



# SAMBAD

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## *FROM THE DESK ...*



It has been six years since the last issue of Sambad was published. In that time and especially during the last six months, a number of substantial changes have occurred at the institution, the most visible of which being the new management. We hope that this, the 28<sup>th</sup> issue of Sambad – which was conceived in 1988 to publicize our research and activities - will throw light on some of these changes.

Our new initiatives have aimed at bringing greater focus and policy-relevance to our research program. We hope to transform IIDS into a leading think-tank, as opposed to an advocacy-oriented non-governmental organization.

In view of this objective, IIDS recently organized an interaction program with Dr Bindu Nath Lohani, Vice President of the Finance and Administration Department of the Asian Development Bank. The meeting was attended by a number of Nepal's senior researchers and policy-makers, and highlighted the importance of research institutions like IIDS in policymaking and development of an underdeveloped country such as our own.

Additionally, IIDS, in partnership with the International Food Policy Research Institute (IFPRI) and USAID/Nepal, organized a workshop entitled, "Ensuring Food and Nutritional Security in Nepal." The purpose of the workshop was to disseminate the results of a stock-taking exercise prepared by IFPRI, with IIDS collaboration. The results of this exercise are expected to be a useful resource for policy-makers, development partners, and other stakeholders as they develop strategies to improve Nepal's food and nutritional security.

Likewise, IIDS organized, jointly with the Institute for Social & Environment Research (ISER), University of Michigan and Social Inclusion Research Fund (SIRF), the "Symposium on Social Science in the Public Interest: Building the Foundation for New Nepal". In attendance at the symposium were several noted scholars from local institutions as well as the University of Michigan, who presented research papers on the status and future direction of social science research in Nepal.

In the future, we intend to conduct on a regular basis short term training programs in a number of policy relevant areas, such as public policy, procurement policies and practices, project monitoring and cost-benefit analysis, social accounting and CGE modelling, and statistical analysis tools, provided there are sufficient interest to participate in such trainings. We hope that the cumulative effect of such initiatives will help to transform IIDS into a leading research institute. In this venture, Sambad will play an important role, not only as a means to generate awareness, but also to invite support from our readers. It is up to you, as much as it is up to the management, to move IIDS forward.

## *New Appointments - 2010*

**Dr. Bishnu Dev Pant** has been appointed as Executive Director at the Institute for Integrated Development Studies (IIDS), a leading non-profit nongovernmental organization based in Kathmandu, with effect from 15 June 2010. He replaced Mr Shanker Krishna Malla.

Mr. Pant holds Ph.D. degree in Applied Statistics from the Indian Statistical Institute (ISI), Calcutta, India and Masters degree in Statistics from Tribhuvan University, Nepal.

Mr. Pant started his career as lecturer in Tribhuvan University and has worked in number of national and international agencies. He worked in Agricultural Projects Services Center (APROSC) between 1977-1984 as Agriculture Statistician. He also worked in the National Planning Commission as Statistical Advisor.

Mr. Pant worked in the United Nations Economic and Social Commission for Asia and Pacific (UN-ESCAP), Bangkok from 1986-1996. He joined the Asian Development Bank, Manila, Philippines in 1996, and worked until 2008 in different capacities. Between 1999 and 2004, he served as Regional Coordinator for International Comparison Program for Asia Pacific Region. He also worked as Principal Regional Cooperation Specialist from in 2004 and 2005 at ADB's Nepal President Mission and Director of the Development Indicators and Policy Research Division of the Asian Development Bank, Philippines from 2006 to 2008. Recently he was a Professor

at South Asian Institute of Management, Lalitpur and Director of the Center for Economics and Applied Statistics (ADB).

**Dr. Aruna Palikhe** has been appointed as Senior Economist at IIDS. Dr. Palikhe holds a Ph.D and MA in Agriculture Economics from Tokyo University of Agriculture, Japan and Masters in Population Studies from Tribhuvan University, Nepal. Her areas of interests include agricultural economics, rural development and data analysis.

**Mr. Mukesh Khanal** has been appointed as an Economist of IIDS. Mr. Khanal holds a Master's in Applied Economics with a concentration in data analysis from University of Cincinnati, and Bachelor's in Mathematics and Economics from Minnesota State University. His areas of interests include poverty, agriculture, remittance with emphasis on data and quantitative analysis.

**Ms. Nigam Khanal** has been appointed as Executive Assistant. Ms. Khanal holds Bachelor in Development Studies from Kathmandu University. She assists in the research and administrative duties.

**Ms. Romi Aryal** has been appointed as an Intern. She holds Bachelor's in Economics Honors from University of Delhi, India.

