

Annex B11

HMGN's Policy Matrix for the Poverty Reduction Strategy Reform (PRS) Agenda and World Bank/Partner Programs of Support¹

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
A.1 Maintain fiscal discipline (PI-A)	<p>##Pursue prudent expenditure management.</p> <p>##Improve domestic resource mobilization.</p>	<p>## Medium Term Expenditure Framework (MTEF) strengthened by consolidating regular and development expenditure and classifying into recurrent and capital expenditures (on-going).</p> <p>## Development expenditure in all sectors widened and deepened through MTEF (on-going).</p> <p>## Actions taken to clear government arrears to/from the public utilities (2003/04).</p> <p>## Settle tax arrears (on-going).</p> <p>## Recommendations of the fiscal taskforce for tax reform implemented.</p> <p>## Tax exemptions and tax rebates narrowed down and tax net widened (on-going).</p> <p>## Tax administration strengthened through a move towards an autonomous tax administration (on-going).</p> <p>## Customs valuations revised every six months based on ASYCUDA and product (on-going).</p>	<p>##Fiscal deficit remaining around 5% of GDP.</p> <p>##Regular expenditure as percent of GDP declining.</p> <p>##Revenue surplus to finance development spending improves over years.</p> <p>##Annual revenue to grow by 0.4% of GDP.</p> <p>##Number of tax payers with PAN increased to 300,000 by 2007.</p>	<p>##Revenue GDP ratio increased to 14% by 2007.</p> <p>##Decrease tax arrears by 50% by 2007.</p> <p>##Revenue surplus to contribute 18% of development expenditure by 2007.</p>	MTEF/ policy dialogue/ IAP support; Public Expenditure Analysis	PRSCI (FY04), PRSCs (FY05, FY06, FY07)	ADB, Denmark, Germany, IMF, UK
A.2 Ensure efficiency of public resources (PI-A)	<p>##Widen and deepen MTEF to cover all sectors.</p> <p>##Increase the share of priority projects (PI) in the budget.</p>	<p>## MTEF extended to all ministries (2003).</p> <p>## Performance based fund release institutionalized (2003).</p> <p>## Monitoring and evaluation unit strengthened (2003).</p> <p>## Performance of all projects/programs made available in the web site (2003).</p> <p>## The new procurement law implemented (2004).</p>	<p>##All priority projects/ programs published in the Red Book.</p> <p>##Project completion period reduced.</p> <p>##Time and cost over run reduced.</p> <p>##Total share of PI project budget in sector ceiling increased.</p>	<p>##Improved pro-poor budget allocation.</p> <p>##Improved efficiency of public spending.</p>	MTEF/ policy dialogue/IAP support; Public Expenditure Analysis	PRSCI (FY04), PRSCs (FY05, FY06, FY07)	ADB, IMF, UK
A.3 Maintenance of	##Pursue prudent monetary policy to (i)	## Money supply (M2) contained to a desirable level (on-going).	##Money supply (M2) growing at the rate of 14.5%.	##Average inflation rate contained at 5% per			IMF

¹ This is the policy reform matrix contained in Nepal's Poverty Reduction Strategy (PRS). The final three columns have been added to highlight the assistance of the Bank and other development partners in implementing the PRS. Those items in **bold** in the outcome column correspond directly to CAS outcomes, whereas items in **bold** in the activities and intermediate indicators columns correspond directly to current Bank milestones. Finally, given the flexibility of the Poverty Reduction Support Credit (PRSC) instrument, in all likelihood the envisioned series of projects (FY04, FY05, FY06 and FY07) will support achievement of many of the CAS outcomes. As such, the PRSCs are not repeated under each of the areas of Bank involvement, but might likely apply.

² IAP areas are provide in parentheses. See Appendix III, table 1 for IAP areas.

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Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
monetary stability	<ul style="list-style-type: none"> ## contain inflation and (ii) attain favorable balance of payments position. 	<ul style="list-style-type: none"> ## Limit central bank borrowing as per financial regulation (2003/04). ## Limit the growth of bank finance to the government (on-going). ## Widen the instruments of open market operations (on-going). 	<ul style="list-style-type: none"> ## Share of private sector credit as at 76% of the total. 	<ul style="list-style-type: none"> ## Favorable balance of payments. 			
A.4 Ensure external sector stability	<ul style="list-style-type: none"> ## Diversification of exports. ## Promotion of foreign direct investment. ## Implementation of prudent foreign exchange rate policy. 	<ul style="list-style-type: none"> ## Promote and diversify exportable commodities (commodity-wise and country-wise (on-going). ## Alignment of real exchange rate. ## Act, regulation, tariff structure amended/ revised and procedural simplification initiated. ## Increase remittance (from Nepalese working abroad) by increasing access into foreign labor markets (on-going). ## Foreign exchange regime rationalized (on-going). 	<ul style="list-style-type: none"> ## Current account deficit contained at less than 4 % of GDP. ## Foreign exchange reserve to cover minimum of 6 months of imports. 	<ul style="list-style-type: none"> ## Balance of payment favorable. ## International reserves remains to a comfortable position. 			IMF
A.5 Strengthen financial system (PI-E)	<ul style="list-style-type: none"> ## Strengthen Central Bank's regulatory and supervisory capability. ## Reform state owned commercial bank. ## Strengthen banking and non-banking financial institutions. ## Widen and deepen the activities of the stock market. 	<ul style="list-style-type: none"> ## Implement re-engineering plan of Nepal Rastra Bank (2005). ## Initiate privatization process of Rastriya Baniya Bank and Nepal Bank Limited (2005). ## Establish asset Reconstruction Company (2003/04). ## Strengthen legislative and institutional framework for effective loan recovery (2003/04). ## Enact necessary acts for regulation of local co-operatives (2004). ## Complete audits of two main development banks (ADB/N and NIDC) and develop restructuring strategy for them (2004). ## Reform rural development banks (2004). ## Strengthen rural financing system (on-going). ## Improve the regulatory framework and operational efficiency of the stock market (on-going). 	<ul style="list-style-type: none"> ## Reduced NPL of the banking system. ## Improved capital adequacy ratio. ## Interest rate spread between deposit and lending narrowed. ## Number of listed companies and transaction volume in the stock exchange increased. 	<ul style="list-style-type: none"> ## Central Bank's supervisory and regulatory capacity improved. ## Confidence in the financial system augmented. ## Efficiency of the financial system service delivery improved. 	<ul style="list-style-type: none"> Financial Sector Reforms: Lessons and Next Steps (FY06) 	<ul style="list-style-type: none"> Financial Sector Technical Assistance, Banking Reform I (FY04), Banking Reform II (FY06) 	<ul style="list-style-type: none"> ADB, Germany, IMF, UK

