supports to research networks. These will be administered as discrete calls for proposals, or other support mechanisms, within defined parameters relating to the thematic emphasis, and selection criteria. The creation and maintenance of the Portal will be contracted out, and/or possibly implemented by the Program in partnership with others.

Chapter V

Conclusion and Recommendations

Conclusion

The pre-1990 period of policy making and practice in Nepal showed that excessive emphasis on political considerations in policy formulation and implementation is not a viable economic development path. Such policies may yield short-term benefits to the interest groups that control the situation, but the consequences of ignoring the stakeholders will eventually wipe out such benefits and drag the country into a serious economic crisis. The economic reforms launched in the early -1990s have, to a large extent, boosted the private sector participation in investment in a variety of sector, ranging from industry and trade to hydro power development, airlines and financial sector and other services industry development in the country. The experience of 1990s thus, shows that government must create an enabling environment in which the private sector can develop and participate fully in moving the economy forward.

The political uncertainty and the growing conflict situation have compounded the task of policymaking and implementation in recent years. This calls for more homework in policy design and the consensus of the large mass of the population in implementing these policy reform prescriptions. For this, the adhocism in policy making and policy making at the desk has to be changed to a system of an intensive study on policy areas, discourse with the stakeholders at different level, monitoring and evaluation of policy implementation and the feed back mechanism in policy improvements. The rapidly developing ICT web portals can assist the policy makers in achieving these tasks. Thus, there is a greater need for institutionalizing policy formulation in the country. Creation of NPRN may be the answer to this issue.

Recommendations

The following can be viewed as the recommendation for institutionalizing policy formulation and preparing reform agenda in Nepal.

- Approve and implement NPRN as a framework of policy reform networking in Nepal.
- Establish an effectively functioning NPRN secretariat that works under the general direction and supervision of the National Steering Committee and coordinate and support all activities of networking.
- Institutionalize NPRN Steering Committee and Thematic Research Advisory Board as the body to identify issues, commission studies, recommend policy to government for implementation by conducting a series of policy discourse with the stakeholders and building policy consensus.
- Promote HUB institute and support enhance their capacity in carrying out policy research in thematic areas.
- Institute a mechanism to monitor policy implementation and impact evaluation.
- Create an interactive ICT portal to network policy design, on line policy discourse and implementation feed back. Support HUB institute to create their own network in the identified thematic area.

The Policy matrix that follows the study highlights the action necessary to be taken by respective agencies for establishing network system and it's smooth functioning.

Policy Action Matrix

Policy Improvements	Activities	Indicators	Responsible Agency
<p>1. Constituting National Steering committee</p>	<p><i>a. Constitute Steering Committee for Policy networking under the convenorship of Hon. vice-chairman, NPC.</i></p> <p><i>b. Appoint NRB governor, Chief secretary, secretaries MOF, MOWR, MOITS, MOPPH, FNCCI, CNI and independent experts and research institutes as members</i></p> <p><i>c. Identify broad areas of reform by sector on the basis of their importance on poverty reduction and human development and approve on the reform agenda and their sequencing.</i></p> <p><i>d. Establish a secretariat working under the genera; direction and supervision of the Steering Committee and place joint secretary level officials as in-charge</i></p>	<p><i>Putting Steering Committee in place,</i></p> <p><i>Minutes of Reform Steering Committee meetings.</i></p> <p><i>Establishment of the secretariat and deputation of office in charge</i></p>	<p><i>NPC/MOF</i></p> <p><i>NPRN secretariat</i></p> <p><i>MOF</i></p>
<p>2. Establish NPRN secretariat</p>	<p><i>a. Establish a permanent and independently functioning NPRN secretariat to work as a coordinating agency coordinating and supporting all networking activities.</i></p> <p><i>b. Move the secretariat from MOF to NPC as an important wing to complete the NPRN institutional process.</i></p> <p><i>c. Depute required</i></p>	<p><i>Establishment of the secretariat</i></p> <p><i>Deputation of officials and support staff, equipments and budget</i></p>	<p><i>MOF/NPC</i></p> <p><i>MOF/NPC</i></p> <p><i>MOF/NPC</i></p>