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“Inside yourself or outside, you never have to change what you see, only the way you see it” - Thaddens Golas

## Get Rid of the VAT

Currently, in Nepal, there is a growing speculation that the government is going to increase the Value Added Tax (VAT) from the 13 percent that it is today to a higher percentage. Nobody knows for certain what it will be after the increase, but the general consensus is that it is rumored to increase. In this context, it seems reasonable to ponder if the increase is good or bad. Also, a more specific question that could be asked would be: is the VAT doing any good to Nepal?

The concept of VAT started in France in 1956, and, later, spread to other countries. It taxes the transfer of goods and services, and, thus, is entirely taxed on the consumer. In its initial implementations around the world, the VAT was imposed on top of the existing sales tax. But, in Nepal, as in other developing economies, the VAT has replaced the sales tax. The Inland Revenue Department of Nepal clearly mentions that VAT includes the value added to a commodity during each stage of its production, and that it is not an addition, but a replacement to the sales tax.

For years, nations have used the VAT to raise an incredible amount of money to finance the federal deficits. However, the VAT in Nepal has not, really, been for deficit reduction purposes. The government seems to have favored it simply because of its huge revenue generating capability. And, that is the major problem with VAT in Nepal. It has been implemented not for deficit reduction and economic growth but as a cash-cow for the government.

There is a popular misconception that VAT is a simple method to generate huge revenue for the government. Leading economists and policymakers in Nepal are not immune to this misconception. If anything, VAT is an immensely complicated system requiring different taxation policies for different types of goods and services. Given its complicated

nature and a requirement of heavy personnel to monitor its implementation, we need to ask ourselves if the VAT is an appropriate taxation system for a poor country like Nepal. We do not have the necessary capital and manpower to monitor the VAT to avoid exploitation and evasion. It is not the right taxation policy for this country.

Yes, there are other alternatives of raising revenue, but they are mostly bad alternatives. According to Gregory Mankiw, the Economic advisor to President Bush during his term in office, VAT is the best among the bad alternatives. However, the label 'bad' still applies to it.

Should the Nepalese, really, be choosing the best out of the bad? Is this what we have come to? Can't we do better? Why can't the policymakers come up with something that is not bad? It doesn't even have to be excellent; a 'fair' taxation system will still be better than a bad taxation system.

Nepal got the idea to implement the VAT by observing its success in many European nations. The main reason why developed economies in Europe favored the VAT was because of improved compliance and lesser evasion when compared to a sales tax. Our Inland Revenue Department claims the low evasion to be the prime reasoning behind implementation of VAT in Nepal. And, their reasoning is quite sound given the general consensus among VAT implementing nations that VAT is not as easy to evade as the sales tax.

However, you don't have to be a rocket scientist to know that non-compliance and evasion are still a major problem in Nepal. Anyone who has ever bought anything in the store or eaten lunch in a restaurant knows that VAT compliance in Nepal is severely lacking.

Unlike the European economies, Nepal has a chronic shortage of capital and human resources to monitor the VAT compliance. Then, the question arises: should we really be using a taxation system that we are not capable to monitor and enforce? Compliance and evasion

issues are very significant when it comes to VAT in Nepal.

In the UK, VAT related fraud like Carousel fraud and Missing-trader fraud resulted in a loss of 13 billion Euros in 2006. The UK has since then tried to improve their VAT system through various changes, but has only succeeded minimally. Europe loses around 180 billion Euros every year due to VAT related fraud. In case the magnanimity of that loss is not readily comprehensible, note that 180 billion Euros is the budget of the European Union for two years.

Therefore, to say that Europe loses a huge amount of money through VAT related fraud and non-compliance would be an understatement. If advanced economies in Europe with massive resources at their disposal are struggling to control VAT related fraud, we have no basis to be assured that such fraud has not occurred in Nepal.

Not only does VAT have a major non-compliance and evasion issue, it also hurts the economy. Yes, it fills the government coffers, but it hurts employment situation in the economy. Economists in the US have done research and discovered that even a small 3 percent VAT (which policymakers were proposing in the US) would destroy 2.1 million jobs by the fifth year of its implementation. If a VAT could have such an enormous impact in a big economy like the US, we can only imagine how much it has been hurting a growing and developing economy like Nepal. Also, some economists blame the current problems in the Greek economy to the 19 percent VAT in Greece. Do the Nepalese policymakers know if the VAT is helping or impeding our economic growth?

The VAT in Nepal, at 13 percent today, is already one of the highest VAT rates among the developing countries. In the thirst for quick revenue, government policymakers in Nepal seem to be forgetting the evidence from previous research that an implementation of VAT always results in higher prices in the

market for consumers. This result has been shown to hold by numerous researches. Studies have shown that VAT seems good in the short-run, but it tends to slow the long-term economic growth.

