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Finance Minster unveiled a Rs. 126.88 billion Budget Estimates for Year 2005/2006

Mr. Madhukar Shamsher JB Rana, Minister for Finance unveiled a budget estimate of Rs. 126.88 billion for the year 2005/2006. Out of the total estimates Rs. 75 billion 850 million has been set aside for recurrent expenditure and Rs. 37.23 billion for capital expenditure and Rs. 13.80 billion for debt servicing. The proposed recurrent expenditure is up by 20.17%, capital expenditure is up by 47.96% debt servicing is up by 9.06% and the total expenditure is up by 25.71% as compared to the revised estimate of the current fiscal year 2004/2005. Out of the total expenditure, Rs 74.844 billion and Rs. 52.40 billion have been allocated for the regular and development expenditure respectively.

Reviewing the budget of fiscal year 2004/2005 Finance minister Rana said that GDP in FY 2004/2005 is expected to grow by 2.0 percent with 2.8 percent growth in Agriculture Sector due to the effect of unfavorable weather and a very low growth of 1.6 percent in Non-agriculture sector mainly due to internal conflict. The average Price Index is expected to increase by 4.3 percent in 2004/05, which had increased only by 4.0 percent during the last fiscal year. Likewise, narrow and broad money supplies are expected to increase by 11.2 percent and 12.5 percent respectively. Foreign trade, exports during the first ten months of FY 2004/05 increased by 5.3 percent as compared to an increase of 7.2 percent during the corresponding period of FY2003/04. There has, however, been a negative growth of 4.0 percent in import during the first ten months of FY 2004/05 in comparison to a growth of 7.8 percent in the same period FY 2003/04. Total Foreign Exchange reserve in the Banking system is expected to be Rs 130.33 Billion by the end of FY2004/05, which seems to be sufficient to cover the cost of import of good for 11.9 months and imports of goods and services for 9.7 months. Revenue collection in FY 2004/05 is estimated to increase by the 14.7 percent totaling Rs. 71.32 billion. Revenue collection, however, fell short of target due to the decline in overall trading activities. The revised estimate of total expenditure for FY 2004/05 is Rs. 100.94 billion This total consists of recurrent and capital expenditure of Rs. 63.12 billion and Rs. 25.17 billion respectively in addition to debt servicing of Rs. 12.65 billion. Such expenditure in FY 2003/2004 totaled Rs. 89.44 billion with recurrent and capital expenditures of Rs. 55.55 billion and Rs. 23.10 billion respectively in addition to debt servicing of Rs. 10.79 billion out of the total expenditure, development expenditure is estimated to total Rs. Rs. 34.67 billion, which is more than 11.9 percent in comparison with that of FY 2003/04. Despite unfavorable condition in the country implementation of programs involving

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The Global Development Alliance

Public-private partnerships are proving effective in targeting funds and in providing new technologies, intellectual capital, market presence, and business expertise to address today's development problems around the world.

This article is excerpted from the U.S. Agency for International Development report Global Development Alliance: Expanding the Impact of Foreign Assistance Through Public-Private Alliances.

The Global Development Alliance (GDA) was launched in May 2001 as a new business model for the U.S. Agency for International Development (USAID)—one that relies on public-private alliances to multiply the impact of official U.S. development assistance abroad.

Since inception, the GDA has grown from a mere handful to hundreds of partnerships supporting economic growth, health, education, democracy and governance, environment, and conflict resolution. In fiscal years 2002-2004, USAID engaged new partners across nearly 300 alliances. A U.S. government investment of more than $1.1 billion toward these alliances leveraged more than $3.7 billion in resources from partners.

Not all partner resources come in cash. New technologies, intellectual capital, market presence, and business expertise are equally as important in addressing the development problems we face today.

But alliances could not exist without mutual advantage among all participants. A major source of value that partners gain from USAID include access to government stakeholders and a network of local contacts through our global presence of more than 80 country and regional missions. Other

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the communities have been encouraging.

