



# RESEARCH INTO THE LONG TERM IMPACT OF DEVELOPMENT INTERVENTIONS IN THE KOSHI HILLS OF NEPAL

## ECONOMIC ANALYSIS REPORT

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## Acronyms and Abbreviations

ADB	Asian Development Bank	KII	Key Informant Interviews
APP	Agriculture Perspective Plan	KIS	KHARDEP Impact Studies
BNMT	Britain-Nepal Medical Trust	KOSEVEG	Koshi Seed and Vegetable
CBO	Community Based Organisation	LFP	Livelihoods & Forestry Project
CBS	Central Bureau of Statistics	MLD	Ministry of Local Development
CEDA	Centre for Economic Development and Administration	NDHS	Nepal Demographic and Health Survey
CEPREAD	Vegetable Production Centre for Environment and Agricultural Policy Research Extension and Development (CEPREAD), Seed Sector Support Project (SSSP)	NGIIP	National Geographic Information Infrastructure Programme
CFUG	Community Forest User Groups	NGO	Non-Government Organisation
CPS	Community Support Programme	NLSS	Nepal Living Standard Survey
DANIDA	Danish International Development Agency	NPC	National Planning Commission
DFID	Department for International Development	NSCA	National Sample Census of Agriculture
DHO	District Health Office	NUKCFP	Nepal-UK Community Forestry Project
DHS	Nepal Demographic and Health Survey	PAC	Pakhribas Agriculture Centre
DNPWC	Department of National Park and Wildlife Conservation	PAF	Poverty Alleviation Fund
DoE	Department of Education	PCRW	Production Credit for Rural Women
DoHS	Department of Health Services	PHCC	Primary Health Care Centre
EDG	Effective Development Group	PGRS	Pakhribas Gurkha Reintegration Service
EDR	Eastern Development Region	PRA	Participatory Rural Appraisal
EMIS	Education Management Information System	PSC	Project Steering Committee
FCHV	Female Community Health Volunteer	RAP	Rural Access Programme
FGD	Focus Group Discussions	RCA	Reality Check Approach
FHH	Focal Households	SHP	Sub-Health Post
GIS	Geographic Information Systems	SMIP	Safe Motherhood Innovative Project
GIZ	German International Assistance	SNV	Netherlands Agency for Development
GoN	Government of Nepal	SSSP	Seed Sector Support Project
HHH	Host Households	TBAs	Traditional Birth Attendants
HMGN	His Majesty's Government of Nepal	TMI	The Mountain Institute
HMIS	Health Management Information System	TOR	Terms of Reference
HP	Health Post	UNDP	United Nations Development Programme
ICIMOD	International Centre for Integrated Mountain Development	UNICEF	United Nations International Children's Emergency Fund
IT	Information Technology	UNIFEM	United Nations Development Fund For Women
KHARDEP	Koshi Hill Area Development Project	VDC	Village Development Committee
KHDP	Koshi Hills Development Programme	WB	World Bank
KHST	Koshi Hills Study Team	WUG	Water User Groups

## Acknowledgements

With a view to develop methodology for measuring long term impact of development interventions and test it in the context of Koshi Hills, where the development interventions started from the late sixties, the present economic analysis study considers input output relationship as a basis for measuring impact. The output is defined in terms of reduction in poverty and in another form economic growth of the Koshi Hills. The inputs are measured in terms of resource flows under various sources such as remittance, private investment, government expenditure, external funding and other resources, population, and technology development and change in the level of awareness. A dynamic specification by formulating relationship between them has been used for measuring the long term impact.

The Koshi Hills, which includes Bhojpur, Dhankuta, Sankhuwasabha and Tehrathum, implemented several development interventions from the late sixties. The major donors of the Koshi Hills were UK Government in the sixties, seventies, and eighties and several other donors appeared from the nineties for the sectors like agriculture, construction and development of infrastructure, including roads, agriculture, education, health and drinking water, etc.

An analysis of resources invested under various sectors shows that education and local development have received top priority. Agriculture, which is the main source of employment and livelihood, is placed in the seventh place from resource flow perspective. The estimate of structure and composition of the Koshi Hills economy has shown its growth. There are many fold increments in each of the economic indicators like total GDP, agriculture GDP, industrial GDP, private and government investment, donor funding and in the area of inflow and outflow of trade.

The level of poverty is decreasing over the period of time and economic activities are increasing. The result of the model used also shows positive impact of the development interventions implemented in the area. The major factors explaining reduction in the level of poverty has been government expenditure, and remittances. Similarly, private investment in the economy of the Koshi Hills mainly explained the growth followed by government investment and donor funding.

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## Executive Summary

The challenges of poverty and deprivation in Nepal is pervasive, largely chronic, and reflected in dimensions of social and human progress despite efforts of more than 60 years after the establishment of democracy in 1951. It is true the legacy of lack of infrastructure and development foundation including basic education and health system bequeathed by history means that it is not easy to transform the economy and the society. The fluctuating development strategies and emphases have not, to the best of estimates, generated conducive development environment. It has been exacerbated by the conflicts and the political instability.

One bright spot has been the continued assistance by its development partners. One of its major partners, UK, has assisted the development of the Koshi Hills area since the late sixties comprising of the four districts namely, Bhojpur, Dhankuta, Sankhuwasabha, and Terhathum. The first development initiative is Gurkha Reintegration Service (GRS) later named as Pakhribas Agriculture Centre (PAC) in 1968. The area was devoid of any connectivity and to overcome it, the UK government assisted in constructing Dharan-Dhankuta highway opening the connectivity of the region. This was followed by a number of other development initiatives like the Koshi Hill Rural Integrated Development Project (KHARDEP) (1977-1989), Nepal –UK Community Forestry Programme, Livelihood Forestry Programme etc. Various other donor agencies such as ADB, USAID, IDA, Japan, etc. also started working in the area to promote development.

The current attempt is to assess the impact of development initiatives launched in the area to understand the changes and contribution thereof and to get the lessons from such development efforts. Information was collected and estimated from the data collected from the Comptroller General Office, Ministry of Finance, Government of Nepal for government and donor funding. Estimation of district and sector wise GDP and development indicators are made based on NLSS (I, II, III), Nepal Human Development Report 1998, Nepal Human Development Report 2004 and the Regional Plan Report 1989. Besides, other secondary sources and site visits were also used to collect and corroborate data and information.

## Investments and Growth

Nepalese development, as exhibited by its growth rate, is characterized by slow growth leading to persistence of pronounced deprivation and poverty. This, to a lot of extent, is true in respect to the Koshi Hills as well. The Koshi Hills, comprising the four hill districts of Koshi Zone, is deprived, as elsewhere, of connectivity and basic means and amenities required for development. UK assistance leading to the initiation of connectivity in the form of Dharan-Dhankuta highway and the introduction of the Koshi Hills Rural Development Project, KHARDEP, brought about significant changes leading to transformation in the Koshi Hills economy mainly in the areas of agriculture, trade and services.

The main sources of investments are government, donors and private investments. Government investments have been growing continuously and rapidly and in current prices such investments have increased by 838 times during 1971-2010 or around 9-10 percent annual increment. The size variation is mainly explained by the population size of each individual district but a few districts enjoyed better allocation right from the beginning, for example, Dhankuta, Morang (the Koshi Tarai), and Ilam (the Koshi Neighbouring). Proportionately donor funding is low or around 17.61 percent of the total government investment including capital and recurrent expenditures in the Koshi Hills from 1998-2010.

However, there is clear evidence that major development initiations in the area started with the improved infrastructural linkage and initiation of a number of development initiatives. Private investments are estimated to have grown about 3.6 percent per annum in the Koshi Hills with Sankhuwasabha leading with 4.4 percent per annum growth.

The economic growth rate for the Koshi Hills is estimated at 2.79 percent as compared to 1.79 percent for the Koshi Tarai and 4.24 percent for Nepal meaning that comparatively the Koshi Hills have been able to perform better than the Koshi Tarai but poorer than the national average. It should be noted that since the population growth rate of Tarai as well as of the country is higher compared to the Koshi Hills, the average improvement in per capita income is higher for the area meaning that the development interventions in the Koshi Hills have been rewarding. During the last two decades growth in the per capita income in the Koshi Hills area is higher than the national average and Tarai. The Koshi Hills area is basically agrarian in nature with the contribution of agriculture to GDP nearly around two-thirds currently, albeit declining, while that of the industry and the services sectors has improved commensurately. It suggests the predominance as well as opportunities in the areas of agricultural and primary activities in the area.

The Koshi Hills recorded a fluctuating trend of poverty showing decline in the recent times. The poverty level in 1995/96 is significantly lesser than the national average. It is comparable to the neighbouring districts (Ilam and Khotang) but lower than in the Tarai districts. The lower poverty level of 1995/96 compared to the national level may be explained among others by development initiations in the region in the seventies and the eighties particularly at the aegis of the UK development initiations. However, poverty is still an important issue for the area despite the fact that social indicators have exhibited continuous improvement. It should be further noted that poverty level in the Koshi Hills area is lower than the national average. The major factor explaining it is remittances but in totality it reflects the improvement in the quality of life as also exhibited by changing pattern of household level consumption and expenditure.