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A.6 Enhanced role of private economic activities (PI-D)	<p>##Create conducive and competitive environment for private sector investment.</p> <p>##Continue economic reform to ensure macroeconomic stability to increase private sector investment.</p> <p>##Restructure/ privatize state owned enterprises.</p>	<p>## Review labor act and enact necessary laws for easy entry and exit (2004).</p> <p>## Mechanism for improving accounting, auditing and reporting system strengthened.</p> <p>## Procedural simplification especially for investment and exports.</p> <p>## Continue reform in fiscal, monetary and financial sectors (on-going).</p> <p>## Privatize/corporative Nepal Electricity Authority, Nepal Telecommunication Corporation, Royal Nepal Airlines.</p> <p>## Accelerate the privatization of state owned enterprises and complete audits of all state owned enterprises (2004).</p> <p>## Enact liquidation, merger, bankruptcy acts (2004).</p>	<p>##Increased share of private sector in total investment.</p> <p>##Privatize at least three SOEs annually.</p> <p>##Unbundling of NEA and corporatization of NTC.</p>	<p>##Private sector investment reached 16.7% of GDP.</p> <p>##Foreign Direct Investment increased.</p>	<p>MTEF, Development Policy Review (FY04) Provision by MIGA of non-commercial (political risk) guarantees for foreign investors investing in privatization projects; Showcasing privatization profiles on MIGA's online investor services (FDI Xchange, Privatization Link)</p>	<p>Telecommunications Sector Reform, PRSCs (FY05, FY06, FY07) IFC Investments</p>	<p>ADB, EU, Germany, IMF, UK</p>
PILLAR 1: BROAD BASED ECONOMIC GROWTH							
B. Agriculture							
Increase agricultural production and income for food security and poverty reduction (PI-B, PI-C)	<p>##Expand the use of available modern technology.</p>	<p>## Enhanced farmer's group based technology dissemination system and capability enhancement of staff and farmers groups (continued).</p> <p>## Promote research, development and extension for food security in severely food deficit districts (continued).</p> <p>## Enhance balanced use of agro-chemicals (continued).</p>	<p>##Increased number of effective farmers groups.</p> <p>##Coordinated need based research and extension programs for severely food deficit areas (specially remote) in operation.</p> <p>##Increase number of Integrated Pest Management (IPM) and other farmer field schools.</p>	<p>##Need based location specific technology recommendations available and dissemination system in place.</p> <p>##More diversified production system and enhanced commercialisation.</p> <p>##Overall agricultural growth of 4.1%.</p>	<p>Improving Agricultural Performance (FY04), Rural Factor Market Study (FY05)</p>	<p>Irrigation Sector Development, Agriculture Sector Operation (FY06)</p>	<p>ADB, Australia, Canada, Denmark, EU, FAO, Finland, Germany, IFAD, IMF, India, Japan, Kuwait Fund, Norway, OPEC Fund, Saudi Fund, Sweden, Switzerland, UK, UNDP, US</p>
	<p>##Increase farmers access to modern agricultural input and credit.</p>	<p>## Enhance market based environment for increasing fertilizer supply and uses (continued).</p> <p>## Enhance rural banking activities (ADB/N Rural Banks) for effective credit delivery (continued).</p> <p>## Strengthen regional research farms stations and private sectors resources for ensured quality seeds/ breeds/planting materials production and supply to the local multipliers/nurseries (continued).</p>	<p>##Increased supply and uses of fertilizer.</p> <p>##Increased flow of credits.</p> <p>##Increased supply of quality seeds/breeds/ planting materials to local multipliers.</p>	<p>##Crops production increased by 4.1%.</p> <p>##Livestock production increased by 4.9%.</p> <p>##Enhanced agricultural productivity.</p>			

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Develop and adapt need-based technology ensuring agro-biodiversity conservation environmental protection and sustainable development (P1-B)	<p>##Promote diversification and commercialization in crops/livestock production system.</p> <p>##Include NGOs/private sector involvement in partnership and contract in agricultural service delivery system.</p> <p>##Improve effectiveness of Planning, Monitoring and Evaluation (PME).</p> <p>##Emphasize for need-based adaptive and low cost technology development ensuring agro-biodiversity conservation and environmental protection.</p> <p>##Decentralize research and extension.</p>	<p>## Implement intensive agriculture program in year round irrigated areas (continued).</p> <p>## Provide incentive and appropriate support package for expansion of ground water irrigation and on farm water management (continued).</p> <p>## Intensify production of high value crops /livestock commodities in potential pockets (continued).</p> <p>## Ensure involvement of private sector/ NGOs/CBOs and local bodies in extension service delivery (continued).</p> <p>## Enhance PME capabilities at all levels (continued).</p> <p>## Ensure effective, transparent and timely reporting and review system (continued).</p> <p>## Make NARC's vision and strategy operational (continued).</p> <p>## Devolve DOA/DLS extension activities to local bodies and ensure operational effectiveness and technical backstopping to them (continued).</p> <p>## Decentralize NARC's adaptive and on farms research activities to Regional Agricultural Research Centers (RARCS) (2005).</p>	<p>##Increased number and coverage of intensive pockets in year round irrigated areas.</p> <p>##Increased no. of shallow tubewells and improved efficiency of on-farm water uses.</p> <p>##Increased areas and coverage of high value crops/commodities.</p> <p>##Increased involvement of NGOs/CBOs/private sector in service delivery.</p> <p>##Improved database and regularized reporting and review system in place.</p> <p>##Printed monitoring reports in regular basis.</p> <p>##NARC's vision and strategy in operation from 2003.</p> <p>##Regular reporting of the progress.</p> <p>##Decentralized extensions are fully functional by 2004.</p> <p>##Decentralized NARC's research to RARCS in place by 2004.</p>	<p>##Reduced food insecurity and significant contribution to income increases and reduction in malnutrition and poverty in rural areas.</p> <p>##Increased marketed volumes of agricultural products and diversified agricultural export.</p>			