Policy Improvements	Activities	Indicators	Responsible Agency
	<i>officials and support staff at the secretariat and equip it with necessary equipments and budget.</i>		
3. Creating Thematic Groups	<p><i>a. Constitute following five thematic groups</i></p> <ul style="list-style-type: none"> <i>i. Macroeconomic policies, governance, fiscal reform and financial reform;</i> <i>ii. Trade, regional integration and private sector development;</i> <i>iii. Agriculture, forestry and rural development;</i> <i>iv. Energy and infra-structural development; and</i> <i>v. Human resource development and poverty issues.</i> <p><i>b. Constitute advisory body in each thematic group chaired by secretaries' finance, industry, agriculture, water resources and education respectively with relevant ministries, public sector institutions and independent experts as members.</i></p> <p><i>c. Identify 8 to 10 study topics in each thematic area based on some criteria and prioritized for commissioning study 1 or 2 at a time depending upon the need and the budget.</i></p>	<p><i>Minutes of Steering committee meetings</i></p> <p><i>Minutes of Thematic Reform Advisory Body meetings</i></p> <p><i>Minutes of TRAB meetings</i></p>	<p><i>Steering Committee NPRN secretariat</i></p> <p><i>Thematic Reform Advisory Body/NPRN secretariat</i></p> <p><i>NPRN secretariat</i></p>

Policy Improvements	Activities	Indicators	Responsible Agency
4. Identify HUB Research Institutes	<p>a. Identify HUB institute for conducting research. Each Thematic Group may identify more than one HUB institute to carry out studies.</p> <p>b. Request HUB/focal research Institutes to conduct/ commission and coordinate studies on areas identified by the thematic group advisory committee.</p> <p>c. Ensure quality of studies by assisting in arranging experts and making provision for peer review.</p>	<p>Minutes of Thematic Reform Advisory Body meetings</p> <p>Approval of research report by Thematic Reform Advisory Body</p> <p>Minutes of TRAB meetings, List of studies having peer review and selection of experts</p>	<p>NPRN secretariat</p> <p>NPRN secretariat</p> <p>NPRN secretariat</p>
5. Develop ICT Portal and Web site	<p>a. Develop NPRN web site having linkages with focal research institutes, NRB, CBS, NPC and other agencies working in Nepal and regional agencies like SAARC and donor agencies such as ADB, WB and DFID etc.</p> <p>b. Support website development and management of focal research institutes.</p>	<p>List of websites and ICT portals</p> <p>List of participating professionals and stakeholders</p> <p>List of web site developed and provision for linkages</p> <p>Minutes of NSC/TRAB meetings, amount allocated for support</p>	<p>NPRN secretariat</p> <p>NPRN secretariat</p> <p>NPRN secretariat</p> <p>NPRN secretariat</p>

Policy Improvements	Activities	Indicators	Responsible Agency
<p>6. Policy Reform Net-working</p>	<p>a. Design policy networking such that the stakeholders can find their place and participate effectively,</p> <p>b. Encourage independent researchers, stakeholders, NGOs and COs in participating relevant policy designing and effective implementation monitoring and feed back,</p> <p>c. Develop NPRN web site having linkages with focal research institutes, NRB, CBS, NPC and other agencies working in Nepal and regional agencies like SAARC and donor agencies such as ADB, WB and DFID etc.</p> <p>e. Support website development and management of focal research institutes. Make policy making transparent and participatory by posting in the website portal, disseminating through radio, TV, seminars and workshop at different levels,</p>	<p>Frame-work used in practice by NPRN secretariat</p> <p>Policy reform agenda and study posted in the website, frequency of updating and feed back received</p> <p>Number of people/NGOs/COs participated</p>	<p>NSC/TRAB/. NPRN secretariat</p> <p>NPRN secretariat</p> <p>NPRN secretariat</p>
<p>7. Enhancing capacity</p>	<p>a. Enhance research capacity of nationally recognized public and private research institutes and university departments (Hubs);</p> <p>b. Encourage emerging expertise on wide areas of</p>	<p>Funding made available and list of activities carried out to enhance capacity</p> <p>Number of experts contributed</p>	<p>TRAB/ NPRN secretariat</p> <p>NPRN secretariat</p>