Remittances are proving to be an important source of contribution with meaningful impact to Nepal particularly in a situation seriously impinged by conflict and political instability. At a time, when economic stagnancy is overriding, job creation is becoming arduous, opportunities to work abroad and generate remittances opened up a whole new avenue of economic wellbeing in the country. Migrating abroad for job is not a new phenomenon for Nepalese in general and the Koshi Hills people in particular with migration for joining British and Indian army. With the beginning of the conflict in 1996, more people began to migrate to Middle-East, Malaysia and other countries for jobs and economic opportunities and the trend has continued and is expected to continue in future too. Remittances have been, as a result, continuously growing and it is true for the Koshi Hills too. Among the four Koshi Hill districts, Sankhuwasabha received the highest per capita remittances as per NLSS II and Bhojpur received the highest per capita remittances as per NLSS III. The amount for other three districts tends to be similar. Comparatively, the neighboring districts particularly Khotang and Sunsari (Koshi Tarai) received much higher remittances. The contribution of remittances in poverty reduction is estimated to be significant at 54 percent (LFP, 2009). Changes were also noted in the similar way by the impact assessment study of Rural Access Programme, 2012.

A number of industries and activities operated in the Koshi Hills in 2011. Dhankuta has the largest number (491) followed by Sankhuwasabha (468) and Terhathum (331). Bhojpur, as also exhibited by other economic indicators, has the lowest number of enterprises (242). The largest number of enter-



prises was in the services sector (61.1%). Others included agricultural (5.9%) and mineral based enterprises (5.5%).

The major trade outflows included medical herbs, agricultural products, forest products and animal products. The most important outflows included vegetables (48,619 tonnes per annum), potatoes (36,051 mt), fruits (14,075 mt), milk and milk products (5,973 mt) and others (8,000 mt). The major market for vegetables and live animals is India, while Dharan and Biratnagar, which mostly act as transit points, are major domestic markets for the Koshi Hills products. Compared to seventies and eighties, the estimation for 2009 showed significant increase particularly in outflow of goods meaning that the development efforts of three decades have contributed in enabling the region to supply surplus products to surrounding areas including India. Particularly, the agricultural development efforts have yielded results and made the Koshi Hills a supplier of surplus products. This is a positive result of the development efforts in the region.

## Impact Assessment

Impact on poverty was measured as the impact of resources flow from the private sector considered as private investment (PI), resource flow (government expenditure) from government as government investment (GE), and population as an indicator of human resource (POP). The other resources involved remittance (Remit) and resource from donor agencies (DON), and GDP as an indicator of economic growth. These factors were considered as affecting poverty.

The results show that government investment and remittances mainly contributed in poverty reduction while donor funding partly explained poverty reduction. It means the efforts done by using those resources have led to reduce poverty while population increase has also increased poverty (positive relationship). The explanatory power of the model is 72.56 percent. The conclusion of the result is that one percent increase in donor assistance has been successful to reduce poverty by 0.031 percentage point.

The economic growth in the area is explained by private investment and partly explained by donor funding, government investment and remittances. All types of resources used from various agencies of economy have positively contributed to improve the economy of the Koshi Hills. The economies of scale are observed in the use of resources, particularly, the private sector investment is found to be the single most important factor in explaining growth of the area. For generating favorable impact in enhancing private sector participation, the enabling environment created by the efforts and investment of the government and donor cannot be undermined. However, the contribution of remittances in generating growth is very low while having notable contribution in poverty alleviation confirming that remittances are mostly used for consumption purposes and are yet to be used for creating foundation for future development

### Short term and Long term Impact on Economic Growth

Impact	Remittance	Private investment	Population	Donor Funding	Government Expenditure	Technology Development
Short term elasticity	0.015	0.398	0.071	0.030	0.045	-0.163
Long term elasticity	0.023	0.625	0.112	0.046	0.072	-0.257

In view of the findings and the conclusions, there is a strong need to make focused investments in close collaboration and cooperation with the government, private sector, communities and the development partners. The development strategy should be based on long term planning and strategizing identifying the potentials, needs and the prospect of the regions. Efforts must be made to use available resources intensively mitigating the scope and prospect of mis-use and sub-optimized use. The environment for growth and development must be improved in order to ensure sustainable growth and development. The environment must be improved providing necessary incentives if necessary to ensure productive investment of such resources at least partly. The opportunity of remittances should be considered as a medium term prospect only by shifting to gradual creation of employment and economic opportunities within the country. Currently, remittances should be encouraged for using in productive use in order to derive long term benefits. Additionally, baseline information needs to be maintained while initiating important development projects.

# 1. Introduction

## 1.1 Background and the Context

Poverty in Nepal is pervasive, largely chronic, and reflected in dimensions of social and human progress. Nepal is one of the poorest countries in terms of not only per capita income but also in all socio-economic aspects such as life expectancy, infant and maternal mortality rate, adult literacy, per capita calorie and malnutrition. Nepal's population of 27 million continues to experience high levels of poverty, especially rural poverty, and high levels of unemployment and underemployment. It is estimated that approximately half of the available work time of Nepali adults is underutilized. More than seventy percent of the population depends for its livelihood on agriculture, with its seasonable off-season and slow periods. The problem of long standing, and decades of government programmes and donor activities have attempted to stem the tide.

Nepal came out of a decade long conflict that took place between 1996 and 2006. The conflict ended following the signing of the Comprehensive Peace Agreement (CPA) by the State, composed of the Seven Party Alliance, and the Maoist fighters.

The challenges faced by Nepal relates to the 6.7 million people living in poverty (25% poverty rate). The poverty rate is exacerbated by a large number of new job seekers mainly youth coming in the market (about 450,000 annually). Even those employed find it difficult to escape poverty, mainly related to under-employment. The domestic economic challenges have contributed to the large outflow of economically active population, mainly young males. Some estimates indicate that more than 1,000 workers per day leave Nepal to work in the Gulf, Malaysia and other East Asian countries. Such outflows are also exacerbated by limited opportunities at home.

Nepal has tried, during the various past regimes, to initiate development programmes to transfer the economy and improve the quality of life of the people. Planned economic development has been started since 1956 but the completion of 12 plans (the current is the twelfth plan) has not given much to be satisfied with the pace of development with the continued prevalence of poverty, deprivation and inequity.

Nepal's development has been strongly assisted by its development partners. One of its major partners, UK, has assisted the development of the Koshi Hills area since the late sixties comprising of the four districts namely, Bhojpur, Dhankuta, Sankhuwasabha, and Terhathum. The first development initiative is Gurkha Reintegration Service (GRS) later named as Pakhribas Agriculture Centre (PAC) in 1968. The area was devoid of any connectivity and to overcome it, the UK government assisted in constructing Dharan-Dhankuta highway opening the connectivity of the region. This was followed by a number of other development initiatives like the Koshi Hill Rural Integrated Development Project (KHARDEP) (1977-1989). Various other donor agencies also started working in the area to promote the development in the area. The current attempt is to assess the impact of development initiatives launched in the area to understand the changes and contribution thereof and to get the lessons from such development efforts.

## 1.2 Objectives

The objectives of this research are:

- To quantify and characterize the economic, and social changes in the Koshi Hills over the last 40 years and in so doing assess the impact and contribution of the different development interventions supported by a range of actors, including Government, donors, NGOs and the private sector, to these changes.
- To test and assess the validity and rigour of methods that can be applied to retrospective evaluations of long-term aid within wider contexts of development investments to help provide guidance on how to undertake such studies in other countries and sectors.

## 1.3 Scope of the Study

Monetary flow and total investments made by various donors, organizations and governments in the Koshi Hills by:

- Organizations- governments, donors, and private institutions;
- Amount;
- Disaggregated by Activities/Sectors;
- Time (individual years, possibly since the last 40 years);
- Disaggregated Area (Districts), where possible;
- Trend of sector-wise resource flows (government/donors/private sector) across the study area over a period of 40 years;
- Assessment to determine 'value for money' in terms of external inputs;
- Analysis of flows of commodities between the four districts of the Koshi Hills and two Tarai districts – Sunsari and Morang;
- Analysis of yearly Foreign Aid contribution to the GDP in the Koshi Hills for last 40 years; and
- Assessment of inflow of remittance and its contribution to the GDP in the Koshi Hills

## 1.4 Methodology

The activities carried out were as followings:

- Identification of government and donor funding:  
In this respect soft data are available for the period, 1998 to 2011 but the past data are not available. The Redbook (both NPC and MoF) is available from 1991 only. Based on these and the actual expenditure from the national total available from the economic survey reports, expenditures were estimated for the period 1971-1997.
- Estimation of district and sector wise GDP and development indicators are made based on NLSS (I, II, III), Nepal Human Development Report, 1998 and Nepal Human Development Report, 2004 and the Regional Plan Report, 1989. The projections and estimations are done adopting the following approaches.

### 1.4.1 Steps Involved in Assessing Economic Status of the Koshi Hills

- Projection of national GDP is done from the estimates of income both at district and national levels made in Regional Plan (1989), NLSS (1995), HDR (1998), HDR (2001), NLSS (2003) and NLSS (2010). A trend is fitted to obtain income data over a period of time from 1989 to 2010. The growth rate between 1989 and 2010 is used for backward projection from 1988 to 1971 and for 2011.
- A national aggregate GDP is computed from the use of sources other than National Accounts prepared by CBS providing district level income.

- An adjustment factor is computed from the GDP computed from other sources and GDP estimate in the National Accounts prepared by CBS.
- The adjustment factor so computed is used to adjust district level GDP to make compatible with GDP as shown in the National Accounts.
- The agriculture GDP at district level is computed from the share of agriculture income as shown in NLSS I, II and III except for the 1998 and 2001 as HDR data is available for the periods.
- In computing the GDP for the sectors other than agriculture, it uses the share as it is in HDR (1998) and HDR (2003).
- Private investments have been estimated from the national total estimates based on the economic survey reports.