Can a poor country like Nepal really afford to have higher consumer prices as a result of the VAT? We are a growing economy. The VAT is not helping our economy if consumers end up paying higher prices for all products. Anyone with the most basic knowledge of economics can tell you that higher consumer prices always slow down the economic activities. VAT in Nepal is really a bad policy if it has in any way hampered the long-term growth of our economy.

Being a developing nation that we are, we do not really want anything to slow our economy. Therefore, in today's context, VAT seems to be more of a problem than a solution in Nepal.

Another major problem with the VAT is the stage-wise levying of the tax. In simple terms, VAT is a multi-layered tax, and it is levied in each stage of manufacturing. This multi-layered levying of VAT provides increased opportunities of evasion and fraud in each stage. In addition, the multi-layered tax does result in higher cost of the final product, although policymakers claim that it doesn't.

In today's Nepal, the manufacturing industry is struggling to survive. Therefore it seems to be the wrong time to implement the VAT in Nepal. Maybe it can be implemented later, in the future, when we have solid economic growth and our manufacturing industry is booming. But, given today's economic scenario, VAT is not the best tax alternative for us to pursue.

- MUKESH KHANAL  
ECONOMIST, IIDS

## **Emergence of the Care Economy : Importance of Domestic Work\***

*\* Highlights from ILO supported Study undertaken by , Mahesh Banskota, Samesh Adhikari , Baburam Aryal , 2009, **Domestic Workers in Nepal , Current Status ,Policies and Laws** . Kathmandu : Institute of Integrated Studies (IIDS ) Mandikhatar.*

Domestic worker (DW) is an important component of the rapidly growing informal sector care economy in many developing countries. The informal sector has been described as consisting of economic activities that are paid but one where the firms hiring the workers may not be legally registered, may not be paying any taxes to the government, and where workers are not provided with paid leave or social security . Traditionally women have done most of the domestic work and because women's work and contribution has been relatively neglected in general, DW may also have remained neglected and invisible so far. Nevertheless, this has become an important issue from the perspectives of rights, where four types of human rights come together – namely child rights, women rights, labor rights and general human rights.

In Nepal, domestic work has been undocumented until recently. Its multiple characteristics, lack of standardized norms for measuring work , lack of statistics, , no history of institutional and legal measures to deal with it, and the fact that bulk of the workers consists of women and children have made it relatively invisible.

Both push and pull factors have been identified behind the surge in the domestic workers, mainly in the bigger urban areas. Apart from individual family conditions, national economic crises and downswings (may be linked with global conditions) have worsened the situation of many rural and urban households, forcing

them to become DWs. Interestingly all domestic workers interviewed by Amnesty International ( 2005) ,report that they choose their current profession – seeing it as a starting opportunity to acquire experience outside their local neighborhood. They also say because they lacked the knowledge, skills and contacts needed for other types of jobs, they have had to start with domestic work.

### **Structure of Employment**

The **2008 Report on the National Labor Force Survey** ( CBS 2009 ) provides important clues although its treatment of the issue of domestic work is unsatisfactory. For the first time this survey goes into the questions of the rapidly increasing non agricultural informal sector activities where domestic work should have been fairly prominent. Informal sectors activities have been defined as those outside agriculture where there is payment for work but there is no social security or paid leave. Almost 11.33 million people (96 percent of the currently employed who are 15 years plus) are informally employed in different industries. If agricultural and fishing are excluded then 2.7 million or 86.4 percent of total non agricultural employment is in the informal sector. There can be no doubt of the growing importance and more studies need to be undertaken in the future to better understand the changing dynamics of this sector.

Domestic work which is an important part of the informal economy has been separated by the 2008 Labor Force Survey into two different aspects. First some parts of it are lumped under housekeeping and restaurant service workers. Second a major part of is treated as non economic activities , which may be a big misnomer. For instance cooking, cleaning, minor

repairs, shopping, caring, child mining are all important aspect of the Domestic Work economy. It is not clear from the Survey what part of is paid although there is a separate item listed as volunteer. Clearly there are many questions that need to be clarified about domestic work estimates based on 2008 Household Labor Survey.

The other important Survey that has been released recently is the Nepal Rastra Bank (2008) Household Budget Survey Mid November 2005 – Mid November 2006) Nepal. This survey has been regularly undertaken with the purposes of the determining the consumer prices indices. In the context of reviewing house hold activities, it included paid domestic workers as a separate category among eight different categories such as agriculture, business industry, service, wage earner ( elementary worker ), domestic worker, others and house wife and students. According to the results of the survey 23.8 percent of the employed population in rural market centers were reported to be engaged in agriculture, 26.4 percent were engaged in business and industry, 16.7 percent had service, 8.5 percent worked as wage earners and 2.5 percent served as domestic worker and the rest had other types of occupations.