While discussing the lessons learned from budget implementation in fiscal year 2004/2005 he said that it is proper to consider the lessons learned from the implementation of the previous year's budget while formulating the budget for FY 2005/06. This can make budget more realistic and implementable. After reviewing the progress of FY 2004/05 budget, I am of the view that following lessons can provide guidelines for the future and I have considered these lessons while preparing the budget for FY 2005/06.

a. Continuity and consistency is necessary for the successful implementation of development and reforms programs. Momentary weakness, short –term failures and problems should not deter the development process, instead consistent efforts towards implementation of reforms measures will bear expected fruits.
b. Effectiveness in the implementation of the programs and improvement in the quality of the service can be maintained if the involvement of the local communities in the resources is ensured and if they are empowered to implement the development activities and services locally. This warrants further devolution with

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Budget at a Glance

Total Expenditure	**Rs. 126.89 billion**
Regular Expenditure	Rs. 75.85 billion
Capital Expenditure	Rs. 37.24 billion
Debt Servicing	Rs. 13.80 billion
Sources of Financing	
Revenue	**Rs. 81.82 billion**
Tax Revenue	Rs. 63.85 billion
Existing Sources	Rs. 60.72 billion
Tariff Adjustments and Administrative Reforms	Rs. 3.1 billion
Non Tax Revenue	Rs. 16.4 billion
Existing Sources	Rs. 15.5 billion
Tariff Adjustments and Administrative Reforms	Rs. 0.9 billion
Principal Refund	Rs. 1.6 billion
Deficit before Foreign Grant/Loans	**Rs. 45.07 billion**
Foreign grant/loan	Rs. 18.69 billion
Bilateral	Rs. 12.66 billion
Multilateral	Rs. 6.03 billion
Deficit after Foreign Grant/Loans	**Rs. 26.38 billion**
Sources of Deficit Financing	
Foreign grant/loan	Rs. 14.5 billion
Bilateral	Rs. 0.29 billion
Multilateral	Rs. 14.24 billion
Internal Borrowings	Rs. 11.85 billion

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comparative advantages include USAID's development expertise, convening and coordinating authority, a ready menu of buy-in options to an existing development portfolio, and additional funding capability.

The following are a small but representative sample demonstrating the actions of committed individuals and organizations across all spheres of action-reducing poverty and encouraging democratization, economic reform, and civil society.

CREATING BROADER ACCESS TO FINANCIAL SERVICES

Mexican migrants and Mexican Americans sent more than $16 billion to Mexico in 2004, an amount far greater than total U.S. foreign aid to that country. But high transaction costs hinder the potential to leverage personal remittances for sustainable development as well as household support. Even a 1 percent reduction in transaction costs would leverage hundreds of millions of dollars in additional resources for Mexico. There is also a dearth of financial services for the aspiring poor: An estimated 40 percent of Mexicans lack access to banking services enabling savings, loans, and other wealth management opportunities.

The Remittances for Economic Growth Alliance joins USAID with the World Council of Credit Unions and Mexico's credit union network to lower the costs of personal remittance transfers and create broader access to financial services such as savings, credit, and mortgages. Partners are training local credit union staff in Mexico and providing updated technologies for money transfers. The network includes Mexico's largest credit union, Caja Popular Mexicana.

REDUCING MALARIA THROUGH COMMERCIAL SECTOR PARTNERSHIPS

In sub-Saharan Africa, more than 2 million people die each year as a result of malaria. Most victims are pregnant women and children under the age of five. Insecticide-treated mosquito nets are one of the most effective methods for preventing malaria. Their use has decreased severe malaria by 45 percent, premature births by 42 percent, and all causes of child mortality by 20 percent.

The NetMark Alliance represents a time-limited investment by USAID to reduce the burden of malaria in sub-Saharan Africa by increasing the commercial supply of and public demand for insecticide-treated nets. The alliance brings together international and African commercial partners, nonprofits, and ministries of health to build local commercial capacity and meet the demand of those willing and able to pay for bednets, thus enabling limited donor resources to provide for those unable to afford lifesaving nets at any price. This is achieved through a coordinated market segmentation strategy, including an extensive discount voucher program in partnership with ExxonMobil. The successes and lessons learned from NetMark's multidimensional effort to achieve equitable and sustainable public health objectives are now assimilated into what is called a Full Market ImpactTM model of foreign assistance.

BUILDING DEMOCRACY IN SOUTHEASTERN EUROPE

Transparent, accountable, and effective governance, as well as respect for human rights and broad citizen participation in decision making, are essential foundations for mature democracies. These factors contribute to regional stability and foster integration into Euro-Atlantic institutions such as the European Union and the North Atlantic Treaty Organization.