#### 1.4.2 Models Used for Assessing Economic Impact of Development Interventions

After obtaining the GDP at district level and other necessary investments by various agencies in the Koshi Hills, a model which facilitates to estimate the impact of development intervention is formulated. The specification involves one for poverty and another for measuring the impact on the economy. The model for poverty is formulated as following:

$$\text{Log(Pov)}_{it} = B_0 + \beta_1 \text{Log(Remit)}_{it} + \beta_2 \text{Log(PI)}_{it} + \beta_3 \text{Log(POP)}_{it} + \beta_4 \text{Log(DON)}_{it} + \beta_5 \text{Log(GE)}_{it} + \beta_6 \text{Log(GDP)}_{it} + \beta_7 \text{Log(TR)}_{it} + \dots + U_{it}$$

Where,  $(Pov)_{it}$  = % of poverty for district I at time t,  $(Remit)_{it}$  = Remittance for district i at time t,  $(PI)_{it}$  = Private investment for district i at time t,  $(POP)_{it}$  = population for district I at time t,  $(DON)_{it}$  = Donors funding for district i at time t,  $(GE)_{it}$  = Government expenditure at time t,  $(TR)_{it}$  = trend for district i at time t as a proxy for technology development and level of awareness, and  $GDP$  = Gross domestic product for district i and at time t.

The model needs improvement if the problem of autocorrelation existed. Similarly, another specification for measuring the impact of development intervention involves a growth model which considers Output as a function of inputs (Output = f(input)). As inputs are resources, resources flown from various agencies are considered as independent variables in the model. More specifically, the model involves:

$$\text{Log(GDP)}_{it} = B_0 + \beta_1 \text{Log(Remit)}_{it} + \beta_2 \text{Log(PI)}_{it} + \beta_3 \text{Log(POP)}_{it} + \beta_4 \text{Log(DON)}_{it} + \beta_5 \text{Log(GE)}_{it} + \beta_6 \text{Log(TR)}_{it} + \beta_7 \text{Log(GDP)}_{it-1} + \dots + U_{it}$$

Where,  $(Remit)_{it}$  = Remittance for district i at time t,  $(PI)_{it}$  = Private investment for district i at time t,  $(POP)_{it}$  = population for district I at time t,  $(DON)_{it}$  = Donors funding for district i at time t,  $(GE)_{it}$  = Government expenditure at time t,  $(TR)_{it}$  = The trend of technology development and change in the level of awareness for district i at time t, and  $GDP$  = Gross domestic product for district i and at time t, and  $(GDP)_{it-1}$  = Lagged GDP it.

Introducing lagged GDP<sup>1</sup> as an independent variable in the model will help to estimate the long term impacts of the variables and the speed of adjustment meaning adjustment of actual GDP to desired

<sup>1</sup>Theoretically, inclusion of lagged dependent variable, as it is lagged GDP in this case, carries important implications in theory building. This is known as Stock Adjustment Model developed by Marc Nerlove in 1958. This model

level of GDP by some factor say  $\lambda$ . The value of  $\lambda$  should lie in between one and Zero. The process will help to examine economies of scale of the use of resources.

- Trade flow data are estimated based on Jha and Weiss (1972), CEDA (1973-75), KHARDEP (1982) and NPC/ADB (2007) and the field office records. For the current estimation, it was estimated based on the field office records and discussion at the four district headquarters in course of the present study.
- The detailed technical notes are prepared to provide the total methodology.

## 1.5 Limitations

This study has been conducted with profound limitations of data and information. Some major limitations are as follows:

- Government expenditure and donor funding are available on a district wise basis from 1998 onwards only. However, total government expenditure for the country is available for the required period.
- Estimations of GDP and/or per capita income basis are available on a patchy basis only. It is available for 1989 from Regional Plan for 1995 from NLSS I for 1998 from Nepal HDR 1998, for 2001 from Nepal HDR 2004 for 2003 from NLSS II and for 2010 from NLSS III. Data from NLSS were computed by processing the raw data. Thus, time series data was not available.
- Similarly, private sector investment estimations were not available and have to be estimated on totality.
- The data and information on trade flows was also available on a skeleton basis for very limited period only.

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rationalizes the Kyock model which starts from distributed lag model and ends with autoregressive model; leading to simplification of the model i. e. a model with a large number of lagged independent variables (distributed lag model) is made simple formulation of autoregressive model by Kyock. It facilitates to measure long term and short term impact. This is a modified and refined version of Kyock model. In this model usual test of DW is not applicable rather DW "h" is to be used to identify the problem of auto correlation in the model. It hypothesizes that  $(GDP)_t - (GDP)_{t-1}$  equals to  $\lambda(GDP_t^* - GDP_{t-1})$ . It means actual GDP change at given time period t is some fraction of  $\lambda$  of the desired change for that period. And the value of  $\lambda$  should fall in between zero to one.  $\lambda$  is known as speed of adjustment.

## 2. Structure and Changes in the Koshi Hills Economy

### 2.1 Structure and Composition of the Koshi Hills Economy

Nepalese development, as exhibited by its growth rate, is characterized by slow growth leading to persistence of pronounced deprivation and poverty. This, to a lot of extent, is true in respect to the Koshi Hills as well. One of the objectives of development interventions is to improve the well being of the people that, among others will include alleviation of poverty. The percentage of population below poverty line in Nepal decreased from 42 percent in 1996 to 31 percent in 2003 and further to 25.4 percent in 2009. Despite impressive records in poverty reduction, the structural problems of the economy like economic disparities both spatially as well as within among communities and inequitable access to productive resources and means are still prevalent.

The Koshi hills, comprising the four districts of the Koshi Zone, as elsewhere, is deprived of connectivity and basic means and amenities required for development. UK assistance leading to the initiation of connectivity in the form of Dharan-Dhankuta highway and introduction of the Koshi Hills Rural Development Projects, KHARDEP, brought about significant changes leading to transformation in the Koshi Hills economy mainly in the areas of agriculture, trade and services. Resultantly, the changes have been noticeable and the economy transformed in a notable manner though the growth rate, however, has been far from satisfactory probably indicating the overall development trend of the country.

### 2.2 Investments

The main sources of investments in these districts, as is elsewhere, are government, donors and private investments. Despite limited time series data for government expenditures, estimations were made based on the trend of 1998-2010 and on the basis of the actual public expenditure for the country from 1971-2010.

Total government investments, including both the capital and recurrent expenditures, have been growing continuously and rapidly as in current price such investments have increased by 838 times during the period. The annual average growth is around 9-10 percent for The Koshi Hills which is similar to the nation-wide trend as well as in the neighbouring districts. The size variation is mainly explained by the population size of each individual district but a few districts enjoyed better allocation right from the beginning for example, Morang, Ilam and Dhankuta. Among the Koshi Hill districts, Dhankuta being the focus of administrative centre and development has received greater attention. Despite efforts in recent times to bring equity in distribution, Dhankuta still marginally enjoys higher investments say compared to Bhojpur which has higher population size.

#### 2.2.1 Donor funding

Koshi Hills remain an area of attraction for donors particularly with the early involvement of UK in the area. Dhankuta particularly has received relatively larger donor funding which continues even today. The distribution of donor funding does not appear to be harmonious for example, Khotang, Sunsari and Sankhuwasabha, in recent times, have attracted significantly lesser funding while Morang, Ilam, Bhojpur and Dhankuta have received higher funding. In view of the diverse results, no conclusive evidences can be deduced from it as to the impact on growth and development.

Table 2.1: Districtwise Total Expenditure in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Khotang	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	All Nepal
1971-72	79.4	261.3	237.0	24.3	51.8	17.6	19.4	28.1	15.6	16.3	10589.9
1981-82	273.1	686.2	581.9	104.3	152.1	65.8	67.5	96.4	56.0	53.3	28040.4
1991-92	594.7	1187.0	903.9	283.1	282.3	155.3	148.8	208.9	126.8	110.3	46974.1
2001-02	1192.7	2605.5	1863.6	741.9	399.7	401.8	302.8	414.5	268.6	206.8	77037.0
2010-11	2693.6	4073.8	2166.2	1907.6	948.3	813.8	687.2	936.5	616.0	453.9	130010.9
Mean Annual Growth 1971-2010 (%)	9.46	7.30	5.84	11.84	7.74	10.32	9.58	9.41	9.88	8.91	6.56

Source: Estimated from Comptroller General Office Records, (Annex 11).

Table 2.2: District wise Donor Funding in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Khotang	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	All Nepal
1971-72	19.42	0.94	0.00	0.94	5.42	2.58	3.68	7.96	3.21	4.58	3344.14
1981-82	101.61	6.06	0.05	6.02	19.00	9.63	20.32	40.65	20.32	20.32	9012.48
1991-92	132.13	25.05	1.24	23.81	41.24	22.28	30.87	40.12	36.84	24.29	15044.01
2001-02	80.26	766.90	735.45	31.46	30.47	101.89	13.61	29.24	20.59	16.80	13839.57
2010-11	476.87	628.89	297.17	331.72	173.70	131.60	110.41	207.07	90.98	68.41	39787.22
Mean Annual Growth 1971-2010 (%)	8.55	18.14	37.68	16.23	9.30	10.61	9.11	8.72	8.96	7.18	6.56

Source: Estimated from Comptroller General Office Records (Annex 13).



But there is clear evidence that major development initiations in the area started with the improved infrastructural linkage particularly through the construction of Dharan-Dhankuta road and initiation of a number of development initiatives. Hence, this contribution cannot be taken away despite the fact that the overall growth may not be too striking as the existing available evidences would suggest. It may therefore be concluded that involvement of development partners, particularly UK in the region, is the evident driver of change for the region.