In urban market centers 9.4 percent employed population were engaged in agriculture, 25.3 were engaged in business and industry, 21.6 percent in service, 7.7 worked as wage earners and 2.9 as domestic worker with 26.7 in other occupations. For the urban areas of Kathmandu Lalitpur and Bhaktapur 3.6 percent of the employed population was in Domestic work while for urban areas without Kathmandu, Lalitpur and Bhaktapur it was 3.1 percent.

### **Highlights of Domestic Work and the Domestic Worker**

A more recent study of Domestic Work by IIDS undertaken for the ILO ( IIDS 2009 ) has highlighted many hitherto unknown dimensions of domestic work in the Kathmandu Urban

Areas, clearly the most important location for domestic work:

- 57.9 percent of the responding domestic workers were females while the remaining were males. This finding is broadly consistent with the trends in Nepal as well as in other developing countries.
- Almost 52 percent of the DWs said they were unmarried
- While the local and neighboring areas supply relatively larger percentage of the domestic workers, they are coming from all over the country - as far out as Jumla, Panchthar and many Terai districts.
- 79 percent said that they are working as DW with the permission and full knowledge of the family. Interesting finding was that 17.3 percent of the DWs said that another member of their family was also a domestic worker.
- Almost 63 % of the respondents said they had no problems in being identified as a domestic worker. A third of the respondents were not happy about being identified as a domestic worker and a small percentage (3 %) said they did not care.
- 15.8 percent of all domestic workers had special arrangements ( payment in kind or commitment to education etc ) while about 74.2 percent received some regular salary. Almost 86.8 percent said that they were paid regularly.
- 61.5 percent of domestic workers ( excluding the special categories discussed above which was about 16 percent ) received an income below Rupees 3000. In this group 47.4 percent said their salary was between Rs 700 and Rs 2000. 21.4 percent said they receive between Rs 2500 and 4000, 15.7 percent said they received between Rs 4500 and 7000 . About 20 percent of the domestic workers reported monthly

salaries above Rs 4000 and 6.6 percent said their monthly salary was above Rs 5000.

- Hours of work receives a wide variety of responses showing that there are different work timings. 73.7 percent said they were living and working in the same place and 26.3 percent said they were living and working in different places. 5.2 percent of the respondents said they were working 10 hours, 5.3 percent said nine hours, 36.8 said 8 hours, 11.8 said seven hours, and 6 percent said seven hours. Almost 86.1 percent of the respondents agreed that there should be minimum hours of work per day and 90 percent felt that six to eight hours of work daily was reasonable for the domestic worker.
- Some of the respondents said they had difficulties and misunderstandings with the owners. Many ( 14.3 percent ) said they could not do heavy work, some could cook (7.1 percent ), some did not want to wash clothes ( 8.6 percent ), and some ( 11.4 percent ) said they could not do most of the work. Many experienced fear of breaking materials or not doing their work in the right way. Some could not communicate with their employers while others had great difficulty waking up in the morning . While 56 percent said they had no specific problems with their employers others said that there were regular misunderstanding when expectations of the owner were not satisfied. Mood of the employer was important in many cases of misunderstandings. 21.1 percent wanted outside help when these misunderstanding occurred but 77.5 percent did not think there was a need of intervention from a government agency.

- Harassment at work was experienced by about 40 percent of the workers although the type of harassment varied and one could also experience multiple types of harassments. The most common was the feeling being hated ( 22.4 percent ) by the employer, followed by oral abuse (19.7 percent ), scolding (18.8 percent ), not paying salary on time (15.4 percent ) , and sexual harassment ( 1.4 percent). Asking for too much work and neglecting was also pointed out by some of the workers.
- An overwhelming percent of workers (84.9 percent ) said that they would like to continue with the same employer. Only 9.6 percent said that they would change employers while 5.5 percent were not sure.
- Would they like to continue as domestic workers ? 44.6 percent were happy to continue but 54.1 percent said no they would not like to continue but also added that there were no other options

### Employer and Domestic Workers

Bulk of the employers were from urban areas (66.7% ) and the rest were from surrounding rural areas. About 47 % of the employers reported of family size of less than 4, 33.3% said they had five members while 14.7 % said they had more than five members in the family. Close to 47 % said their major income source was being employed while 42 % said that it was business. About 8 % said it was employment abroad. 33% said only one member was earning while 52.8% said two members were earning – although it is not clear if this was the husband and wife or other members in the family. 89% said that the supervisor of the domestic worker was as female, 8 % said it was a male and 3 % said it was both.