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Develop local and export market opportunities	<p>##Encourage private and co-operative sectors involvement for market promotion and infrastructure development.</p> <p>##Promote co-operative and contractual farming.</p>	<p>## Co-ordinate the expansion of agricultural roads and rural electrification (continued).</p> <p>## Develop commodity policies for congenial environment for private sector investment (continued).</p> <p>## Emphasize on marketing research, flow of market information and development of market infrastructure (Agro industry, collection center, whole-sale and retail outlets) (continued).</p> <p>## Promote conductive tariff rate for agricultural export and import (continued).</p> <p>## Regulate/facilitate agro- processing and standardization (on-going).</p> <p>## Facilitate legal arrangements for cooperative and contractual farming (2004/05).</p>	<p>##Increased investment in agricultural road and electrification.</p> <p>##Commodity policies developed for major commodities by 2004.</p> <p>##Increased number of market infrastructures and continuity in market research and information flow.</p> <p>##Conducive tariff policies in place.</p> <p>##Regulatory services in place.</p> <p>##Legal arrangement for contractual farming in place by 2004.</p> <p>##Cases of cooperative and contractual farming in place after 2004.</p>				
<p>C. Irrigation</p> <p>Promote year round irrigation in the irrigable land</p>	<p>##Strengthen public and community based irrigation system.</p> <p>##Expand new irrigation facilities with focus on APP.</p>	<p>## Enhance maintenance and rehabilitation of existing farmer managed and public irrigation systems (continued).</p> <p>## Revise irrigation policy and regulations to give WUAs legal power to collect irrigation charges (2004/05).</p> <p>## Initiate private sector management of large/medium scale of HMG managed irrigation system (2004/05).</p> <p>## Develop and implement small surface irrigation facilities in the hill and surface and ground water irrigation facilities in the Terai (continued).</p> <p>## Increase involvement of NGO's and private sector in the irrigation development and management (2004/05).</p>	<p>##Increased number of rehabilitated and handed over schemes.</p> <p>##Increased and strengthened water users' committees (WUAs) in place.</p> <p>##Revised irrigation policy and regulation in place by 2004.</p> <p>##Increase number and hecterage of private sector managed government owned large/medium schemes.</p> <p>##Increased number of STW, DTW and other irrigation schemes.</p> <p>##Increased number and hecterage of new schemes developed and managed by NGOs and private sector.</p>	<p>##Year round irrigation increased to 50% of the irrigated land by 2005.</p> <p>##Additional irrigation facilities developed in 177,600 ha. from new schemes and rehabilitation of 64,000 ha.</p> <p>##Management transfer to WUAs in 37,000 ha.</p> <p>##Farmers/WUAs become capable to own and manage irrigation systems up to the size of 500 ha by 2005.</p> <p>##Increased irrigation charge collection by WUAs significantly.</p> <p>##Private sector and NGO participation in irrigation management increased.</p>			<p>ADB, Canada, EU, FAO, Japan, Kuwait Fund, OPEC Fund, Saudi Fund, UNDP, US</p>

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	<ul style="list-style-type: none"> Establish coordination in intensive agriculture program formulation and implementation in year round irrigated areas at all level. 	<ul style="list-style-type: none"> Adopt co-ordinate approach for timely supply of irrigation water in intensive packet areas (continued). Scale up On Farm Water Management Program (continued). Ensure irrigation support component in intensive agriculture program of MOA (continued). 	<ul style="list-style-type: none"> Timely supply of irrigation water in pocket areas. Strengthen technical support to farmers. Coordinated intensive agriculture pocket program in place. 				
D. Trade							
Increase the contribution of trade in the economy	<ul style="list-style-type: none"> Trade policy to be made compatible with regional / international agreements. Enhance competitiveness. Involve private sector for export promotion. 	<ul style="list-style-type: none"> Acts/rules compatible with WTO/SAPTA (2004 onwards). Operationalization of ICD, Birgunj (03/04). Technical support service to enhance competitiveness of exports (on-going). Emphasis on quality improvement (on-going) Introduce selected services in the management of private sector in major customs terminal (by 2004). 	<ul style="list-style-type: none"> Accession to WTO/SAFTA. Trade diversification enhanced product wise and country wise. CD Birgunj operationalized. Exports of supported commodities increased. Quality certification expanded. Involvement of private sector in providing services in customs terminals. 	<ul style="list-style-type: none"> Export GDP ratio increased. Market/product diversification. 	<ul style="list-style-type: none"> Follow up on Trade and Competitiveness Study 	<ul style="list-style-type: none"> Multi-modal Trade and Transport; PRSC II (FY05) 	<ul style="list-style-type: none"> EU, IMF, Norway, UK, UNDP
E. Labour							
Increase employment to reduce poverty. Ensure congenial industrial environment for better industrial relations. Protect children from exploitation	<ul style="list-style-type: none"> Make employment intensive growth objectives. Reform vocational training program to link with employment policy objectives and labor demand. Make labour laws flexible. Enhance foreign employment. 	<ul style="list-style-type: none"> Reorient public expenditure to make it more employment intensive. Incentives and policies improvement for private sector to generate employment growth. Streamline present training programs based on market and demand for such training identified by CBOs at district level. Consultative process strengthened and cooperation initiated and institutionalized with the private sector in making the training program more demand driven and effective. Reform labour laws by (2004). Agreements with labour importing countries increased/ strengthened (continued). Skill development program encouraged for outward migrant workers (continued). 	<ul style="list-style-type: none"> Employment opportunities expanded. Efficiency of labor enhanced. Labour law amended. Number of labourers employed overseas increases. Number of disputes decreased. Number of child labourers rescued and rehabilitated. 	<ul style="list-style-type: none"> Under-employment/unemployment rates decline. Industrial relations improved. Labour productivity enhanced Rights of labour protected Worst form of Child labour reduced significantly. Remittance income increased. 	<ul style="list-style-type: none"> Follow up to Trade & Competitiveness Study, Policy dialogue/IAP, Study on Labor Remittances 	<ul style="list-style-type: none"> PRSC II (FY05), PRSC III (FY06) 	<ul style="list-style-type: none"> Germany, ILO, IMF, UNDP, UNICEF

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	<ul style="list-style-type: none"> ##Promote industrial relationship for increasing labour productivity. ##Eliminate child labor. 	<ul style="list-style-type: none"> ## Support services for labourers enhanced (continued). ## Orientation/training on industrial relations increased and guidelines/regulations strengthened (continued). ## Legal measures and strict monitoring for eliminating child labour and their rehabilitation (on-going). 					
F. Infrastructure Development: Roads							
Develop & manage road transport network in cost effective way to support socio economic development effort (P1-F)	<ul style="list-style-type: none"> ##Expansion of road network link the districts without road. ##Encourage private sector participation. ##Maintain the road network in serviceable condition. ##Enhance the institutional capacity in the context of liberal economy and decentralization. 	<ul style="list-style-type: none"> ## 10 Additional District headquarters connected by road (by FY06/07). ## Act developed for BOT projects (FY03/04). ## Rural roads management responsibility transferred to DDCs (FY03/04). ## Road Board fully operational (FY03/04). ## Framework planned for road maintenance system (FY03/04). ## Capacity building of Department of Roads in the context of liberal economy and decentralization (FY03/04 onwards). 	<ul style="list-style-type: none"> ##Additional 1025 km. To be constructed. ##Detail plan approved enough and budget allocation. ##Rural Roads responsibilities transferred to DDCs. ##Full levy collected. ##90% of SRN in good/fair condition. ##Act implemented. ##Annual maintenance plan for 2003/04 received and approved (2003 April) ##Technical auditing agency operational. 	<ul style="list-style-type: none"> ##Road access increased to 70 District Headquarters. ##Road length increased by 1025 km. ##Reduced transport cost. ##Sustainable Road Maintenance Fund available in a accordance with annual maintenances plan ##Management efficiency improved in planning, procurement, and implementation. ##BOT legal frame finalization. ##90% of SRN in good/fair condition. 	<ul style="list-style-type: none"> Road Maintenance & Development, Improving Rural Access (FY05), Infrastructure Development (FY05) 	<ul style="list-style-type: none"> ADB, China, Germany, India, Japan, Sweden, Switzerland, UK, US 	
G. Power Sector							
Expand electricity coverage in a reliable, financially and environment-ally sustainable manner (P1-G)	<ul style="list-style-type: none"> ##Promote private sector participation in power sector. ##Improve financial viability of NEA. 	<ul style="list-style-type: none"> ## Establish power development fund (FY03/04). ## Establish an independent regulatory body (FY03/04). ## "Develop" profit-making centers within NEA (FY03/04 onwards). ## Internal unbundling of NEA into generation, transmission, and distribution units (FY03/04). ## Initiate explicit subsidy policy for grid-based rural electrification (FY03/04). 	<ul style="list-style-type: none"> ##Power Development Fund established. ##Regulatory Body established. ##Reduce system losses 1 % a year from 23% at the beginning of Tenth Plan. ##Complete internal unbundling of NEA by FY04. ##Adopt a subsidy policy for grid-based rural electrification by FY 2004. 	<ul style="list-style-type: none"> ##Increase in percentage of population with access to electricity from 40 to 55%. 	<ul style="list-style-type: none"> Power Development Project IFC Investments 	<ul style="list-style-type: none"> ADB, Canada, Denmark, Finland, Germany, Japan, Norway, Sweden, UNDP, US 	