### 2.2.2 Private investment

In the absence of estimates, private investments were estimated on the basis of NLSS and national development plan estimates. The estimated private investment is lesser than the government investment. Private investments are estimated to have grown about 3.6 percent per annum in the Koshi Hills with Sankhuwasabha leading with 4.4 percent per annum growth. This average is relatively lower than in neighbouring hill districts but higher than in Tarai. The lower growth in the Tarai may be due to higher base of estimated private investments in its districts. Particularly noteworthy is the growth in Ilam that recorded 82 percent growth for the period reinforcing the fact that the initiatives of the community and people in the district is the primary driving force for the change and development that have occurred in the district.

Table 2.3: Private Investment in KH and Neighboring Districts in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhankuta	Sankhu wasabha	Ter-hathu m
1971	477	2459	1625	834	65	122	126	165	81	106
1981	466	2139	1315	824	103	130	121	162	86	96
1991	847	3038	1755	1283	266	244	214	289	183	161
2001	1649	5119	3133	1986	790	507	444	422	460	324
2010	1880	6623	3234	3390	1377	644	469	658	435	319
Annual Growth (%) 1971-2010	3.58	2.57	1.78	3.66	8.16	4.36	3.43	3.61	4.41	2.86

Source: Estimated from various national development plans (Annex 9).

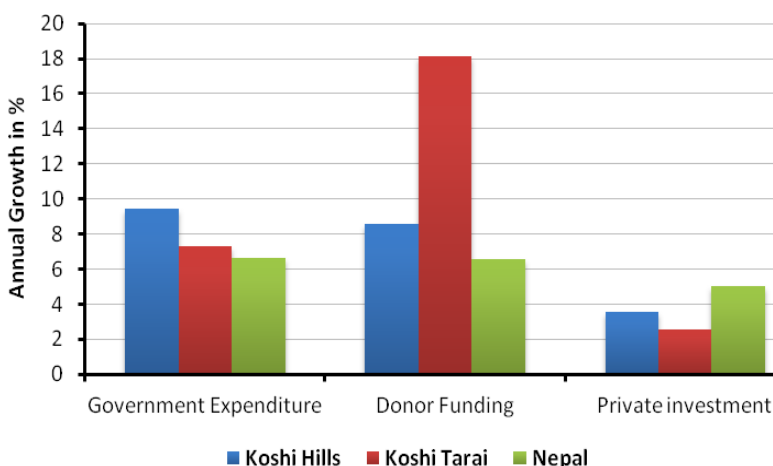
## 2.3 The Size and the Growth of the Koshi Hills Economy

First of all, due to sketchy data, district level accounts were prepared as explained in the technical notes (Annex 27) on the basis of per capita income or district level GDP estimated from Regional Plan, 1989, NLSS I, II, III and Nepal HDR 1998 and 2004. The economic growth rate for the Koshi Hills is estimated at 2.79 percent as compared to 1.79 percent for the Koshi Tarai and 4.24 percent for Nepal, meaning that though the Koshi Hills have been able to perform better in comparison to the Koshi Tarai, the growth is less than the average national growth rate. The growth in recent times during the years 2001-2010 appears to have slowed down in the Koshi Hills except for Dhankuta compared to the national average. It should be noted that since the population growth rate of Tarai is much higher than that of Hills<sup>2</sup>, the average improvement in per capita income is higher in the Koshi Hills meaning that the development interventions in the Koshi Hills have been rewarding. Including remittances, the gross national disposable income (GNDI) of the Koshi Hills grew at 3.01 percent per annum compared to

<sup>2</sup> The population growth rate in the Koshi Hills was 0.34 percent per annum during the period 1971-2011 while it was 3.04 percent per annum for the Koshi Tarai.

2.13 percent for the Koshi Tarai further reinforcing the above conclusion that the Koshi Hills have done better than the Koshi Tarai in terms of growth.

In terms of per capita income, the Koshi Hills in totality grew about 2.5 times during the period compared to 2.2 times for the country as a whole. It shows that the Koshi Hills, with appropriate interventions (such as Pakhribas Agriculture Research Centre, Seed Production Programme for distant areas, KHARDEP, Livelihood Forestry Programme, etc) have definitely been able to perform better. Proportionately, of the national average the average per capita income of the Koshi Hills increased from 76 percent in 1971 to 87 percent in 2010. Compared to neighbouring districts, however, the scenario may be different. The Tarai with higher base has not been able to perform equally. However, all hill districts including the Koshi



**Figure 1: Average annual growth, 1971-2010**

and the adjoining ones have done well. Interestingly both Ilam, which recorded one of the best growths with 7.5 times in the country and even Khotang, which perhaps being the latest in infrastructure development, has been able to grow 3.0 times meaning that the overall development of the Koshi Hills represents a general trend of growth in the hill area of Nepal rather than with any special trend in the Koshi Hills area alone.

**Table 2.4: GDP of the Koshi Hill Districts in Million NRs (Constant Price)**

Year	Koshi Hills	Koshi Tarai	Morang	Sunsari	Ilam	Khotang	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Nepal
1971	4524	23307	15404	7903	613	1156	1191	1562	766	1005	128371
1981	4849	22257	13681	8575	1071	1351	1261	1686	900	1002	162071
1991	6681	23973	13849	10124	2102	1925	1685	2283	1441	1272	265802
2001	10460	32461	19869	12592	5009	3217	2816	2673	2916	2055	442027
2010	13225	46585	22744	23841	9685	4531	3297	4627	3058	2243	649381
Annual Growth 1971-2010 (%)	2.79	1.79	1.00	2.87	7.33	3.56	2.65	2.82	3.61	2.08	4.24

Source: Estimations of GDP are based on Regional Plan 1989; NLSS 1995; Nepal HDR 1998, 2001; NLSS 2003; and NLSS 2010. NLSS Data from NLSS were computed by processing the raw survey data (Annex 1).

Table 2.5: Gross National Disposable Income (GNDI) in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan kuta	Sankhu wasabha	Ter-hathu m
1971	4525	23309	15405	7904	635	1162	1191	1563	766	1005
1981	4855	22276	13688	8587	1125	1371	1261	1691	901	1002
1991	6714	24138	13909	10229	2203	1974	1690	2299	1449	1276
2001	10923	33629	20540	13088	5314	3422	2888	2761	3085	2189
2010	14404	52990	25045	27946	10287	4893	3583	4887	3428	2506
Annual Growth 1971-2010 (%)	3.01	2.13	1.25	3.29	7.40	3.75	2.87	2.97	3.92	2.37

Source: Annex 1 and Annex 7; Notes: GNDI includes remittance

It is interesting to note the big jump for Khotang, second to Ilam in 2010 giving a high incremental change, which is assumed due to remittances. There is a huge increment by three times in remittance between 2001 and 2010, despite the fact that many of the social indicators are relatively poor compared to the KH districts.

In district-wise terms, Dhankuta with its high base at the beginning of the analysis period due to the focus of development and concentration since long has been able to record only 1.9 times growth compared to 2.9 times for Bhojpur and Sankhuwasabha and 2.6 times for Terhathum. Among the Koshi Hill districts, Sankhuwasabha has been able to attain higher growth mainly due to lower base. The growth is higher both in agriculture and non-agriculture GDP of the Koshi Hills as compared to the Koshi Tarai. The graph also clearly reveals that, in terms of per capita income, the Koshi Hills is being able to record better growth compared to the national average and the Koshi Tarai. The growth is particularly encouraging in the 80's and the 90's. The Koshi Tarai is doing well from the mid 80's. However in respect to Nepal, stagnation is noted in terms of growth in per capita terms since the 80's.

Table 2.6: Per Capita Income at Current Price

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan kuta	Sankhu wasabha	Ter-hathu m
1971	4525	23309	15405	7904	635	1162	1191	1563	766	1005
1981	4855	22276	13688	8587	1125	1371	1261	1691	901	1002
1991	6714	24138	13909	10229	2203	1974	1690	2299	1449	1276
2001	10923	33629	20540	13088	5314	3422	2888	2761	3085	2189
2010	14404	52990	25045	27946	10287	4893	3583	4887	3428	2506
Increment in times ('71-2010)	3.01	2.13	1.25	3.29	7.40	3.75	2.87	2.97	3.92	2.37

Source: Estimated from Regional Plan 1989, NLSS 1995, HDR 1998, HDR 2001, NLSS 2003 and NLSS 2010 and Population Censuses.

Table 2.7: Per Capita Income at Constant Price

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Khotang	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum
1971	8444	44395	51082	35370	4395	7082	6122	14509	6702	8427
1981	8908	25312	25588	24885	6007	6357	6545	12992	6954	10838
1991	11325	21060	20522	21844	9172	8914	8479	15597	10154	12361
2001	16297	22100	23563	20127	17712	13903	13872	16057	18314	18165
2010	21516	27569	23907	32368	32887	21450	17751	28150	19161	21816
Increment in time ('71-2010)	2.5	0.6	0.5	0.9	7.5	3.0	2.9	1.9	2.9	2.6

Source: Estimated from Regional Plan 1989, NLSS 1995, HDR 1998, HDR 2001, NLSS 2003 and NLSS 2010 and Population Censuses.