The Balkan Trust for Democracy is a grant-making initiative

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enough resource in future.

c. Better results can be achieved through flexible and alternative implementation mechanism by addressing the obstacles immediately while implementing the program. Thus, flexible implementation modality must be emphasized in the future too.

d. Economic stability is the most essential factor to protect the whole economy from crisis. It is necessary to be alert in maintaining proper balance in our monetary and fiscal policies so as to prevent economic destabilization.

Discussing the medium term vision of the budget he said that this budget is to create foundation for prosperous new Nepal within three years when [a] peace will be restored [b] Economic stability will be maintained in order to attain higher economic growth rate [c] representative political institutions will be reactivated and [d] infrastructure will be developed to make Nepal a transit economy between India and China.

Discussing on Private Sector Trade and Industry, Minister Rana said that in order to utilize the private sector's inherent competitive feeling and desire for innovation for the economic upliftment of the country, conditions favorable to the development of private sector to run economic activities in an unhindered way have been created by adopting open and market-oriented economy. However, our private sector has not been able to exploit the advantage accruing from the globalization of economic activities.

The present rate of business income tax has been changed to encourage business enterprises to convert to more transparent form of incorporation so that he family finance is kept separate from the business finance. From now on, public limited companies listed with the stock Exchange will have to pay corporate income tax at a rate 2 percentage point less than the rate applicable similar business.

Public limited companies, which cannot themselves invest for research on new technology, will be allowed to deduct grants given to any university in Nepal for research as their research and development expenditures for tax purposes. In addition to this, the restriction on equity participation for technology mixed foreign investment will be completely lifted so as to encourage the import of advanced foreign technology.

In order to facilitate foreign capital and technology import, suitable amendments in the law will be effected to remove from the negative list of 23 industries mentioned in Foreign investment and Technology Transfer Act.

In order to ease entry and exit in all sort business, the Insolvency Act will be made effective to remove the present difficulties in exit from business. Similarly, labor law will be amended to eliminate the present hurdles.

As per His Majesty's wish to develop Nepal as a transit point between China and India, His Majesty's Government will initiate the construction and upgrading of seven additional high – ways connecting North-South border from FY 2005/06.

Assistance received by Nepal under the Integrated Framework from the multilateral agencies will be utilize in order to make Nepalise private sector competent to take overall benefits from Nepal's membership in the World Trade Organization . In addition Acts, Rules and Policies will be improved , revised and formulated in a timely manner pursuant to the commitment made by Nepal at the time of accession to WTO.

In order to attract investment in specific export processing zones and special economic zones and to promote export, downward adjustment in the present income tax rate has been made. The same arrangement will be made in information technology industry and export trade as well.

Share listing of Nepal Telecom Company and the policy to encourage private companies to get transformed and get listed as public limited companies will definitely make various investment instruments available in share markets. In order to diversify issuance of bond and listing of companies, the government will encourage mobilizing fund through bonds in power-generation and business oriented infrastructures.

According to the policy taken by the Government liquidate/privatize/ improve in the management of public corporation, private sector will be gradually included in the transactions carried out by Nepal Oil Corporation. Arrangement will be made to set pricing of the petroleum products according to international market price based on the formula of automatic pricing.

While Presenting Revenue Policies and Programs he said that continuity has been given to the programs initiated for the qualitative

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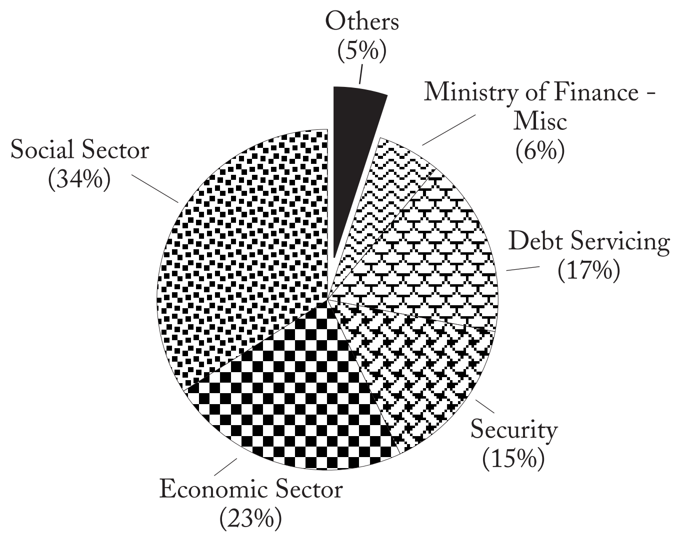
FY2006 Budget Allocations



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improvement in the performance of revenue administration.