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	<p>##Integrate rural electrification with rural economic development.</p> <p>##Promote cooperative based grid-based rural electrification.</p> <p>##Expand and reinforce power infrastructure.</p>	<p>## Promote productive end-uses (continued).</p> <p>## Capacity building of cooperatives (continued).</p> <p>## Expand and reinforce generation, transmission and distribution (on-going).</p> <p>## Promote small-, medium-scale and storage hydropower projects (on-going).</p>	<p>##Adopt a framework for cooperative based rural electrification.</p> <p>##Training programs to cooperatives.</p> <p>##Increase installed capacity from 527 MW to 830 MW.</p> <p>##Increase length of transmission lines (66, 132 and 220 kV) from 1962 km to 2392 km.</p> <p>##Initiate construction of a storage project.</p>				
	<p>H. Information and Communication</p> <p>##Private sector participation.</p> <p>##Clarity on role and responsibility of public and private operators.</p> <p>##Functional autonomy.</p>	<p>## Private sector involvement in telecom (FY03/04 and onwards).</p> <p>## Expansion of broadcasting services (continued).</p> <p>## Creation of legal frame for functional autonomy of postal service (FY03/04).</p>	<p>##Convert NTC to a Company under Company Act by 2002/03.</p> <p>##Private GSM operator in place.</p> <p>##Private RTS operator in place in Eastern Region.</p> <p>##Radio and Television service extension to the whole country initiated.</p> <p>##Approval of Rules and Regulation for functional autonomy of postal service by 2003/04.</p>	<p>##Competitive and liberalized market of Telecom service.</p> <p>Access of Telecom service to all VDCs.</p> <p>##Telephone penetration 40 lines per 1000 inhabitants.</p> <p>Radio and Television service available to all people.</p> <p>Effective function of postal service.</p> <p>##At least two telephone lines in all VDCs.</p>	<p>Telecommuni- cations Sector Reform, IFC Investments</p>	<p>ADB, Denmark, Finland, Japan</p>	

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I. Tourism, Infrastructure Expand tourism activities	<p>##Tourism promotion /marketing and product development.</p>	<p>## Promotional activities focused in regional markets (on-going). ## Development and conservation of national heritage/religious sites (on-going). ## Promote eco-tourism (on-going).</p>	<p>##Number of promotional activities increase. ##World heritage guidelines followed. ##National heritages developed and conserved. ##Infrastructure and physical structure improved. ##New destination opened. ##Increase tourist activities in National Parks and Nature conservation areas.</p>	<p>##Increase in the number of tourists to 516,000. ##Length of stay of tourist increases to 13 days. ##Tourism earnings distributed widely to rural areas also. ##Domestic tourism enhanced.</p>			ADB, Japan, Netherlands, UK, UNDP
	<p>##Infrastructure development.</p> <p>##Tourism facilitation.</p>	<p>## Develop Infrastructure and institutions particularly for eco-tourism (on-going). ## Manage solid-waste and air pollution (on-going). ## Manage air-safety (by FY04/05).</p> <p>## Simplify Immigration system (on-going). ## Expand transportation facilities for tourism industry (on-going). ## Promote quality of tourism services (on-going).</p>	<p>##Air services at eco-tourism areas enhanced. ##Infrastructure and institution for eco-tourism developed. ##Dumping site/incinerators established. ##Air pollution standard imprinted. ##Air safety standard strengthened are executed. ##Visa pressing simplified. ##Domestic air services enhanced. ##Number international connection and briers increased. ##Tourism service standard strengthened and monitored.</p>	<p>##Contribution of tourism in the economy enhanced to 3%.</p>			

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J. Industry Expand Industrial-ization	<ul style="list-style-type: none"> ##Strengthened market oriented policies. ##Strengthening SMEs. ##Improved Industrial environment. 	<ul style="list-style-type: none"> ## Tariff rationalization (on-going). ## Foreign investment policy reform (by 2004). ## Industrial acts & policies reform (by 2004). ## Incentive and programs for technological improvement and upgrading SMEs. (on-going). ## Institutional mechanism/acts sub-contracting to SMEs (2005). ## Entrepreneurship training skill development (on-going). ## Incentive for backward linkages to industries (on-going). ## Information technology development (on-going). ## Tripartite industrial relationship improved (on-going). 	<ul style="list-style-type: none"> ##Industrial competitiveness improved. ##Foreign investment increased. ##Acts and policies reformed. ##Labour/company law amended. ##Exit policy introduced. ##Acts amended according to WTO/SAFTA. ##Action plan developed according to Industrial Perspective Plan. ##Production and productivity increased. ##Act amended. ##Number of trainings/trainees. ##Industrial production expanded. ##Access to information improved. ##Smooth industrial operation. 	<ul style="list-style-type: none"> ##Contribution of GDP enhanced. ##Employment generation. ##Product expansion. ##Information institutionalization. ##Harmonious industrial relation. ##Industrial production expanded in average 7.8% per annum. ##SME Additional employment generated to 250,000. 	<ul style="list-style-type: none"> Follow up on Trade and Competitiveness Study, Development Policy Review 	<ul style="list-style-type: none"> PRSCs (FY05, FY06, FY07), IFC TA for SME development 	<ul style="list-style-type: none"> ILO, Japan, UNDP, US
K. Food Security Improve the supply and distribution of essential commodities	<ul style="list-style-type: none"> ##Strengthen food supplies in remote areas. ##Market based petroleum price. 	<ul style="list-style-type: none"> ## Rationalization NFC activities and strengthen supply system (on-going). ## Enhance food supply and distribution in food deficit areas (on-going). ## Management of NOC improved, leakage activities initiated (by 2004). ## Rationalization of petroleum product prices (by 2003). 	<ul style="list-style-type: none"> ##Focus distribution in districts and strengthened networks. ##Supply and distribution of 35000 MT food per annum mainly in remote districts. ##Loss of NOC reduced. ##Storage capacity of petroleum product will be increased. ##Private sector involvement increased. ##Petroleum price will be market based. 	<ul style="list-style-type: none"> ##Food security will be improved. ##Price of petroleum products competitive. 	<ul style="list-style-type: none"> Policy dialogue/ IAP 	<ul style="list-style-type: none"> PRSC I (FY04) 	<ul style="list-style-type: none"> Canada, FAO, France, Germany, Japan, UK, UNICEF, WFP
PILLAR 2: SOCIAL DEVELOPMENT							
L. Education							