Compared to the neighbouring districts— Ilam and Khotang, it is true that the Koshi Hills have definitely lagged behind. The scenario in respect to Khotang is similar but Ilam with a very modest beginning in 1971, has been able to perform with glowing results and has become a show case example in Nepalese development. The reasons for Ilam's development, despite comparably less government efforts, include mainly the awareness and commitment of the people.<sup>3</sup>

The improvement in the livelihood and quality of life in the Koshi region is also supported by previous studies including LFP impact assessment in 2008 and the impact assessment of Rural Access Programme (RAP) in 2012. The impact assessment shows that there is a substantial increase in investment in income generating activities. There is a general increase in household spending capacity. With the opening of roads network, expansion of local markets, readily available of agricultural inputs like

<sup>3</sup>Ilam, during the last four decades, has been able to attain sound growth irrespective of the situation and changes thereon. It has been successful in attaining an average growth of 7.33 percent per annum during the period 1971-2010 meaning that this hill district has been able to attain double the national average growth. Though in per capita terms, it is still behind the national average, the impressive growth for a sustained period means that the district is properly geared towards sound growth. Some of the reasons for the growth may be attributed as followings:

- Being adjoined to Darjeeling area of India, the social consciousness and awareness as well as the exposure including in the area of entrepreneurship is better in this part of the country.
- Despite belated infrastructure development in the country including in Ilam, the close proximity to India and movements to and fro continued since long provided an avenue for exchange, trade, and exposure.
- During the time of Prime Minister Junga Bahadur's visit to China, it provided tea plants and these were planted in Ilam in view of the prosperous tea cultivation in adjoining Darjeeling and the surrounding areas. This not only made Ilam unique in the country from the tea cultivation perspective, the activity spread to households levels too enhancing their economic opportunities and opening avenues for trade.
- The social milieu of the district, as recorded by the discussion with the local people, showed close socio-cultural proximity with adjoining Indian areas that boosted close social links including marital relations. As part of the traditional dowry system, it was revealed that virtually all brides brought high milk yielding small breed cow as a dowry to Ilam. This led to cattle farming in the district making it the largest producer of milk in the country.
- People in the district, due to their proximity and exposure, are more active, enterprising and socially aware.
- Naturally too, the area receives one of the highest precipitations in the country making it highly suitable for agricultural activities. Tourism and other resources are also aplenty though they have yet to be properly utilised.

improved varieties of seeds and fertilizer, and increased in awareness level and knowledge of new agriculture technology, the food and livestock productions have been increased, thus resulting in improved food security and livelihood. There is a substantial change in agriculture system between pre- and post -RAP period particularly in the vegetable cultivation. In the post-RAP, almost all households along the road corridor seem to cultivate both summer and winter vegetables for home consumption as well as for selling whatever surplus they have in local markets, leading to change in the status of livelihood (IMC worldwide/Helvetas Nepal, 2012:29).

## 2.4 Composition of GDP

The Koshi Hills area is basically agrarian in nature as is the case in rural Nepal. The contribution of agriculture to GDP has gradually declined albeit slowly while that of the industry and the services sectors has improved commensurately. In totality, the contribution of agriculture to GDP has gone down from 73.3 percent in 1971 to 63.4 percent in 2010 which is still very high compared to the national proportion of around 36 % meaning that the economy of the region still is overwhelmingly agrarian and the industrial and services sectors, despite marginal growth, are still at periphery.

Table 2.8: Agriculture GDP of the Koshi Hill Districts in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan-kuta	Sankhu wasabha	Ter-hathu m
1971	3318	9526	5702	3535	538	614	850	993	604	800
1981	3354	8578	4776	3617	886	677	849	1011	669	751
1991	4357	8713	4559	4027	1640	909	1070	1291	1010	899
2001	7050	14591	9322	5413	3320	2093	1605	1732	2082	1570
2010	8390	10446	4885	5571	5883	2514	2226	2796	1549	1686
Annual Growth 1971-2010 (%)	2.41	0.24	-0.40	1.17	6.33	3.68	2.50	2.69	2.44	1.93

Source: Annex 2

The trend of the composition of GDP is more or less similar in all four districts of the Koshi Hills. In terms of change, the biggest change was noted in Sankhuwasabha with the agriculture GDP coming down to 50.6 percent in 2010 compared to 78.8 percent in 1971. In Terhathum, the agriculture GDP continued to dominate with 75.2 percent of total estimated GDP in 2010, which was significantly higher than the national average. The change is small in Terhathum and Bhojpur districts. It suggests the predominance as well as opportunities of agricultural and primary activities in the area. It is also confirmed by RAP impact assessment that finds the involvement of households in off-farm enterprises low though it recognizes potentials in promoting a number of micro enterprises once roads were operational (IMC Worldwide/Helvetas Nepal, 2012:29).

Table 2.9: Agriculture GDP as % of Total GDP in the Koshi Hill Districts

Year	Koshi Hills	Koshi Tarai	Morang	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan-kuta	Sankhu-wasabha	Ter-hathum
1971	73.34	40.87	37.02	44.73	87.73	53.11	71.41	63.59	78.83	79.52
1981	69.16	38.54	34.91	42.18	82.73	50.09	67.34	59.97	74.34	74.99
1991	65.21	36.34	32.92	39.77	78.01	47.23	63.50	56.55	70.10	70.71
2001	67.41	44.95	46.92	42.98	66.27	65.07	57.00	64.81	71.40	76.42
2010	63.44	22.42	21.48	23.37	60.74	55.48	67.52	60.43	50.64	75.17

Source: Annexes 1 and Annex 2.

Table 2.10: Non-farm GDP of the Koshi Hill Districts in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Moran g	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan kuta	Sankhu wasabha	Ter-hathu m
1971	1277	14070	9702	4368	75	542	340	569	162	206
1981	1568	13864	8906	4958	185	675	412	675	231	251
1991	2411	15388	9290	6098	462	1016	615	992	431	372
2001	3470	17727	10547	7180	1689	1124	1211	941	834	484
2010	4968	36129	17859	18270	3802	2017	1071	1831	1509	557
Annual Growth 1971-2010 (%)	3.62	2.50	1.58	3.74	10.58	3.43	2.98	3.04	5.89	2.08

Source: Annex 3.

Table 2.11: Industrial GDP of Koshi Hill and Neighboring Districts in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Moran g	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan kuta	Sankhu wasabha	Ter-hathu m
1971	256	6088	4325	1763	19	120	65	108	37	46
1981	315	5971	3970	2001	46	149	79	128	53	56
1991	487	6602	4142	2460	114	224	118	188	99	83
2001	709	7599	4702	2897	417	248	232	178	192	108
2010	1022	15333	7962	7372	938	445	205	346	347	124
Annual Growth 1971-2010 (%)	3.05	2.40	1.58	3.74	10.58	3.43	2.98	3.04	5.89	2.08

Source: Annex 4

## 2.5 Consumption and Expenditure

The mean expenditure and consumption reveals heterogeneous trend and diversity within and outside the Koshi Hills area. There has been a steady growth in consumption rate reflecting the overall improvement in the economy and the increasing ability of the households. Within the three survey periods, the change in consumption rate among all the quintile population was significant meaning that up gradation and improvement is noted among all segments including the poorest one. In the second NLSS, the population size in the lower quintiles increased sharply meaning that poor people increased more in the period and the scenario and the causes are explained in the poverty section. The NLSS III, however, showed significant improvement in the consumption situation as well as rise in the proportion of people at higher quintile levels indicating the overall improvement in the economy of the Koshi Hills.

Table 2.12: Trade and Service Sector GDP of Koshi Hill District in Million NRs (Constant Price)

Year	Koshi Hills	Koshi Tarai	Moran g	Sun-sari	Ilam	Kho-tang	Bho-jpur	Dhan kuta	Sankhu wasabha	Ter-hathu m
1971	1021	7693	5377	2606	57	422	275	461	125	160
1981	1253	7708	4935	2958	139	526	333	547	178	195
1991	1923	8658	5149	3637	348	792	497	805	332	290
2001	2761	10271	5845	4283	1273	876	979	763	642	377
2010	3946	20806	9897	10898	2864	1572	866	1485	1162	433
Annual Growth 1971-2010 (%)	3.90	2.58	1.58	3.74	10.58	3.43	2.98	3.04	5.89	2.08

Source: Annex 5.

At district-wide level, Dhankuta and Sankhuwasabha have the highest concentration in the highest quintile while in Terhathum the concentration is higher in the fourth quintile. Only in Bhojpur, the concentration is higher in the second, third and the fourth quintiles meaning that the district lags behind most others in the Koshi Hills and the level of poverty is also the highest in this district.

The average consumption is lesser than in Nepal reflecting that average situation of the hill region of the country rather than showing any special deprivation in the area. Further, the relative differences among the various quintiles are decreasing indicating lesser gap and therefore improved Gini coefficient as proven by the national level Gini coefficient that has improved during the NLSS III in contrast to deterioration in the NLSS II meaning that in consumption terms, inequity and differences are abating.

Based on the mean per capita consumption expenditure as shown in Table 2.13, the distribution of population by percent under each of the categories is given in Table 2.14. It is interesting to note that the percent of population in the fifth quintile group is decreasing over the period of time except in the Koshi Tarai districts.