- 41.7 % of those keeping domestic workers said that they had absolutely no time for household work. 30.6 % were less specific and said that they were helpful in many respects. 13.9 % specifically identified baby sitting as the reason behind the use of the domestic worker . About 3 % said they had the time but just did not like to do any household work.
- Almost 92 % said that their domestic workers had not committed any acts of violence. In response to whether they posed any risk, 75 % said they did not think there was any risk, while 25 % agreed that there were risks. Interestingly in response to whether they had heard of violence committed by domestic workers, 80.6 % said that they had heard about it.
- Only 33.3 % of the respondents were in favor of workers joining any union.

### **Importance of Domestic Work and Its Management**

With about 3 percent of the urban non agricultural informal sector employment and about 1.5 percent of economically active population ten years and above reporting domestic work employment according to the Latest Nepal Rastra Bank Survey , this is already a sizable source of employment in the economy. It also has strong momentum for further growth because it is closely interrelated with other growing indicators in the economy such as aging population, increasing urbanization, growing female participation in paid employment and an overall decline in agricultural and rural employment opportunities in the country.

Like most of the other employment sectors it has both positive and negative dimensions. The positive aspects include many domestic worker's satisfaction with their work environment, their

employers , working conditions - clearly important aspects that need to be promoted throughout the domestic work sector. The negative aspects are also experienced by significant number of domestic workers and these include long hours of work, the conditions of work, tension and abuses and so on that have already been discussed. The challenge for the future is how to promote the positive aspects while at the same time removing the negative aspects without affecting the overall chances of work for many hard pressed people. Another important finding is the fact that there are many employers who would favor greater rights of domestic workers, better training and even agree to providing higher incentives for skill enhancements. There is some concern about unions although the issue of registration does appear to be such a problem. Parents and guardians appear to be playing an instrumental role in many cases of domestic work, not just in choosing the places where their dependents work but also in negotiating the benefits and even keeping a significant part of the earnings. How to involve this large group of dispersed stakeholders will be an important challenge in the future. Interestingly local Wards appear to be preferred places for contacts and registration, rather than the police offices, if this is to be initiated .

*Dr Mahesh Banskota  
Treasurer IIDS*



## Research Projects

### I. Pro-poor Policy Formulation, Dialogue and Implementation at the Country Level

In August 20, 2008 IIDS signed an agreement with the Food and Agriculture Organization (FAO) of the United Nations in support of the Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level.

Under this title, three studies were carried out:

- a) Pro-Poor Agriculture Research and Service Delivery
- b) Livelihood and Employment (farm and non-farm) Enhancement for Rural Youth, Women Landless and Marginal Formers.
- c) Public Private Partnership and Cooperative and Contract Farming

IIDS carried out the study Pro-Poor Agriculture Research and Service Delivery, whereas Samanata, on behalf of IIDS, undertook the other study entitled Livelihood and Employment Enhancement for Rural Youth, Women Landless and Marginal Farmers. and Centre for Policy and Development (CPAD), undertook the study on Public Private partnership, Cooperative and Contract Farming.

The final draft reports of these three studies were submitted to the MoAC and the FAO. The findings of the reports were presented at a national-level consultative meeting, organized on 22 April 2009 in Kathmandu. The reports are being finalized by incorporating the suggestions received at the meeting. In the course of the study, the FAO had organized a Regional Capacity Building Training Workshop from June 15 to 25, in Bangkok, where Mr Shankar Aryal took part on behalf of IIDS.

### II. Articulating and Mainstreaming Appropriate Agricultural Trade Policies: Nepal case studies

IIDS carried out the above study with the support of the Food and Agriculture Organization (FAO) of the United Nations.

The objectives of the study were to:

1. Contribute innovative approaches to articulate appropriate trade policies:
2. Determine required support measures (institutions, markets, infrastructures etc.);
3. Determine best ways to mainstream these policies and measures into national development policy papers; and
4. Build capacity of trade policy makers and implementers.

The study has been divided into four background work:

Background work	Topics
Work 1	Articulating appropriate trade policy
Work 2	Aid for trade: The process of identifying and prioritising trade-related support measures in agriculture
Work 3	Mainstreaming Trade in PRSP
Work 4	Analysing the impact of trade policy on poverty

Specialist employees of the MoAC, Ministry of Supplies and the National Planning Commission and external consultants are involved in this study. To oversee the study, a steering committee has been formed under the chair of Secretary of Agriculture of the MoAC.