Improvements and adjustments have been made in the taxes including excise duty income tax, customs and VAT as per the recommendations of the Revenue Advisory Committee and commitments made with regional and international organizations.

Excise Department will be established in order to make excise administration stronger and effective.

Arrangements have been made to provide various facilities to the taxpayers with regard to arrear collection of income tax, value added tax and excise duty and submission of tax returns.

Efforts have been made to bring into net the persons, firms and companies, traditionally doing business of diamond and jewelry by making them declare their stocks of commercial goods and levying 7 percent special duty on the value so declared.

A study will be carried out on the report submitted by the Revenue Advisory sub-Committee to make Revenue Advisory Committee more effective and strengthened and to implement recommendation of this report.

Provision of Direct Tax revenue in the budget 2005/2006:

The present threshold of presumptive taxpayers has been increased to Rs. 1.5 Million.

The present tax exemption limit for a natural person has been increased by 25 percent to Rs. 100,000 for an individual and Rs. 125,000 for couple [including widow or widower]

Interest earned by the rural depositors under micro-credit program on savings up to Rs. 10,000 shall be exempted.

In order to bring the transaction of commission agencies into the tax net, the employer should fill up the specified tax return file and submit it to the Inland Revenue Department by mid-October 2005.

Industries established in the special economic zone and the technology park shall get 50 percent and 75 percent income tax rebate respectively.

On the payment to be made by Nepal based foreign employment companies to foreign individual/ company, the rate of the tax deduction has been reduced to 10 percent.

Companies listed at the Nepal Stock Exchange will be given a 2 percent tax rebate on he existing tax rate.

Special duty levied on income tax has been abolished instead 1.5 percent additional tax will be levied on taxable income.

Provision of Indirect tax revenue in the budget 2005/2006

In order to promote the export of vegetable ghee, custom duty has been reduced from 10 percent to 8 percent. Likewise, the rate of export duty of plastic goods textured yarn as well as iron pipe and pipefitting has been reduced by 50 percent.

The import duties of plastic granules, resins and PVC compound, chemical for making POY, tyre tubes, paper albums, other batteries cycles, hydraulic break fluid, waste chemical, marble/marble chips, pizza have been decreased.

Special Fee of 0.5 percent levied on import has been waived.

Agriculture Improvement Fee on import has been reduced to 8 percent.

Considering the domestic demand and transaction, import duties of gold under baggage rules have been reduced to Rs. 150 per 10 grams.

Provision has been made to levy only one percent customs duty on the import of valves, steint and pacemaker used to transplant in the treatment of heart patients.

Customs duties have been fully waived on the import of equipment like white Stick, Stelstilen, Braille Typewriter, Braille watch, Abacus, Magnifying Glass Braille Compass, Braille Books, Braille Embosser and Braille Stencil that are used by blind people.

Provision has been made to levy only 2 percent duty on the machines, equipment and tools imported by industries under heading 9027.

Provision has been made to levy one percent duty on imports of fish residuals imported by animal feed industries.

Exemption of customs duty has been increased to 50 percent on the import electric and battery driven passengers and delivery vehicles.

Provision has been made to levy only 10 percent duty on the import of goods carrying vehicles installed with refrigerating system foe safe delivery of fresh milk, vegetables and alike products.

In order to promote domestic industries, arrangement has been made to levy 5 percent customs duty on the import of Ayurvedic and Allopathic medicines.

To promote the printing industries, arrangement has been made to levy 5 percent customs duty on the import of books printed abroad.

Import duty has been slightly increased on processed soup, caraway seed saffron, rochakpachak, paraffin wax, finishing agent, post card and envelops.

General insurance transaction has been brought into the net of VAT.

Value Added Tax has been exempted on perched rice, tea chest and pacemaker to be used in heart treatment, steint, heart-valve silver ornaments and goods.

Provision of 25 percent duty payback has been made for mustard oil, flour and scent-stick industries.

A provision of zero-rate tariff equivalent to export has been made for certain export houses which exports goods that carries VAT.

Provision of putting excise-stamps securely on each bottle of beer and liquor and pack of cigarette within next four months has been made.

The excise duty on soft drinks has been reduced. But a small increment has been make on fees for license and renewal of sugar-cane crusher.

A rebate of 20 percent registration fee has been provided to women for transferring the ownership and buying the assets such as house and land.