Table 2.13: Mean Per capita Consumption Expenditure (in NRs) by Quintile and by Districts

NLSS I	1	2	3	4	5
Bhojpur	3353	3998	5624	7535	10642
Dhankuta	-	4353	5150	8560	11757
Sankhuwasabha	-	4239	5551	7674	14909
Terhathum	-	4333	6153	8020	14358
Total KH	3353	4248	5608	7862	13315
Morang	2733	4135	5643	7666	15555
Sunsari	2628	4096	5419	7808	16923
Ilam	3067	4145	5575	7493	16509
Khotang	1654	3892	5590	7671	15140
Total Koshi Tarai	2698	4120	5580	7730	16322
Nepal	2712	4144	5472	7571	16770
NLSS II					
Bhojpur	4862	6876	9334	14820	22768
Dhankuta	4949	7461	11049	13867	44127
Sankhuwasabha	4874	7546	10096	14479	22494
Terhathum	-	7702	10603	17687	22007
Total KH	4817	7316	10216	14842	28614
Morang	5129	7398	10445	14468	37598
Sunsari	5339	7651	10094	14449	45547
Ilam	4868	7927	10230	13972	33423
Khotang	4602	7063	9469	13993	27277
Total Koshi Tarai	5192	7490	10280	14458	40368
Nepal	4925	7390	10116	14765	44653
NLSS III					
Bhojpur	13993	19712	25772	37639	61480
Dhankuta	15051	18627	25716	35860	57923
Sankhuwasabha	10978	18603	27338	36162	60758
Terhathum	11936	20591	25964	36034	60461
Total KH	13428	19307	26111	36381	59638
Morang	14026	19263	25932	36497	75852
Sunsari	15317	20058	25888	36169	82213

Ilam	13086	19246	27050	36725	56986
Khotang	14367	19119	25582	35981	78129
Total Koshi Tarai	14246	19439	25911	36353	79628
Nepal	13167	19317	26253	36902	78504

Source: Poverty Analysis Report, 2012

Table 2.14: Distribution of Poor by Mean Per Capita Consumption Expenditure by Quintile

District	NLSS I					NLSS II					NLSS III				
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
Bhojpur	4.2	8.3	37.5	20.8	29.2	41.7	16.7	8.3	16.7	16.7	21.7	28.3	20.0	20.0	10.0
Dhankuta	0	12.5	16.7	8.3	62.5	36.1	27.8	8.3	2.8	25.0	8.3	10.4	22.9	22.9	35.4
S_sabha	0	16.7	19.4	25.0	38.9	14.6	12.5	27.1	33.3	12.5	5.6	12.5	16.7	30.6	34.7
Ter-hathum	0	4.2	8.3	29.2	58.3	0	8.3	25.0	16.7	50.0	4.2	16.7	25.0	41.7	12.5
Total KH	0.9	11.1	20.4	21.3	46.3	26.5	17.4	16.7	18.9	20.5	10.8	17.2	20.1	27.0	25.0
Morang	26.0	22.9	24.0	19.8	7.3	18.1	15.3	21.5	20.1	25.0	9.3	21.6	20.1	29.9	19.1
Sunsari	15.3	19.4	18.1	23.6	23.6	10.2	14.8	25.0	28.7	21.3	3.0	7.7	23.8	27.4	38.1
Ilam	6.3	2.1	16.7	31.3	43.8	8.3	6.3	16.7	29.2	39.6	8.3	9.5	27.4	40.5	14.3
Khotang	4.2	8.3	25.0	37.5	25.0	20.8	20.8	25.0	16.7	16.7	15.0	13.3	30.0	30.0	11.7

Note: Scale 1 is poorest; 5 is richest. Source: Poverty Analysis Report, 2012

## 2.6 Poverty

Poverty in Nepal is endemic with the persistence of widespread poverty despite decades of efforts towards its alleviation. One positive note in recent times, however, is the continuous improvement in the last decade and half or so in this direction despite the country being engulfed in conflicts and political instability derailing in many aspects the pace as well as direction of development.

The trend of poverty<sup>4</sup> in the Koshi Hills shows increment in the NLSS II report compared to the first and shows decline in the third report. This trend is different from the national scenario that recorded continuous decline from 42.0 percent in 1995-96 to 30.8 percent in 2003-04 and further to 25.4 percent in 2010-11. In the Koshi Hills, the poverty level in 1995-96 was significantly less than the national average. It is comparable to the Koshi's neighbouring hill districts but lower than in neighbouring Tarai districts. The lower poverty level of 1995-96 compared to the national level may be explained among others by development initiations in the region in the 1970s and the 1980s particularly at the aegis of

<sup>4</sup> Poverty has been calculated using 2134 calorie per person per day requirement in 1995-96. In NLSS II (2003-04), the calorie requirement has been adjusted to 2143 taking into account the change in the demographic structure of the country. In NLSS III, the poverty level was defined at 2220 calorie per capita taking into account the status of development. In terms of income level, it comes at Rs 4406, 7956 and 19261 respectively at the current prices. The poverty line in Nepal is higher than PPP \$ 1.00 per day. The Nepalese definition of 2010 is very close to PPP \$ 1.25. It is estimated that at PPP \$ 1.25, poverty in Nepal is estimated around 24.8 percent.



the UK development initiations in the form of infrastructure development, KHARDEP and other activities.

Table 2.15: Level of Poverty in the Koshi Hill Districts and its Neighboring Districts

Districts	NLSS 1 (1995-96)	NLSS 2 (2003-04)	NLSS 3 (2010-11)
Bhojpur	25.0	58.3	21.7
Dhankuta	25.0	55.0	10.4
Sankhuwasabha	19.4	22.9	13.9
Terhathum	4.2	8.3	4.2
<b>Koshi Hills</b>	<b>18.5</b>	<b>40.2</b>	<b>14.2</b>
Morang	47.9	16.0	17.2
Sunsari	31.9	10.2	5.4
Ilam	12.5	12.5	10.7
Khotang	20.80	20.80	20.80

Source: Poverty Analysis Report, 2012

Table 2.16: Food and Non-food Poor in the Koshi Hill Districts and Its Neighboring Districts

Districts	NLSS I (1995-96)		NLSS II (2003-04)		NLSS III (2010-11)	
	Food Poor	Non-food Poor	Food Poor	Non-food Poor	Food Poor	Non-food Poor
Bhojpur	25.0	45.8	52.8	63.9	20.0	27.7
Dhankuta	33.3	16.7	47.2	61.1	6.3	14.6
Sankhuwasabha	25.0	33.3	14.6	60.4	12.5	25.0
Terhathum	12.5	12.5	0	16.7	4.2	12.5
<b>Koshi Hills</b>	<b>24.1</b>	<b>27.8</b>	<b>32.6</b>	<b>57.6</b>	<b>12.2</b>	<b>23.0</b>
Morang	59.4	50.0	17.4	22.2	17.2	29.4
Sunsari	34.7	33.3	20.6	13.9	5.4	12.5
Ilam	16.7	37.5	10.4	22.9	10.7	11.9
Khotang	29.2	29.2	33.3	66.7	13.3	21.7

Source: Poverty Analysis Report, 2012

During the second NLSS period poverty increased significantly in the Koshi Hills area as the average increase in income in current prices is only 1.25 percent compared to 97.17 percent at the national level for the period 1995-96 to 2003-04. The trend is similar in the neighbouring Khotang district as well. However, in other neighbouring districts, the trend more or less confirms to the national trend.

Two factors may explain the significant rise in poverty or inability to increase income level particularly in Dhankuta and Bhojpur districts. These are relative weak agriculture production in the region and the second plausible cause may be the impact of conflicts, which was relatively more severe in these two Koshi hill districts. During the first and the second NLSS period, the food production increased by 10.7 percent in the Koshi Hills compared to 26.3 percent in its neighbouring districts and 24.0 percent in the country as a whole. It clearly shows that aggregate food production in the Koshi Hills is substantially lower than the national and the neighbouring districts level. The growth in food production in the Koshi Hills is less than the population growth rate in the area that may explain the rise of poverty in the region during NLSS II.

Table 2.17: Poverty Lines for the Koshi Hill Districts and Its Neighboring Districts (NRs)

Koshi sub-areas	Districts	NLSS 1 (1995/96)			NLSS 2 (2003/04)			NLSS 3 (2010/11)		
		Total	Food	Non-food	Total	Food	Non-food	Total	Food	Non-food
Koshi Hills	Bhojpur	5369	3939	1429	8070	5311	2758	16550	12297	4254
	Dhankuta	5398	3741	1657	8013	5181	2833	17307	12173	5133
	Sankhu-wasabha	5369	3939	1429	8070	5311	2758	19859	13295	6564
	Terhathum	5369	3939	1429	8070	5311	2758	16550	12297	4254
Neighbouring Districts	Ilam	5384	3840	1543	8028	5213	2814	16982	12227	4751
	Khotang	5369	3939	1429	8070	5311	2758	16550	12296	4254
Koshi Tarai	Morang	4848	3221	1627	6686	4522	2164	18617	11501	7116
	Sunsari	4655	3114	1541	6889	4588	2301	18994	11538	7457
Total		5192	3594	1597	8026	5130	2896	19261	11929	7332

Source: Poverty Analysis Report, 2012.

The NLSS III shows decline in poverty. The rate of decline was higher in the Koshi Hills meaning that the region has been able to recoup from the aftermath of conflicts and other challenges. Among the districts, Bhojpur with limited access and larger population has more pronounced poverty and Terhathum, the smallest among the districts, has the least problem of poverty. There is significant heterogeneity in chronic poverty among the KH's four districts. Based on the ranking analysis, Bhojpur is the worst on four of the dimensions (severity, basic services and standard of living, women's empowerment and gender disparity) while Sankhuwasabha is the worst on health and nutrition. The KH's four districts could be split into two homogeneous groups, with Bhojpur and Sankhuwasabha together in one group and Dhankuta and Terhathum together in other group to demonstrate some compatibility.

In terms of segregation of food and non-food poverty, Bhojpur and Sankhuwasabha have relatively more pronounced non-food poverty, while Dhankuta has the problem of food poverty particularly during NLSS I and NLSS III. In NLSS III, the situation of non-food poverty is more pronounced meaning that there might have been an improvement in the status of access to food security in the region.

## 2.7 Social Dimensions

Along with the poverty an attempt has also been made to assess the status of some key social indicators that reflect the overall status of deprivation or otherwise to corroborate with the findings of poverty and understand the true nature of poverty.