### III Research to Examine Linkages Between HIV/AIDS, Agriculture and Food Security in Nepal

This research study was undertaken with the funding support of the Food and Agriculture Organization (FAO) of the United Nations. The final report was recently submitted to the FAO. The study has been successful in bringing out a number of interesting findings such as:

First, based on the evidence that the prevalence of HIV and AIDS is very high in the migrant communities, there is the threat of its spreading further in the communities if strong measures are not taken immediately.

Second, since households with PLHA experiencing decrease in household's pool of labour force and increase in annual household expenditure use downward moving strategy by selling assets, borrowing money, depending on external support and exerting extra burden on household human capital, particularly women and children in order to fulfil increased expenditure, this strategy has perpetuated the poverty cycle and is expected to worsen it further.

Third, land is a fundamental asset among all households and a key indicator of a household's wealth status. However, among the households with HIV infection or death from AIDS, ownership of land decreases with the sale of land. If this trend continues,

it will accelerate the growth of households without land and eventually increase rural inequality.

Fourth, with an increase in the number of households with PLHA or with an increase in the disabilities and deaths from HIV and AIDS, there would be reduction in the production of major crops and this trend will continue to aggravate the household's food security as the conditions for the realization of 'invariant famine' would become satisfied.

Fifth, with the death of men of productive age and with a change in the structure of population, the economy of households and communities is already run by less productive members as in Achham and this will have adverse effect on it.

And finally, with the growth of PLHAs as new vulnerable groups, there is competition among the vulnerable groups for scarce resources and this will increase further to cause adverse impact on all of them in the process.

Based on the study findings and review of suggestions offered by the communities and service providers in relation to mainstreaming HIV/AIDS into the programmes of stakeholders, the study analysed viable solutions and made various recommendations.



## An Interaction programme at IIDS with ADB Vice President

An interaction programme was held at IIDS hall on Nov 1, 2010 with Dr. Bindu Nath Lohani, ADB Vice President (Finance and Administration).

In the programme were present participants like Dr. Mohan Man Sainju (Chairman, Governing Council (GC), IIDS), Dr. Bhekh Bahadur Thapa (member GC), Dr. Mahesh Banskota (member GC), Mr. Bashu Dev Dahal (former ED, IIDS), Dr. Shreedhar Khatri (Director SACEPS), Dr. Bina Pradhan, Dr. Chaitanya Subba (former member, NPC) and Mr. Santa Bahadur Pun along with the current IIDS team.

The meeting started with welcome remarks by Dr. Sainju followed by a short introduction of IIDS about its goals, vision and future plans after the new Executive Director, Dr. Bishnu Dev Pant had taken over. Presentation was made by Dr. Vikash Raj Satyal on the history, establishment, achievements and goals of IIDS.

The chief speaker of the interaction session made a brief presentation on ADB, its strategies and focus areas. After Mr. Lohani's presentation Dr. Sainju and Dr. Thapa expressed that ADB should focus on establishing and promoting non partisan, independent research institutes like IIDS in country like Nepal where government hasn't been much stable for designing effective sustainable policies. Dr. Mahesh Banskota urged the need of ADB's support in making an academic NGO like IIDS a think

tank institution and other issues like developing human capacity for sustainable development and establishing a suitable regional co-operation mechanism for South Asia Region were also raised.

Dr. Lohani was positive and supportive about the comments that research institutes should be developed in country like Nepal and told that ADB shall be positive about IIDS. He also emphasized that our country should identify a suitable model on development through a common consensus between political parties and stakeholders so that donors such as ADB can invest in such model for a long term by giving examples of Korea, Thailand and China.

He also remarked that ADB can look forward to aiding institutes such as IIDS if NPC or Nepal Government can identify IIDS as a policy research institute. Then ADB can make a way for directly aiding institutes like IIDS in future. Dr. Lohani suggested that if a consolidated proposal for the institutional development from the government and IIDS could be forwarded ADB will consider it easy to work on.

The meeting was hence successful in creating a good rapport with the Vice President regarding various development issues and supporting institutes like IIDS.



## Symposium

### *“ Social Science in the Public Interest: Building the Foundation for New Nepal”*

*Date: Sunday, 14 November 2010*

*Venue: Hotel Himalaya, Kupondole*

A symposium titled “Social Science in the Public Interest: Building the foundation for New Nepal” was jointly organized by IIDS, ISER, SIRF and University of Michigan on 14th Nov 2010 at Hotel Himalaya. The symposium by the end of the day was attended by individuals of Nepalese government, INGOs, NGOs, Academia and donor agencies.