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
L.1 Improve quality of and access to education especially primary education (P2-B)	<ul style="list-style-type: none"> Decentralization of school management to communities/local bodies and change in role of district and central level agencies from implementation to facilitation, monitoring and evaluation. Improve and expand teachers training program. Strengthen school monitoring and supervision system. 	<ul style="list-style-type: none"> Transfer of management of schools to communities/local bodies (on-going). Framework for the assessment of students' learning outcome (2004). Promote private sector for production and distribution of textbooks with a view to facilitate timely distribution of textbooks (to be started from 2004). Review and Rationalize teaching/learning package. New recruitment of teachers done locally. Teachers' certification process expanded and strengthened (on-going). Teachers training facilities for primary school increased (on-going). Expand teacher training for secondary education (on-going). Framework for school monitoring mechanism developed and strengthened (2004). Schools expansion only on the basis of mapping and accepted norms (2004). Partial grant for community schools not receiving Government funding (on-going). 	<ul style="list-style-type: none"> At least 6,000 schools transferred to local community management. Guideline for partial grant for community schools completed; all community schools receive grant. Timely distribution of textbooks. Number of trained teachers in primary school increased from 52 to 100%. Establishment of Child Development Centers in VDCs/municipalities. Increase in number of trained teacher in secondary level. A system of regular school maintaining in place in all districts. School-mapping completed. 	<ul style="list-style-type: none"> Net primary school enrollment increased from 82 to 90%. The Primary completion rate increases from 59 % to 75 %. Percentage of primary school repeaters declines. Drop out rates at the primary level declines. 	<ul style="list-style-type: none"> Evaluation of Community Management of Schools (FY07) 	<ul style="list-style-type: none"> BPEP II Phase I, Community Schools LIL, BPEP II, Phase II (FY04) 	<ul style="list-style-type: none"> ADB, Canada, Denmark, EU, Finland, Japan, Norway, UK, UNDP, UNFPA, UNICEF
L.2 Delivery of literacy programs with focus on livelihood improvement	<ul style="list-style-type: none"> Integration of literacy programs with CBO-based income generation activities facilitated by local bodies. Mitigate social, cultural and financial barriers for access to education. Social contracts for access improvement. 	<ul style="list-style-type: none"> Expand literacy campaign by increased involvement of CBOs/NGOs/ local bodies (on-going). Expand Community Learning Centers (on-going). Enhanced scholarship for children of poor families (on-going). Expand school feeding program in deprived areas (on-going). Secondary scholarships for children, girl and Dalit/disadvantaged from poor families (on-going). Separate latrines for girls (on-going). Incentive grant for schools employing female teachers (on-going). 	<ul style="list-style-type: none"> At least 200,000 out of school children in the 6-10 and 10-14 age groups to receive informal education. Post literacy skill generating programs to 20% of literates. Enroll all of age 6 children to primary education. Number of students for disadvantaged receiving scholarship increased. Increased share of female teachers in primary schools from 26 to 30%. Share of girls and disadvantaged children in primary and secondary levels increase. 	<ul style="list-style-type: none"> Adult literacy rate (+15) increased from 49 to 63%. Female adult literacy rate (+15) increased from 34 to 55%. Enrollment rate of girls and disadvantaged children increase. Improvement in the ratio of girls enrollment rate to that of boys. 			<ul style="list-style-type: none"> Canada, Germany, UK
L.3 Improve access of girls, Dalits and disadvantaged children to education (P2-B)	<ul style="list-style-type: none"> Mitigate social, cultural and financial barriers for access to education. Social contracts for access improvement. 	<ul style="list-style-type: none"> Enhanced scholarship for children of poor families (on-going). Expand school feeding program in deprived areas (on-going). Secondary scholarships for children, girl and Dalit/disadvantaged from poor families (on-going). Separate latrines for girls (on-going). Incentive grant for schools employing female teachers (on-going). 	<ul style="list-style-type: none"> At least 200,000 out of school children in the 6-10 and 10-14 age groups to receive informal education. Post literacy skill generating programs to 20% of literates. Enroll all of age 6 children to primary education. Number of students for disadvantaged receiving scholarship increased. Increased share of female teachers in primary schools from 26 to 30%. Share of girls and disadvantaged children in primary and secondary levels increase. 	<ul style="list-style-type: none"> Adult literacy rate (+15) increased from 49 to 63%. Female adult literacy rate (+15) increased from 34 to 55%. Enrollment rate of girls and disadvantaged children increase. Improvement in the ratio of girls enrollment rate to that of boys. 	<ul style="list-style-type: none"> Social and Gender Analysis 	<ul style="list-style-type: none"> BPEP II Phase I, Community Schools LIL, BPEP II, Phase II (FY04) 	<ul style="list-style-type: none"> ADB, Canada, Denmark, EU, Germany, Japan, Norway, UNDP, UNESCO, UNFPA, UNICEF