Policy Improvements	Activities	Indicators	Responsible Agency
	<p><i>interest.</i></p> <p><i>c. Train people in focal research institutes and university departments on web site management.</i></p>	<p><i>Number of people trained</i></p>	<p><i>NPRN secretariat</i></p>
8. Identification of research study and funding	<p><i>Design criteria for selecting studies - should be relevant to the issues in reform.</i></p>	<p><i>Minutes of monitoring committee meetings</i></p> <p><i>List of evaluation study</i></p>	<p><i>NPRN secretariat</i></p> <p><i>NPRN secretariat</i></p>
9. Monitoring Activities and Effectiveness	<p><i>a. Ensure monitoring of policy implementation and it's effectiveness in producing desired output</i></p> <p><i>b. Conduct independent evaluation study on the effectiveness of global and sectoral policy reform agenda.</i></p> <p><i>c. Develop mechanism to correct policy agenda based on the evaluation study.</i></p>	<p><i>Reports of monitoring and independent evaluation</i></p> <p><i>List of corrected policy based on evaluation study</i></p>	<p><i>NPRN secretariat</i></p> <p><i>NPRN secretariat</i></p>
10. Sources of Fund	<p><i>a. Ensure funding for NPRN at least for the next 3 to 5 years,</i></p> <p><i>b. Joint funding of NPRN with GON bearing increasing share of funding over time.</i></p> <p><i>c. Allocate sizable fund for assisting focal research agencies in developing it's capacity including IT networks.</i></p> <p><i>d. Make available funds to carry out studies on the topics selected by the Thematic Advisory Groups.</i></p>	<p><i>Amount of funding committed and received from donor agency</i></p> <p><i>Amount of funding allocated and prioritized in the MTEF</i></p> <p><i>Amount of fund allocated each year</i></p>	<p><i>NPC/MOF/NPRN secretariat</i></p> <p><i>NPC/MOF/NPRN secretariat</i></p> <p><i>NPRN secretariat</i></p>

Annex - 1

List of Institutes for Policy Research Network

Name of the Institute	Address	Website/e-mail	Specialization areas
National Planning Commission	Singh durbar, Kathmandu	www.npc.gov.np	Planning, MTEF, and socio-economic studies
Central Department of Economics	Tribhuvan University, Kirtipur		Economics and policy related studies
Institute of Management	Tribhuvan University, Kirtipur		Management related studies
Institute of Education	Tribhuvan University, kirtipur		Education related studies
Institute of Agriculture and Animal Sciences	Tribhuvan University, rampur		Agriculture, rural development and animal sciences related studies
Institute of Forestry	Tribhuvan University, Hetauda		Forestry, wild life and wild life park related studies
Population Study Centre	Tribhuvan University, Kirtipur		Population related studies
Centre for Educational Research, Innovation and Development (CERID)			Education related studies
Centre for Economic Development and Administration	Kirtipur		Economy, planning, development issues related studies and training center
Centre for Nepal and Asian Studies (CENAS)	Kirtipur		Language, culture, social values etc., in Nepal and Asia related studies
Administrative Staff College	Jawalakhel		Public administration and practices related study and training center
Kathmandu University	Dhulikhel		
Purvanchal University,	Biratnagar		