Annual royalty to be paid by each Casino operated in the kingdom of Nepal has been raised to Rs. 15 Million. ■

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designed to support good governance and increase civic participation in Southeast Europe. The Balkan Trust awards more than $2 million annually in grants to civic groups, local nongovernmental organizations, local and regional governments, think tanks, educational institutions, and the media in the Balkans. Investing in local groups and civil society strengthens democratic institutions and political processes and supports the region-wide political and social development required for long-term stability. In addition, the Balkan Trust helps raise the profile of the region and fosters its acceleration into Euro-Atlantic structures.

RESTORING ANGOLA'S AGRICULTURE AND ECONOMY

Angola's 27-year civil war left the country with 2 million displaced persons, an agricultural system in disarray, and a shattered economy. Though a net exporter of food prior to the war, Angola now depends on foreign aid to feed its people. In addition, the ability of lower levels of government to provide public goods and services is weak, while onerous regulations stymie efforts to jumpstart the economy through business creation.

Following the 2002 peace accord, President José Eduardo dos Santos challenged Chevron Chairman and Chief Executive Officer Dave O'Reilly to consider the company's legacy after decades as Angola's largest investor and biggest employer. O'Reilly responded with the Enterprise Development Alliance, through which Chevron and USAID each committed a minimum of $10 million to fund initiatives in agribusiness development; small, medium, and microenterprise development; financial sector capacity building for expanded access to credit services; and financial and technical support services to agribusiness activities such as seed multiplication and crop diversification. Chevron and USAID are exploring opportunities for a second-generation partnership that will continue to invigorate the economy and realize Angola's potential.

BRINGING CLEAN WATER TO WEST AFRICA

Nearly 20 percent of the world's population—1.2 billion people—lack access to clean drinking water, and 2.4 billion lack access to adequate sanitation. In 2000 alone, 1.3 million children under age 5 died from diarrheal diseases caused by unsafe water and sanitation. Throughout the developing world, the poor suffer from preventable water-related diseases, including guinea worm, river blindness, and trachoma—the world's leading cause of preventable blindness. In the poor and vulnerable rural communities of Ghana, Niger, and Mali, health and livelihood issues associated with water resources are critical. Food security and the health of ecosystems—upon which all life depends—require sustainable sources of clean water that so many in developed countries take for granted.

USAID partnered with the Conrad N. Hilton Foundation, World Vision, and several other international organizations to form the West Africa Water Initiative, a $41-million program to provide water supply, sanitation, and hygiene services in Ghana, Mali, and Niger. Partners are working nationally and locally to increase access to safe water and sanitation through wells, alternative water resources, and latrines. The alliance also builds awareness of waterborne diseases and promotes sustainable water management through community-based outreach.

GUARANTEEING PREHARVEST TRADE CREDIT FOR COFFEE COOPERATIVES

Many small-scale specialty coffee farmers in Latin America and East Africa struggle to compete in the worldwide coffee market. Because they often cannot get the financing they need from local banks to properly invest throughout the production cycle, local middlemen can purchase coffee at harvest time at prices that do not allow producers to expand their businesses or, in many cases, even provide enough for their families. But with growing global demand for higher-quality, higher-priced natural products such as specialty coffee, farmers have opportunities to significantly boost their incomes through access to credit, international market linkages, and price premiums for environmentally friendly production.

The Finance Alliance for Sustainable Trade partners USAID with alternative lenders such as EcoLogic Finance and other socially responsible importers, roasters, and independent ecolabeling and social auditing organizations. The groups work together to increase timely access to financing for farmer cooperatives whose products are grown, harvested, and processed in ecofriendly ways. Loans are made directly to cooperatives that have signed agreements with buyers. The cooperatives can then secure cash on hand to pay farmers as soon as they deliver their crops. The business model not only finances cooperatives but also links them to final buyers such as Green Mountain Coffee Roasters and Starbucks—companies committed to securing the sustainable supply of a global commodity whose production and trade provides a livelihood for millions in the developing world.

MENTORING ARAB YOUTH

Arab nations have some of the world's youngest populations, but also suffer from the highest youth unemployment rates. Though an estimated 100 million jobs must be created over the next 20 years, national education systems are not adequately preparing graduates for the needs of today's workplace. The problem is particularly acute in oil-producing states that fail to adequately diversify their economic base.