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
L.4 Meet national demand for basic and middle level technical human resources	<ul style="list-style-type: none"> ##Vocational courses attached to existing secondary school. ##Promote private provision of basic and middle level technical training. 	<ul style="list-style-type: none"> ## Initiate and strengthen the program in 25 schools as an annex program (to start from 2004). ## Introduction of voucher system targeted to poor for basic and middle level technical training (to start from 2004). 	<ul style="list-style-type: none"> ##Short and medium term technical training to more than 30,000 people. 	<ul style="list-style-type: none"> ##Increase share of semi-skilled and skilled labour in the labour force. 			ADB, Switzerland, UNFPA
M. Health Increase essential health care services to all with special emphasis to rural/remote/poor population (P2-A)	<ul style="list-style-type: none"> ##Development and retention of trained staff specially in rural areas. ##Training and upgrading of health personnel. ##Increased supply of essential drugs, vaccines 	<ul style="list-style-type: none"> ## Terms and conditions of recruitment and transfer made transparent (end 2003). ## Incentive mechanism devised to encourage health workers to work in remote and rural areas (FY03/04). ## Fulfill vacant positions (on-going). ## Increased availability of Auxiliary Health Midwife/ nurse in the health posts especially to address MCH problems (FY03/04-FY07/08). ## Training programmes strengthened and manpower production enhanced (on-going). ## Procurement of drugs, vaccines and equipment based on program priorities (on-going). ## Expansion of community drug program (on-going). 	<ul style="list-style-type: none"> ##Sick individuals (%) who visited rural health centers (during the past month). ##Number of absentee health workers. ##Women receiving at least 4 antenatal visits increased from 14 to 40%. ##Births (%) attended by skilled health personnel increased from 13 to 40%. ##Number of drug outlets where 15 of the most essential drugs available. ##Number of sub/health posts with community drug program increases. ##Availability of essential and priority drugs increased to 90% places. 	<ul style="list-style-type: none"> ##Reduction in infant mortality rate from 64 to 45. ##Reduction in child (U5MR) mortality rate from 91 to 72. ##Reduction in maternal mortality from 415 source & date to 300. ##Life expectancy increased from 61.9 years to 65 years. 	Sector policy dialogue	Health Sector Operation (FY05)	Australia, Canada, China, EU, Germany, India, Japan, Norway, Switzerland, UK, UNAIDS, UNDP, UNFPA, UNICEF, US, WHO

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
	<p>##Expand accessibility/facilities.</p> <p>##Up-gradation of primary health centers and hospitals.</p> <p>##Decentralized operation and management.</p> <p>##Promotion and coordination with NGO/INGOs and private sectors.</p> <p>##Improved regulatory mechanism.</p>	<p>## Initiation of health insurance scheme (FY03/04 onwards).</p> <p>## Focus of the program on immunization, safer motherhood, control and prevention of communicable diseases, malaria control, JE, TB and leprosy, HIV/AIDS and CDP Programmes (on-going).</p> <p>## Accessibility increased on the basis of mapping (starting from FY03/04).</p> <p>## Effective family planning program (on-going).</p> <p>## Reorientation/refocus of programmes based on mapping of HDI index (initiation from FY03/04).</p> <p>## Expand nutritional program (on-going).</p> <p>## Education/awareness (on-going).</p> <p>## Up-gradation of hospitals/health centres to manage the increasing problem of accidents and injuries a phased manner (FY04 onwards).</p> <p>## Transfer of sub health post, health post etc. to local management committees (on-going).</p> <p>## Recruitment of health workers at the local level (FY03/04 and onwards).</p> <p>## Procurement of drugs at the local level (FY03/04 onwards).</p> <p>## Avoid duplication with private sectors and NGOs.</p> <p>## Environmental and occupational health care and sanitation facilities provided with inter-sectoral collaboration (on-going).</p> <p>## Strong supervision and monitoring mechanism devised and implemented for the availability, quality and accessibility of health services (private nursing home/hospitals/colleges).</p>	<p>##Population under health insurance.</p> <p>##One year olds (%) fully immunized against target diseases.</p> <p>##Proportion of TB/malaria/JE/leprosy/HIV/AIDs etc. cases detected and prevention and treatment measures taken.</p> <p>##Population more than hour's walk or travel to rural health facilities.</p> <p>##Contraceptive prevalence rate increase from 40 to 55%.</p> <p>##Condom use by 14-35 years old men increased to 35%.</p> <p>##Number of health centers and hospitals upgraded.</p> <p>##All sub health post and more than 50% of health posts and a 25 hospitals handed over to local bodies/management.</p> <p>##Guidelines/frameworks local recruitment developed.</p> <p>##Number of health centers authorized for procurement.</p> <p>##Coordination guideline developed.</p> <p>##Level of collaboration improved.</p> <p>##Strong supervision and monitoring mechanism devised and implemented for the availability, quality and accessibility of health services.</p>	<p>##Consistent community driven approach operational sector wide.</p> <p>##About 3.8 million</p>			
N. Drinking Water							
N.1 Increased access to sustainable basic drinking	<p>##Scale up the demand driven and participatory approach to rural water supply and</p>	<p>## Revise the 1998 rural sub-sector policy to include clear roles & responsibilities of sector actors by 2003.</p> <p>## Reform/consolidate the institutional mechanisms and approaches to service delivery</p>	<p>##A consistent sector policy in place and implemented.</p> <p>##Community driven approach adopted to provides sustainable water systems to</p>	<p>##Consistent community driven approach operational sector wide.</p> <p>##About 3.8 million</p>		<p>Rural Water Supply & Sanitation (RWSSP I), RWSSP II</p>	<p>ADB, Canada, UK, UNICEF, Water Aid</p>

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending (FY04)	
water services in rural areas.	sanitation schemes. This approach involves NGOs, CBOs, local private sector to assist communities to plan, design and implement and operate and maintain their own schemes.	to facilitate implementation by 2003. ## Strengthen autonomy of the RWSS Fund Development Board through an Act by 2003. ## Rehabilitate rural water supply schemes for community management (continued). ## Districts develop/update district water development plans regular to improve planning starting 2003 and continuous.	benefit some 2.0 million additional people. ##Fund Board operational as a regular sector agency. ##Sector monitoring system established; the sector monitored effectively and regularly and budget allocations to sector agencies are performance based. ##About 150 schemes rehabilitated and community managed.	people have access to safe and sustainable drinking water services. ##Increased opportunity for enrollment of girl child in schools due to time saved in fetching water. ##Reduced water borne and water washed diseases.			
N.2 Improve and expand basic sanitation facilities in rural and urban areas	##Promote sanitation as an integral part of water supply projects through public education and awareness campaigns by mobilizing NGOs, CBOs, local bodies and the private sector.	## Every new water supply scheme should include sanitation as a component of the project and provide for promotional activities (continued). ## Promote sanitation activities in areas that already have water supply services but no sanitation facilities (continued). ## Promote appropriate sanitation facilities in urban and semi-urban areas through users' participation (continued).	##About 450,000 households build and use latrines in rural areas. ##About 150,000 households with appropriate sanitation services in urban areas.	##Health and hygiene improved. ##Reduction in diarrheal diseases.	RWSSP I, RWSSP II (FY04)	ADB, Canada, Germany, UK, UNICEF, Water Aid	
N.3 Improved access to and up-gradation of basic drinking water services in urban and semi-urban areas through involvement of private sector and/or local bodies	##Create a conducive environment for private sector participation & local bodies involvement in urban and semi-urban water supply services by legislative reforms, cost recovery policy & a national water quality standards/guidelines. ##Increased supply in the valley by reducing unaccounted for water.	## Implement cost recovery policies starting 2003. ## Develop national water quality standard/guidelines and strengthen water quality monitoring by 2004. ## Frame legislation, establish and make operational a regulatory body by 2003. ## Reduce unaccounted-for water in Kathmandu Valley towns by 4% annually.	##A private operator in place by 2004 in Kathmandu Valley towns. ##Carry out a study to develop a strategy for PSP and local body involvement in the other urban and semi-urban areas by 2004. ##Unaccounted for water reduced by 4% annually.	##Arrangements and regulatory framework for PSP in urban WSS services established. ##More efficient and cost effective services available to urban and semi-urban areas. ##Reduction in water borne and water washed diseases.		ADB, Germany, Japan, Norway, Sweden	