Dr. Jagadish Chandra Pokhrel, Vice- Chairman, National Planning Commission was the chief guest of the Symposium. The papers presented during the first session on the broad topic, “The current status of social science research in Nepal, What we know and what we do not know” are as follows:

Renowned Sociologist and Professor Dr. Dilli Ram Dahal, presented his paper on Status of Social Science Research in Nepal. The issues raised during his presentations are as follows:

- It’s not easy to assess the strengths and weaknesses of the social science research and writing in Nepal due to the vast nature of social sciences.
- Without a proper theory or conceptual framework a research work or paper related to social science becomes less powerful and analytical in explaining the social behaviors.
- In political science and economics the problem of data quality is vital.
- In Nepal, there’s a lack of systematic and reliable data, which makes the social economic analysis unreliable even today.
- Despite the shortcomings and weaknesses much of the literatures in social sciences are extensively used in teaching, research and planning purpose in Nepal.
- There are challenging tasks ahead for social scientists in Nepal as there are many unanswered questions,

The second paper was presented by Dr. Chaitanya Subba, former NPC member on the topic “Social Science Perspective on Social Inclusion”. His paper emphasized on the following points:

- The discourse of social exclusion/ inclusion surfaced in Nepal in late 1990s and emerged in prominence in mid 2000s when the state was experiencing extensive armed conflict.
- Social sciences have undoubtedly contributed to the evolution of this discourse, on the one hand and social movements of various identity groups have enlivened it and give new height to it among the public discourses.
- Roles, actions and works of multiple actors, from academics, both native and foreign, to social activists to politicians, have contributed to the emergence and development of this discourse of social inclusion in Nepal.
- Some recent social movements are the product of the discourses developed and nourished by social sciences in decades and some discourses in public and private domains are the product of social movements.

- Ethnicity resurgence is not a subject of confrontation and suppression, but of accommodation, tolerance and diversity management.

The final presentation on this very broad topic was made by Dr. Meena Acharya, Gender Expert, Economist and former ED (IIDS). The paper was titled "The link between Social Science Research and policy formulation and Programme Planning in Nepal". Some of the important points raised on the paper are as follows:

- Institutions and educational institutions per se in Nepal are not much known for serious social science research.
- Due to lack of internal resources, funding possibilities and therefore donor priorities are predominant considerations in the choice of research agenda in all institutes.
- The NGO implemented research is mostly advocacy research therefore one sided.
- Publications in Western languages have large time lag, to have impact in the immediate policy issues.
- In the longer run, social research, which at first seems relevant and impractical, may have considerable impact in dilating the problem.

This very first session of the symposium was chaired and conducted by Dr. Mohan Man Sainju (Chairman, IIDS).

A second round of paper presentation was made by Dr. William Axin, Professor, University of Michigan on the topic "The role of social science research in nation building: The value of high quality research". This session was chaired by Dr. Chaitanya Mishra (Professor and former member of NPC). Dr. Axin emphasized on the methods of overcoming the challenges of research problem during the research. He also

gave a comparative scenario of the research carried out in U.S.A, China and Japan.

Dr David Lahm, Professor, University of Michigan presented his paper on the topic "Understanding the dynamics of social, economic and political changes: the value of longitudinal studies". The paper focused the special case of South Africa where he had spent a significant time for his research. Dr. Sudhindra Sharma (Director, Interdisciplinary analyst) gave special comments on this paper.

Mr. Pratyoush Onta, Martin Chautari made the final paper presentation on the way forward to the Social Science Research in Nepal and was followed by a floor discussion.

#### **Floor Discussions:**

Various points were argued upon and needed solutions were discussed. A synopsis of the basic issues raised in the course of discussion is as follows:

- The history of Social Science Research in Nepal is not very old however in the last few decades the growth of social scientists and research is significant in our country.
- Despite the growth of social research in our country, social science has not been exempted from the political pressure. The ugly disjuncture between the politicians' needs and abstractions from reality in research has not given relevant solutions to peoples' problems.
- Many NGOs in our country have been merely working as "Donor Advocators" and have been strictly directed with their interests rather than peoples' needs and local knowledge is sidelined.
- In spite of the abundant research carried out in the country there is still a need of connecting research findings and policies in our country.



- The research carried out in our country are not very well organized and systematic. It is essential to improve the quality of research in order to maximize the quality within minimal cost and moreover strategic and longitudinal research methodology could be one of the ways to improvise the quality of the research.
- Social Research in Universities has not been a prime concern of the government. Unlike other countries where a good number of researches are carried out within the universities, In Nepal research is mostly carried out just for the fulfillment of the curriculum.
- After the 1990s although the constraints for research have reduced, researchers still lack the motivation and opportunities, to be involved for a very long time as a social scientist.