Name of the Institute	Address	Website/e-mail	Specialization areas
Pashchimanchal University	Pokhara		
Research Department	Nepal Rastra Bank, Baluwatar	www.nrb.org.np	Monitoring of Nepalese economy, banking and financial sector and studies relating to different aspect of Nepalese economy
Central Beuro of Statistics	GON, Thapathali		Central statistical organization
National Agriculture and Animal Sciences Research Centre (NAARC)	Singh Durbar Plaza		Agriculture and animal sciences related research institute
IIDS	Baneshwor, Kathmandu		Socio-economic situation of Nepal and regional cooperation studies
NEW-ERA	Kalopul, Kathmandu		Socio-economic situation of Nepal study centre
Policy Research And Development Nepal (PRAD Nepal)	Jhamsikhel, Lalitpur		Decentralization, planning and policy studies
<i>South Asia Network of Economic Research Institutes (SANEI)</i>		http://www.saneinetwork.org/	South-Asia Economic research network
<i>South Asia Centre for Policy Studies (SACEPS)</i>		http://www.cpd-bangladesh.org/saceps/	South Asia policy research
<i>SAARC Network on Global Financial and Economic Issues</i>			SAARC network
<i>Asia-Pacific Health Economics Network (APHEN)</i>			Health economics network
<i>Alliance for Health Policy and Systems Research</i>		www.alliance-hpsr.org	Health policy study
<i>Indian Council for Research in International Economic Research (ICRIER)</i>			Indian economic issues and international economic relation studies

Name of the Institute	Address	Website/e-mail	Specialization areas
<i>Chronic Poverty Research Centre (CPRC)</i>		www.chronicpoverty.org	Poverty related studies
<i>International Development Research Centre (IDRC)</i>		www.idrc.ca	Socio-economic and poverty related studies
<i>World Bank Economic Research Home page</i>	World Bank, Washington DC	www.econ.worldbank.org	Study on a variety of economic, social, and poverty issues
<i>Decentralization Home page</i>		www.decentralization.org	Decentralization related studies
<i>International Monetary Fund Home page</i>	IMF, Washington DC	www.imf.org	Economic policy related studies
<i>Asian Information Centre</i>	Asian Development Bank, Manila	www.aric.adb.org	Asian economic monitoring
<i>Accessible information on Development Activities (AiDA)</i>		www.aida.developmentgateway.org	Studies on development and poverty issues
<i>Governance Resource Centre (GRC)</i>		www.grc-exchange.org	Governance related studies
<i>UN Millennium Development Project</i>		www.millenniumproject.org	Studies relating to MDGs
<i>Poverty Centre</i>		www.povertycentre.org	Poverty Issues
<i>UNESCAP</i>		www.unescap.org	Regional /country specific studies by ESCAP
<i>UNDP International Poverty Centre</i>		www.undp-povertycentre.org	International poverty related studies
<i>GTAP</i>		www.gtap.agecon.purdue.edu	International data/modeling on trade, investment etc.
<i>World Trade Organization WTO</i>		www.gatt.org	International trade and investment issues

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TA Focal Unit/MOF, GoN, 2005, *Quarterly Progress Report (Aug-Dec 2004)*, ADB TA 4288-NEP, kathmandu.

www.ips.lk/links/linkages.html

Terms of Reference:

Study Topic:

Framework for Economic Policy Network

This assignment is equivalent to effective one-man month. The consultant should establish adequate interactions with various stakeholders including the government agencies while conducting the study.

Task details:

Review current economic policy networks/ organizations and identify institutional weaknesses

Identify areas for improvement

Identify legal and administrative constraints

Suggest framework for institutionalizing an effective EPN

Suggest policy-action matrix (a) policy improvements (b) activities (c) indicators and (d) responsible agencies

The consultant will have to submit a draft report to the EPN Focal Unit within 30 days from the date of assignment and present the draft at the workshop organized by the Advisory Committee and EPN Focal Unit. The final report should be submitted within 2 weeks of the workshop incorporating all feedbacks from the workshop. One hard and one electronic copy of the draft and final report should be submitted to the EPN Focal Unit.

Assignment given to: Mr. Prithvi Raj Ligal

Responsible ministry: MOF

Thematic area: Macroeconomic Management