The literacy rate of the Koshi Hills improved continuously from 48.8 percent in 1995-96 to 61.7 percent in 2010-11 keeping in line with the national scenario. Its literacy rate was slightly above the national average of 60.9 percent in 2010-11 though in terms of change, there has been a greater change at the national level with 61.1 percent improvement during the period 1995-96 to 2010-11 compared to 26.4 percent in the Koshi Hills. But the Koshi Hills area is slightly behind in the status of literacy than its neighboring districts. Similarly, access of the households to piped water in the KH has improved from 31.2 percent to 62.3 percent between the same two periods. The improvement in the access to piped water during the period is 99.7 percent which is significantly higher than the change in the national scenario which comes at 36.4 percent. Access to house is also satisfactory with 96 percent of households having their own house. Change in access to electricity is striking with increased from 1.4 percent households in 1995-96 to 51.8 percent in 2010-11. This can be compared to increase of 14.1 percent to 69.9 percent at the national level between the same two years. It means that within a dec-

ade and half, the Koshi Hills area has almost reached to the national level from virtually a situation of non-existence in electricity access.

Similarly, the households with telephone connection increased from 2.6 percent in 1995-96 to 10.1 percent in 2010-11, which almost being with the national level. Satisfactory improvement is also noted in the toilet facility that increased from 21.4 percent households having toilets in 1995-96 to 63.8 percent households having toilets in 2010-11. It was better than the national average (56 %). It shows that in terms of sanitary indicators, the Koshi Hill has done relatively well. Barring for the poverty situation in 2003-04 (NLSS II), the social and sanitary indicators fully corroborate with the change in poverty situation. The status of poverty and social dimension indicates that the Koshi Hills area has been performing satisfactorily both in poverty and social dimension terms compared to the national scenario. In other words, social indicators have also improved in the Koshi Hills along with the reduction in poverty.

Table 2.18: Distribution of Households (in percent) by Some Basic Social Facilities among the KH Districts and Neighbouring Districts

District	NLSS I (1995/96)				NLSS II (2003/04)				NLSS III (2010/11)			
	Literacy rate 6 & above	% piped water	% hh in own house	% hh in rented house	Literacy rate 6 & above	% piped water	% hh in own house	% hh in rented house	Literacy rate 6 & above	% piped water	% hh in own house	% hh in rented house
Dhankuta	54.0	54.4	97.0	3.0	45.7	75.3	91.6	6.3	56.9	54.5	97.1	2.9
Terhathum	54.0	37.7	100.0	0.0	80.4	66.7	91.7	0.0	67.9	95.9	100.0	0.0
Sankhuwa-sabha	46.7	16.4	94.4	0.0	65.1	64.6	97.8	0.0	66.9	73.6	90.5	7.7
Bhojpur	43.1	24.6	95.9	4.1	45.0	53.6	100.0	0.0	57.9	44.8	98.3	0.0
Total	48.8	31.2	97.0	1.6	54.3	64.3	96.1	1.8	61.7	62.3	96.0	3.0
Ilam	50.8	49.1	93.7	0.0	65.0	53.9	96.6	3.4	76.2	89.3	97.5	0.0
Khotang	35.8	62.0	95.9	0.0	45.5	50.7	100.0	0.0	72.5	89.9	96.6	1.7
Total	45.9	53.7	94.5	0.0	57.1	52.7	97.9	2.1	74.5	89.6	97.1	0.7
Morang	39.2	0.0	77.8	0.0	62.9	20.7	83.8	10.5	63.8	8.5	88.3	7.9
Sunsari	33.2	0.0	88.0	2.2	48.7	29.6	89.7	4.4	69.6	49.3	86.6	10.7
Total	36.9	0.0	81.8	0.9	57.1	24.3	86.2	8.1	66.3	26.1	87.6	9.1

Source: Processed from NLSSs Raw Data I, II, and III.

Table 2.19: Distribution of Households (in percent) by Sanitary & Infrastructure Facilities among the KH Districts and Neighbouring Districts

District	NLSS I (1995-96): values in percent hh					NLSS II (2003-04): values in percent hh					NLSS III (2010-11): values in percent hh				
	Electricity	Telephone	Sanitary system	Garbage disposal	Toilet	Electricity	Telephone	Sanitary system	Garbage disposal	Toilet	Electricity	Telephone	Sanitary system	Garbage disposal	Toilet
Dhankuta	8.9	4.4	9.1	0.0	39.2	18.8	<b>6.3</b>	2.1	0.0	40.0	79.7	9.7	0.0	0.0	65.7
Terhathum	0.0	0.0	0.0	0.0	26.0	0.0	0.0	0.0	0.0	66.7	48.9	4.1	4.1	0.0	53.5
S_sabha	0.0	0.0	0.0	0.0	19.7	16.9	0.0	0.0	0.0	74.7	70.0	9.6	3.8	0.0	78.9
Bhojpur	0.0	0.0	4.2	0.0	8.2	0.0	0.0	17.2	0.0	36.8	16.8	13.3	3.2	0.0	53.4
Total	1.4	0.7	2.6	0.0	21.4	9.9	1.8	6.4	0.0	50.9	51.8	10.1	2.7	0.0	63.8
Ilam	0.0	0.0	7.9	0.0	37.4	37.7	16.3	6.0	2.6	74.7	65.1	5.0	3.2	0.0	84.6
Khotang	0.0	0.0	4.2	0.0	8.3	0.0	0.0	8.5	0.0	25.3	53.1	10.0	1.7	0.0	60.2
Total	0.0	0.0	6.6	0.0	27.1	23.5	10.2	7.0	1.6	56.2	59.9	7.1	2.6	0.0	74.1
Morang	16.4	1.3	2.5	0.8	12.9	45.0	11.7	5.8	6.8	51.6	83.1	10.3	5.7	3.7	63.7
Sunsari	12.7	0.0	0.7	0.0	11.9	38.4	4.3	11.7	1.0	26.8	93.9	18.9	15.2	10.8	78.3
Total	14.9	0.8	1.8	0.5	12.5	42.4	8.7	8.2	4.4	41.6	87.8	14.0	9.8	6.7	70.0

Source: Processed from NLSSs Raw Data I, II, and III.

## 2.8 Remittance

Remittances are proving to be an important source of contribution with meaningful impact to Nepal particularly in a situation seriously impinged by conflict and political instability. During the last decade or so, it not only helped to keep the balance of payments account positive but also brought in significant resources into the national economy sustaining the economic activities otherwise seriously dented by conflict and poor economic environment resulting from political instability, weak law and order situation, weak governance and above all the prevailing poor investment environment restraining the economic activities in the country. At a time, when economic stagnancy is overriding and job creation is becoming arduous, opportunities to work abroad and generate remittances opened up a whole new avenue of economic wellbeing in the country.

Migrating abroad for job is not a new phenomenon for Nepalese people. Nepalese people have migrated to India since long for jobs and economic opportunities and the Nepal India treaty of 1950 also reinforced such opportunities for Nepalese people. Despite lack of proper information, it is estimated that over a million people go to India to seek short to long term jobs. Further, Britain and later on after the freedom from colonial past India too began to recruit persons from Nepal in their army and they were mostly done from eastern hill region (Koshi Hills and the surrounding area) and western hill of Nepal. These activities have generated remittances since long and Koshi Hills, as mentioned earlier, is an important recipient of such remittances and pensions as also exhibited by the existence of British and Indian pension camps in Dharan, the outlet city for Koshi Hills.

With the beginning of the conflict in 1996, more people began to migrate to Middle-East, Malaysia and other countries for jobs and economic opportunities and the trend has continued and is expected to continue in future too. The changing pattern of migration is also reinforced by a recent impact assessment of Rural Access Programme (RAP), which states that the migration situation in the RAP corridors, including nine districts including three out of four the Koshi Hills districts revealed at the increment of out of the country migrants. Importantly, a substantial number of such migrants were travelling overseas for seeking better jobs. This means migration pattern from in country or to India as seasonal migrants is being transformed to third country migrants. This shift has resulted higher level of remittance to the local economy (IMC Worldwide/Helvetas Nepal, 2012:29). Given the context, remittances have become an important contributing factor for sustaining as well as uplifting the economy. During the NLSS I, the mean remittance per household was estimated at Rs 4,609 including from within Nepal, India and the third countries. NLSS I showed that remittances from within the country dominated as foreign employment had just started but not have yielded significant remittances. In the neighboring districts Khotang received more remittance from third countries while Tarai districts received more remittances from India indicating the nature of migration and movement of the people.