**The Symposium agreed on the following as a way forward:**

- Creating an avenue for knowledge production and utilization can be of a great importance at this transition period of the country.
- Establishing academic NGOs can create a good platform for social research in a long run. For this, major institutions, which are currently engaged in social science research in our country, can play a great role by working together.
- Researches carried out so far have always been dispersed. Hence, there is a need to systematize the research and analyze the contribution made by the researchers in the past.
- In spite of the allegations that NGOs have been facing about the abuse of resources, not all the NGOs should be generalized. There are many local NGOs that have proved promising for the local

development of the communities in the country. Academic NGOs have to be accredited for their consistent work and contribution to social research.

- In Nepal, government is unaware of the size of the resources that enter Nepal through Donors to various NGOs and INGOs. Therefore, government should come up with an effective and pragmatic mechanism to check on it.
- There are many promising NGOs in remote rural regions of the country that have remained unnoticed and are completely deprived of access of credit. Hence the concern should also be to uplift these NGOs by the social scientists.
- Academic NGOs should be made more sustainable and holistic in its working approach.

The symposium was concluded by Dr. Mohan Man Sainju with his remarks and comments about the programme.



## Professional Contributions/Participations and Events

### Project

A new project on Gender Responsive Decentralized Governance in Asia (RETA) has started under the team leadership of Dr. Meena Acharya and Mr. Shankar Aryal as the Focal person. The project is funded by ADB.

### Events and Conferences

**Dr. Mahesh Banskota and Dr. Bishnu Dev Pant** attended a Workshop on “**Collaborative Research on South Asia Tax Systems**” in Singapore, 8-9 August, 2010. The main perspective of this workshop was to develop a long-term proposal for Collaborative Research on South Asia Tax Systems.

**Workshop on Ensuring Food and Nutritional Security in Nepal: Stocktaking Exercise** was organised by IFPRI/IIDS at Hotel Radisson, Kathmandu, Nepal, on 23rd Aug, 2010. The workshop discussed food insecurity problems in Nepal and the causes behind it. It ended with a future plan of development models to study the food insecurity impacts, and devising solutions.

**Dr. Mohan Man Sainju , Chairman IIDS ,** attended a Regional Workshop on **ADB RETA 13th: Policies for Ensuring Food Security in South and Southeast Asia** which was organized by the IFPRI and ADB in New Delhi, India, from 26-27 August 2010.

Workshop on “**Research to Examine Linkages Between HIV/AIDS, Agriculture and Food Security in Nepal**” was organized by FAO, Nepal in coordination with IIDS on 5th October 2010 in Everest Hotel. Dr. Khim K Sharma, who is the coordinator of the project in IIDS, presented the report in the workshop.

**Dr. Aruna Palikhe, Senior Economist and Mr. Mukesh Khanal, Economist (IIDS),**

Participated in a training session organised by the Affiliated Network for Social Accountability in South Asia and The Global Partnership Fund from October 10-14, 2010 at BRAC INN in Dhaka, Bangladesh.

**Mr. Mukesh Khanal, Economist, IIDS** published three articles in The Kathmandu Post, covering topics such as mobile phone growth in Nepal, overseas jobs and remittances and poverty in Nepal. He also presented in a seminar organized by the Rotary Club of Kathmandu. The presentation was on the topic of the connection between youths and poverty in Nepal.

**On November 1st 2010, an interactive session** was held at the IIDS Office seminar hall with Mr. Bindu N Lohani, Vice-President Finance and Administration ADB, Manila. The interactive session was held by all the board members, invited guests and member staffs of IIDS.

**On November 14th, Symposium titled “Social Science in the Public Interest: Building the foundation for New Nepal”** was jointly organized by IIDS, ISER, SIRF and University of Michigan on 14th Nov 2010 at Hotel Himalaya. By the end of the day the Symposium was attended by individuals of Nepalese government, INGOs, NGOs, Academia and Donor Agencies.

**On December 4th, 2010** a book launch programme was organized by IIDS in the memory of Late Kulshekhar Sharma, one of the founding members of IIDS. The book was launched by former Prime Minister Surya Bhandur Thapa in Staff College, Jawalakhel.



# PHOTO GALLERY



## Recent IIDS Publications



*The English version of Sanghiya Nepal :*

*Prashasanik Saurachana has been published under the title “ Federal Nepal Administrative Structure” with the funding support of the Asia Foundation. The English translation has been done by Mr. Janardhan Sharma.*

*This book focuses on past efforts at administrative reforms and looks forward to future in terms of good governance and service delivery. It is an immensely important volume serving as a window on the problems and prospects of administrative reforms in Nepal.*

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