INJAZ-Arabia is a private sector-led initiative to mentor and cultivate the next generation of business leaders. Leading corporations, USAID, the Middle East Partnership Initiative, and ministries of education have joined forces to send senior-level corporate volunteers to share their professional experience, know-how, and success stories with Arab youth. Students learn how the banking sector supports business and industry, how to manage

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Country Economic Indicators - Nepal

Item	Fiscal Year 2001	2002	2003	2004[a]	2005[b]
A. Income and Growth					
1. GDP per Capita ($ current)	241	233	242	271	289
2. GDP Growth (% in constant prices)	4.8	(0.4)	2.9	3.3	2.0
Agriculture	5.5	2.2	2.5	3.9	2.8
Industry	3.2	2.9	3.0	1.0	0.7
Services	5.3	(1.4)	3.3	4.3	2.1
	(% of GDP)				
B. Saving and Investment (current and market prices)					
1. Gross Fixed Capital Formation	19.0	19.3	19.1	19.2	19.3
2. Gross National Saving	18.9	16.4	15.2	14.8	14.2
	(annual % change)				
C. Money and Inflation					
1. Consumer Price Index[c]	2.4	2.9	4.8	4.0	4.5
2. Total Liquidity (M2)	15.2	4.4	9.8	12.8	6.6
	(% of GDP)				
D. Government Finance					
1. Revenue and Grants	13.0	13.1	14.5	14.6	15.4
2. Expenditure and Onlending	17.6	17.0	16.0	16.1	16.5
3. Overall Fiscal Surplus (deficit)	(4.5)	(3.9)	(1.5)	(1.5)	(1.1)
E. Balance of Payments					
1. Merchandise Trade Balance (% of GDP)	(13.7)	(12.6)	(15.4)	(15.7)	(12.7)
2. Current Account Balance (% of GDP)	4.9	4.3	2.5	2.9	3.5
3. Merchandise Export ($) Growth (annual % change)	11.7	(20.3)	(13.8)	14.9	7.8
4. Merchandise Import ($) Growth (annual % change)	6.7	(15.3)	7.1	16.0	(3.8)
F. External Payments Indicators					
1. Gross Official Reserves (including gold, $ million)	1,009.3	1,030.6	1,158.8	1,446.5	1515.9
Months of Current year's imports of goods and services	6.9	7.4	7.9	8.2	8.2
2. External Debt Service (% of exports of goods and services)	6.8	8.5	10.3	10.3	9.4
3. Total External Debt (% of GDP)	47.1	50.8	48.8	47.0	44.0
G. Memorandum Items					
1. GDP (current prices, NRs billion)	410.8	422.3	454.9	494.9	592.0
2. Exchange Rate (NRs/$, average)	73.7	76.7	77.9	73.8	72.3
3. Population (million)	23.2	23.7	24.2	24.8	25.3

GDP = gross domestic product, NRs = Nepalese rupees.

[a] Revised estimates.

[b] Preliminary estimates and staff estimates.

[c] Annual percentage change (period average).

Sources: Ministry of Finance. 2004 Economic Survey. Kathmandu; Central Bureau of Statistics. 2004. National Accounts of Nepal. Kathmandu; and additional information provided to Asian Development Bank staff.