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
O.1 Bring poor/socially excluded/disadvantaged groups out of poverty trap (P3)	<p>##Reorient sectoral programmes to focus on targeted groups/areas.</p> <p>##Make local bodies more responsible for designing and implementing local poverty programmes.</p>	<p>## Initiate the system of expanding/ developing sectoral activities based on poverty mapping (FY03/04 onwards).</p> <p>## Framework for addressing the problems of deprived communities/regions developed and implemented (FY03/04 onwards).</p> <p>## Use decentralize mechanism for implementation (on-going).</p> <p>## Increase grant to local bodies on the basis of poverty index (FY03/04 onwards).</p> <p>## Train local bodies and make them accountable for the poverty reduction program at the local level (FY03/04 onwards).</p>	<p>##Budget allocation for deprived communities/areas increased.</p> <p>##DIDO and service delivery agencies transferred to local level.</p> <p>##Allocation to district with low HDI increased.</p> <p>##Number of training program under LGDP/ LGFC/PAF increased.</p> <p>##PAF guidelines approved. Program implemented for targeted groups.</p> <p>##PAF office established (FY03).</p>	<p>##HDI index of Far-western and Midwestern increase by 8% per annum.</p> <p>##Literacy rate of dalits and indigenous people increases significantly.</p> <p>##Increased life expectancy of deprived communities/regions.</p> <p>##Mean years of schooling of deprived communities and regions increase.</p>	Non-Lending	Lending	ADB, Canada, Germany, Norway, Switzerland, UK, UNDP, UNICEF
	<p>##Supplement the targeted programmes of local bodies and the government with the participation of NGOs/CBOs.</p> <p>##Reorient and coordinate NGO/INGOs activities towards targeted groups.</p> <p>##Initiate and implement effective mechanism for poverty monitoring.</p> <p>##Encourage philanthropic organization in expanding poverty reduction strategy.</p>	<p>## Train local bodies and make them accountable for the poverty reduction program at the local level (FY03/04 onwards).</p> <p>## Strengthen social mobilization (continued).</p> <p>## Use PAF to supplement targeted NGOs/CBOs (FY03/04 onwards).</p> <p>## Encourage coordination and develop partnership with NGO/CBOs and the private sector to work in the poorer areas.</p> <p>## Design special mechanism to monitor outcome and input indicators for targeted group (FY03/04 onwards).</p> <p>## Initiate and support district level poverty monitoring mechanism (FY03/04 onwards).</p> <p>## Enhance public awareness campaign for voluntary work, welfare activities and poverty reduction programmes to be generated by philanthropic organizations and private sector (FY03/04 onwards).</p>	<p>##Mapping of INGOs activities done and INGOs encouraged to work for deprived areas/communities.</p> <p>##Poverty monitoring disaggregated by gender/social groups/regions.</p> <p>##District poverty monitoring mechanism assessed and system strengthened.</p> <p>##More resources mobilized by local NGOs locally.</p>				

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
	<ul style="list-style-type: none"> ##Special programs from Far-west and Mid-west regions districts. 	<ul style="list-style-type: none"> ## Assistance for overseas employment (FY03/04-04/05). ## Micro credit/micro-enterprises training/education/land bank etc and or strengthened. ## Special scholarship program of higher education (FY03/04 onwards) initiated. 	<ul style="list-style-type: none"> ##Assistant to poor people for foreign employment. ##Asset creating activities increases. ##At least 100 scholarship per annum for deprived women, Dalits and indigenous people for higher education. 				
O.2 Main-stream gender in development activities	<ul style="list-style-type: none"> ##Women empowered by removing the social, legal, economic and other constraints. 	<ul style="list-style-type: none"> ## Production loan and social mobilization (on-going). ## Incentives to increase proportion of girls in education (2003 onwards). ## Special health care system to women to reduce maternal mortality (2004-05). ## Coaching classes and alternative actions to increase females in teaching and civil service (on-going). ## Eliminate legal discrimination (on-going). ## Legal and other changes to prevent violence against women (2003-04). ## Special scholarship program for higher education (FY03/04 on-going). ## Special monitoring system in improving gender equality (2004). 	<ul style="list-style-type: none"> ##Number and volumes of loan awarded. ##Scholarship to girls. ##Number of trained Midwives or AHM or nurses. ##Proportion females in civil service and teaching. ##Legal amendment. ##Number of violence cases reported and mitigation program. ##Number of scholarship for higher education to girls. ##Monitoring reports/analysis. 	<ul style="list-style-type: none"> ##Economic status of women improved. ##Proportion of women in socio-economic political activities and public positions improved. ##Status of women enhanced. 			ADB, Canada, Germany, Netherlands, UK, UNDP, UNFPA
O.3 Mainstream deprived communities	<ul style="list-style-type: none"> ##By removing social legal and economic constraints. ##Empowerment. 	<ul style="list-style-type: none"> ## Credit facility and social mobilization (on-going) . ## Incentives to increase proportion of deprived children in education (on-going). ## Affirmative actions to increase the proportion of people recruited in teaching and public service (2004). ## Special emphasis in skill training, income generating activities and special scholarship program for higher education (on-going). ## Legal and other constraints removed (on-going). ## VDC and DDCs to focus on the mainstreaming of deprived communities (FY03/04). ## Special infrastructure, income generating and human development activities for deprived communities and areas. ## Special monitoring system in improving the status of derived community (2004). 	<ul style="list-style-type: none"> ##Credit program and number of beneficiaries. ##Scholarship increased. ##Number of Dalits in teaching and public agencies. ##Number of scholarship and training award to dalits and deprived janajati groups. ##Legal amendment ##Training and guidelines for targeting programs in VDCs/DDCs. ##Monitoring reports/ analysis. 	<ul style="list-style-type: none"> ##Proportion of deprived communities below poverty line declines significantly. ##Human development indicators of deprived communities improvers. ## Proportion of socially excluded people increased in socio-economic and political activities. ##Derived communities empowered. 		PAFI (FY04), PAF II (FY06)	ADB, Canada, Denmark, Germany, Netherlands, Norway, UK, UNDP, UNFPA

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
PILLAR 4: GOOD GOVERNANCE							
P. Civil Service Reform							
Civil service (including Judiciary) made competitive, accountable and service oriented (P4-B)	<ul style="list-style-type: none"> ##Improvement in recruitment and promotion system. ##Reduce political interference in civil service functioning. ## Strengthening Personnel information system (PIS) and human resource management. ##Proportion of women, ethnic and disadvantaged group in civil service increased. 	<ul style="list-style-type: none"> ## Curriculum and testing mechanism revised and improved (continued). ## Introduce necessary laws (by 2005). ## Computerize functions of public service commission (2007). ## Institutionalization of the PIS system in all Ministries (2002-2005). ## Coaching classes to perspective women, ethnic and disadvantaged groups candidates for civil service facilities (on-going). ## Motivate women, ethnic and disadvantage groups to join civil services (on-going). 	<ul style="list-style-type: none"> ##Revised and improved curriculum and testing mechanism developed (by 2004). ##Better and qualified candidates recruited by 2004. ##Governance Act amended by 2003. ##A full fledged PIS system operationalised by 2005. ##Increased percentage of women and ethnic groups joining civil service. 	<ul style="list-style-type: none"> ##Merit based recruitment and promotion strengthened. ##Young graduates attracted in civil service. ##Civil Service is de-politicized. ##Civil service efficiency and accountability enhanced. ##Up to date records. ##Better pensions management. ##Corruption control. ##Success rates of female, ethnic and disadvantaged groups increased. ##Women, ethnic and disadvantaged groups well represented in civil service. 	Policy dialogue	Reform TA/ Capacity Building (FY05)	ADB, EU, Switzerland, UNDP
Q. Anti-Corruption							
Ensure efficiency of resources use and improve service delivery	<ul style="list-style-type: none"> ##Preventive actions for anti-corruption strengthened and implemented. ##Action against corruption strengthened. ##Judicial system strengthened. 	<ul style="list-style-type: none"> ## Anti-corruption strategy adopted and implemented (2003). ## National Vigilance Center activated and strengthened (2003). ## Public Department (PWD) directives implemented 2003). ## Anti money laundering Act enacted (2004). ## CIAA continued to be active (continued). ## Judicial system strengthened through training and by improving management (continued). 	<ul style="list-style-type: none"> ##Draft procurement Act prepared by April 2004. ##Technical Audit Agencies and made established operational. ##Increased quality of public construction works. ##Number of corruption cases registered in the court increase. ##More corruption cases prosecuted and convicted. ##Prompt decisions by the courts. ##Number of pending judicial cases decreased. 	<ul style="list-style-type: none"> ##Corruption reduced. ##New Procurement Act effective. ##Resources efficiency improved. ##Delivery of services effective. ##Enhance integrity in public service. ##Delivery of justice improves. 			ADB, Denmark, Norway, Switzerland, UK

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
R. Decentralization Enhance development process with the participation and empowerment of people at large in the governance (P3)	<ul style="list-style-type: none"> ##Enhance development process with the participation and empowerment of people at large in the governance. ##Devolve service delivery functions to local bodies. ##Capacity building. 	<ul style="list-style-type: none"> ## DIDO transfers to local bodies (FY03/04). ## Education, health, postal service transfer to local bodies (on-going). ## Agriculture and small irrigation services transfer to local bodies (2004). ## Rural roads transfer to local bodies (2003 onwards). ## Reconcile conflicting Acts and Regulations (2003 onwards). ## Local service cadre constituted (2004). ## Enhance planning, management and evaluation capacities of local bodies (continued). ## Train and equip local bodies offices (continued). 	<ul style="list-style-type: none"> ##At least 800 primary schools handed over to communities (first year). ##Health post of at least 10 districts each year transferred to communities. ##Agriculture service centers transfer to local bodies. ##Local road tolls handed over to Road User Group in 20 districts for the maintenance of roads. ##Preparations to reconcile conflicting Acts and Regulations. ##Local services cadre designed in the first year. ##District profile of 20 districts for the DPP completed in the first year. ##Electronic MIS operational in 25 districts. 	<ul style="list-style-type: none"> ##Service delivery improves. ##Electronic MIS operationalized in 60 districts. ##Increase share of local revenue in budget expenditure, reconciled. ##Transparency and accountability improved. ##Ownership in programmes/projects increased. ##Citizens charter in all DDCs and Municipalities prepared. 		Development Support Operation (FY07)	Canada, Denmark, Germany, Netherlands, Norway, Switzerland, UK, UNDP, UNFPA, US
	<ul style="list-style-type: none"> ##Fiscal decentralization. 	<ul style="list-style-type: none"> ## Central grants allocated to local bodies on poverty based formula (FY03/04). ## Improve revenue collection (on-going). ## Fiscal management, auditing accounting system (on-going). ## Road map for fiscal decentralization (2003). ## Fiscal framework introduced in pilot basis (FY03/04). ## Performance reports publicized (FY03/04). ## Preparation of citizen's charter (FY03/04). 	<ul style="list-style-type: none"> ##Central grants allocated to local bodies on poverty based formula begins. ##Increase share of local revenue in budget expenditure. ##Fiscal arrears reduced. ##Transparency, auditing and accountability improved. ##Public Audit of development projects practiced. ##Road map for fiscal decentralization adopted by FY03/04. ##Fiscal framework introduced in pilot basis in 5 districts by FY03/04 ##Citizen Character in 15 districts prepared by mid-July 2003. 	<ul style="list-style-type: none"> Technical Assistance/AAA 			Germany
S. Human Rights							

Policy Matrix for the PRS Reform Agenda and World Bank/Partner Programs of Support

Objective ²	Strategies	Activities	Intermediate Indicators	Outcome	Bank Group Interventions		Other Donors
					Non-Lending	Lending	
Promotion of human rights for the dignity of people (P4)	<ul style="list-style-type: none"> Acts and laws made compatible with international conventions. Institutional strengthening. 	<ul style="list-style-type: none"> Formulate and amend major Acts and regulations (continued). Strengthen Human Rights commission, women commission and Dalit Commission (continued). Establish and strengthen human rights cells in major government agencies (FY03/04). 	<ul style="list-style-type: none"> Number of human rights violation investigation cases increased. Human rights action plan prepared by 2003. Support the capacity building of human rights cells. 	<ul style="list-style-type: none"> Human Rights violation cases decreased. Reduction in discrimination, violation and exploitation cases. Empowerment of people to exercise their rights. 			<ul style="list-style-type: none"> Canada, Denmark, EU, Norway, Switzerland, UNDP, UNFPA, UK
<p>T. Integrated Security Development Plan</p> <ul style="list-style-type: none"> Enhance security and expand development activities Rehabilitation of victims of violence 	<ul style="list-style-type: none"> Enhance the security umbrella and the sense of security and peace to continue and expand development activities and service delivery. Rehabilitation of the victims of violence. 	<ul style="list-style-type: none"> Provide security to big projects. Enhance internal security and development program strategic locations and violence-affected areas. Rehabilitation of the victims of violence. 					US