Country Poverty and Social Indicators - Nepal

Item	Period 1985		1990		Latest Year	
A. Population Indicators						
1. Total Population (million)	16.2		17.9		24.8	(2004)[a]
2. Annal Population Growth Rate (% Change)	2.1		2.1		2.3	(1991-2001)
B. Social Indicators						
1. Total Fertility Rate (births/woman)	5.9		5.3		4.3	(2004)
2. Maternal Mortality Rate (per 100,000 live births)	–		850	(1991)	540	(2002)
3. Infant Mortality Rate (below 1/1,000 live births)	115.4		102.1		66.0	(2002)
4. Life Expectancy at Birth (Years)	50.9		53.6		59.6	(2002)
Female	50.0		52.9		59.4	(2002)
Male	51.6		54.2		59.9	(2002)
5. Adult Literacy (%)	26.5		30.5		48.0	(2004)
Female	9.8		14.0		33.8	(2004)
Male	42.7		47.5		64.5	(2004)
6. Primary School Gross Enrollment(%)	–		61.0		72.4	(2004)
7. Secondary School Gross Enrollment (%)	25.2		33.1		54.0	(2004)
8. Child Malnutrition (% below age 5)	69.1	(1975)	57.0	(1990)	48.0	(1995-2002)
9. Population Below Poverty Line (international,%)[b]	–		–		37.7	(1995)
10. Population with Access to Improved Water Sources (%)	–		66		72	(2001)
11. Population with Access to Improved Sanitation Facilities (%)	–		21		28	(2000)
12. Public Education Expenditure (% of GDP)	2.7		2.0		2.9	(2004)
13. Human Development Index	0.42		0.42	(1990)	0.50	(2002)
Rank/Total Number of Countries	114/130	(1987)	152/173	(1990)	140/177	(2002)
14. Gender -Related Development Index	–		0.33	(1995)	0.48	(2001)
Rank/Total Number of Countries	–		148/163	(1995)	116/177	(2001)
C. Poverty Indicators						
1. Poverty Incidence	–		42	(1996)	30.8	(2004)
2. Percent of Poor to Total Population	–		42	(1996)	30.8	(2004)
Urban	–		23	(1996)	9.6	(2004)
Rural	–		44	(1996)	34.6	(2004)
Mountain	–		56	(1996)	32.6	(2004)
Hills	–		41	(1996)	34.6	(2004)
Terai	–		42	(1996)	27.6	(2004)
3. Poverty Gap	–		11.5	(1996)	7.55	(2004)
4. Poverty Severity Index	–		4.67	(1996)	2.7	(2004)
5. Inequality (Theil L Index)	–		–		–	
6. Human Poverty Index	–		–		41.9	(2001)
Rank	–		–		70	(2001)

– = not available ; GDP = gross domestic product.
[a] Staff estimate. [b] $1 a day at 1985 international prices, adjusted for purchasing power parity.
Sources: United Ntions Development Programme. 1993, 1998, 2003, and 2004. Human Development Report. New York; Ministry of Finance. 2004. Economic Survey. Kathmandu; Nepal South Asia Centre. 1998. Nepal; Human Development Report. Kathmandu; Central Bureau of Statistics. 1996. Nepal Living Standards Survey Report. Kathmandu; World Bank.2004. WOrld Development Indicators. Washington D.C; HMG Nepal/United Nation Country Team. 2002. Mellenium Development Goals - Progress Report. 2002.

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and even how to set up a model enterprise with a business plan from company startup to final liquidation. Both in-country and multinational businesses have shown increasing interest in participating in INJAZ as an exercise in good corporate citizenship.

LIGHTING UP MUSLIM MINDANAO

The southern portion of the Philippines archipelago has experienced civil unrest and violence for three decades. Economic neglect and exploitation fueled a guerrilla movement in this predominantly Muslim area. In 1996, a peace agreement between the national government and the insurgents created the Autonomous Region of Muslim Mindanao, promising to bring social and economic development to the region. For such development to occur, however, electric lighting needs to be cheaper and more widely available. The islands of the southern Philippines are a great distance from the national energy grid, which handicaps income-generating activities and causes the local population to rely on carbon dioxide-emitting kerosene lamps.

The USAID Alliance for Mindanao Off-Grid Renewable Energy (AMORE) provides solar-powered compact fluorescent lights and street lamps in the Autonomous Region of Muslim Mindanao. Community development groups maintain these renewable energy systems. AMORE's efforts are helping to increase outdoor safety and significantly increase business and educational productivity by allowing work and study to extend into evening hours. The energy systems also enable aspiring entrepreneurs to pursue new small business projects such as mat-making and other local crafts.

BUILDING COMMUNITY

Unsustainable human activity—such as slash-and-burn farming and firewood collection—has depleted millions of hectares of forest cover in Africa. Removing trees exposes the ground to drying winds and rainfall until the topsoil is eroded. Farmers then move to other land, clear trees, and repeat the destructive cycle until local ecosystems fail. This yields drought, famine, increased incidence of disease—including HIV/AIDS—and eventual collapse of once sustainable communities. Few alternatives exist for those trapped in these devastated landscapes.

USAID's International Small Group and Tree Planting Program (TIST) responds to problems initially expressed in 1999 by Tanzanian subsistence farmers participating in small group sessions facilitated by faith-based community development outreach. TIST offers participative encouragement, training, organization, technology, and accountability that centers on tree planting to restore healthy ecosystems and sustainable rural communities. By building on local successes, TIST empowers rural village groups to improve their lives and the environments in which they live. TIST participants measure and record their progress with battery-powered global positioning systems and personal digital assistance technologies. ■

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