The scenario changed in the second NLSS with remittances from the third countries proving to be the significant source followed by remittances within the country and those from India. Mean remittances increased by 5.3 times during the period. The trend is similar in the neighboring districts too with significant escalation of migration from Tarai districts as exhibited by significant rise in mean household remittance in tarai. The third NLSS report showed further rise in remittances from the third countries while recording marginal drop in remittances from within the country as well as from India. It means that attraction for working in other parts of the country, for example, even in larger cities like Kathmandu and India is declining while those going abroad are increasing at a phenomenal rate. In terms of mean household income, the rise is only 13.4 percent but the proportion of households receiving remittances

Table 2.20: Mean Amount Remittance Received in NRs by Sources

Districts	NLSS I (1995/96)					NLSS II (2003/04)					NLSS III (2010/11)				
	Urban Nepal	Rural Nepal	India	Other countries	Total	Urban Nepal	Rural Nepal	India	Other countries	Total	Urban Nepal	Rural Nepal	India	Other countries	Total
Dhankuta	0	0	0	0	0	7303	4773	0	53570	17367	5396	15050	0	64302	32512
Terhathum	0	13265	0	2000	7475	0	2050	0	34600	25300	6064	1115	0	108485	30640
Sankhuwa-sabha	0	2500	0	0	2500	15208	41597	0	53820	40907	4778	3559	29004	54196	19627
Bhojpur	1400	700	1000	0	1030	9223	6700	18655	0	12720	15401	41332	13715	75914	42945
Total	1400	7560	1000	2000	4609	10233	15014	18655	46485	24356	7319	7431	18111	69819	27614
Ilam	300	0	0	0	300	7934	7193	0	43977	20396	3051	12156	1000	68488	40924
Khotang	0	475	11000	37000	12238	22000	4957	16999	9000	10333	68394	1167	0	132107	104940
Total	300	475	11000	37000	11634	11403	6225	16999	31154	15890	49300	10366	1000	96576	64662
Morang	6000	3484	54491	0	22546	7623	5616	11199	127206	37366	12759	3533	4731	74249	17366
Sunsari	8775	2222	24586	0	9235	9858	15477	33274	69387	27927	31030	19156	62768	119609	67719
Total	8278	3048	46170	0	16368	8870	10059	14382	105227	33725	16119	6790	24984	97321	31839

Source: Processed from NLSSs Raw Data.

in eastern rural hills reached 42.5 percent in 2010-11 as compared to 26.2 percent of households in 2003-04. It is still lower than the national average of 55.8 percent households receiving remittances in 2010-11.

There has been a fluctuating trend in respect to inflow of remittances by districts NLSS II showed that Sankhuwasabha received highest remittances in per capita terms followed by Terhathum and Bhojpur received lowest remittances in per capita terms. However in NLSS III, Bhojpur received highest remittances in per capita terms followed by Dhankuta while Sankhuwasabha received lowest remittances in per capita terms. Comparatively, the neighboring districts particularly Khotang that to some extent explain the growth of the district despite lower investment and lower infrastructure development, received much higher remittances. Similarly, Sunsari also received high remittances. The contribution of remittances in poverty reduction is estimated to be significant at 54 percent (LFP, 2009).<sup>5</sup>

## 2.9 Trade and Industry

A number of industries and activities operated in Koshi Hills in 2011. Dhankuta has the largest number (491) followed by Sankhuwasabha (468) and Terhathum (331). Bhojpur, as also exhibited by other economic indicators, has the least number of enterprises (242). The largest number of enterprises was in the services sector (61.1%). Others included agricultural (5.9%) and mineral based enterprises (5.5%).

Table 2.21: Distribution of Industries by Types and Number in the Koshi Hill Districts, 2011

Type of Industries	Sankhuwasabha	Dhankuta	Bhojpur	Terhathum
Production related	146	85	91	60
Service related	298	308	136	194
Agriculture related	2	1	14	73
Minerals	9	74	1	
Tourism	12	21		2
Energy	1	2		2
Total	468	491	242	331

Source: Department of Cottage and Small Scale Industries of Respective Districts, 2012

Table 2.22: Distribution of Industries by Types of Ownership among the KH Districts, 2011

Ownership	Sankhuwasabha	Dhankuta	Bhojpur	Terhathum	Total
Proprietorship	401	414	229	306	1350
Partnership	54	56	13	14	137
Company	13	21		11	45
Total	468	491	242	331	1532

Source: Department of Cottage and Small Scale Industries of Respective Districts, 2012

<sup>5</sup>LFP study was carried out for seven districts including the Koshi Hills. They included Baglung, Myagdi, Parbat, Sankhuwasabha, Bhojpur, Dhankuta and Terhathum.

Table 2.23: Growth of Industries in the Koshi Hill Districts

Year	Sankhuwasabha	Dhankuta	Terhathum
2035-2040 (1978-1983)	6	18	3
2040-2045 (1983-1988)	27	8	7
2045-2050 (1988-1993)	41	36	43
2050-2055 (1993-1998)	48	45	30
2055-2060 (1998-2003)	64	60	44
2060-2065 (2003-2008)	191	84	80
2065-2069 (2008-2012)	84	211	101

Source: Computed from the Records of DCSI of Respective Districts, 2012

Table 2.24: Distribution of Commercial Enterprises by Number in the Koshi Hill Districts, 2012

Types of Shops	Dhankuta	Sankhuwasabha	Bhojpur	Terhathum
Retailing (Grains and Groceries)	284	800	147	284
Wholesale	16	4	11	
Hotel/Restaurants/Tea Stall	257	55	54	95
Cloths/Readymade Garments	84	250	7	92
Dealers	24			
Parlor	23			
Hardware/Workshops/utensil	48	17	14	38
Ornaments	25	3	9	29
Tailoring	12		14	31
Electronics	60	20	16	
Medical	26	25	8	13
Books/Stationeries	20		6	18
Studios	8	13	9	18
Herbs	22			
Furniture	23			
Tea	2		3	
Handicrafts	8		1	21
Suppliers/Contractors	11		303	
Shoes	23			
Others	568	257	122	70
Total	1544	1424	425	725

Source: District Revenue Offices and District Chamber of Commerce and Industries, 2012

## 2.10 Trade Flows

Trade flows in both directions have taken place since long though the development occurred significantly after the construction of Dharan-Dhankuta highway linking up Koshi Hills to the outside world. Various estimations are available particularly for early seventies for example Jha and Weiss (1972), CEDA report (1973-75) and KHARDEP survey (1981/82). A cursory survey was done in 2007 but a more detailed inquiry was made in 2012 in course of the present study. The major inflows to Koshi Hills are salt, Kerosene, construction goods, clothing, sugar and oil. It means some basic materials are brought into Koshi Hills both for development as well as consumption purposes. Many other consumable items also feature as major inflows for example, stationary, soap, tobacco products, spices, pulses, and tea, rice, wheat and agricultural goods etc.

The major outflows included medical herbs, agricultural products, forest products and animal products. The most important outflows included vegetables (48,619 tonnes per annum), potatoes (36051mt.),



fruits (14,075 mt.), milk (5,973 mt.) and others (8,000 mt.). The major market for vegetables and live animals is India while Dharan and Biratnagar, which mostly act as transit points, are major domestic markets for Koshi Hill products. Compared to seventies and eighties, the estimation for 2009 showed increase meaning that the development efforts of three decades have contributed in enabling the region to supply surplus products to surrounding areas including India. However, since the estimated volume of trade in quantitative terms is only double during last three to four decades, the growth in trade flows may be only moderate.

Table 2.25: Flow of Goods to Koshi Hills (Tonnes per Year)

Type of Goods	KHARDEP Survey 1981-82	Jha and Weiss 1972	CEDA 1973-75	Present Study Team Estimate 2011
Salt	2,130	4,500	4,000	5246.60
Kerosene	550	1,574	1,600	2098.64
Cloth/clothes	630	710	1,375	1803.52
Consumable goods	760	-	-	-
Oil	-	1,090	360	1429.70
Sugar	-	1,350	300	1770.73
Tea	-	98	-	128.54
Pulses	-	-	60	78.70
Spices	-	-	165	216.42
Miscellaneous	410	-	-	-
Brass	-	70	-	91.82
Brass/copper/iron	-	-	155	203.31
Mixed shop supplies	1,760	-	-	-
Shoes	-	222	90	291.19
Cigarettes/bidis	-	657	230	374.68
Matches	-	-	40	52.47
Stationery	-	-	240	314.80
Soap	-	-	540	708.29
Others	-	-	280	367.26
Rice	1,070	-	220	375.13
Wheat	330	-	-	562.70
Agricultural goods	340	-	-	579.75
Construction goods	1,020	-	-	2006.83
<b>Total</b>	<b>9,000</b>	<b>10,271</b>	<b>9,655</b>	<b>18701.1</b>

In terms of outflow of the goods, however, it is very encouraging with the growth estimated anywhere between 14 to 125 times. Particularly, the agricultural development efforts have yielded results and made Koshi Hills a supplier of surplus products particularly in agricultural outputs. Significant rise is noted in milk, vegetables, live animals, fruits, and ghee etc. This is a positive result of the development efforts in the region. The overview of the trend of inflows and out flows of trade indicates that the balance of trade should have improved in favour of Koshi Hills.

Table 2.26: Export of Goods from Koshi Hills (Tonnes per year) and Major Markets

Type of Goods	Volume of Exports by Various Studies				Present study 2009 <sup>4</sup>	Sharing (%) by Major Markets				India
	KHARDEP survey 1981-82	Other surveys <sup>1</sup>	CEDA 1973-75	Ojha & Weiss 1972		Dharan	Biratnagar	Birtamod	Others	
Medicinal herbs	120 <sup>2</sup>	1,300	195	375	328	50	40		10	
Fruits (citrus)	357	450	1,320	2,100	14075	50	20	20	30	
Potatoes	47	-	370	2,800	-	60	20	10	10	
Milk					36051					
Ghee	1.5	-	38	181	5973		10			
Ginger/spices	18	42	185	550	4622		50	10		40
Cardamom	14	-	56	-	1589	50	50			
Chilies	-	-	37	-	120	30				70
Live animals (in NRs)	2.4 million	27 million <sup>3</sup>	220 (000)	400 (000)	271.34 million	30		10		70
Vegetables (tomatoes)	109	-	-	-	48619	30				70
Miscellaneous	120	-	1,600	295	8000	50	50			
Total/Rank	666.5	492	3606	5926	83326	1	2			3

Sources:

<sup>1</sup>For herbs, see Burbage 1982; for fruits, ginger and animals KHARDEP Marketing Survey

<sup>2</sup>KHARDEP herbs survey

<sup>3</sup>KHARDEP livestock survey

<sup>4</sup>Koshi Hills' District Offices

Table 2.27: Annual Quantity (metric tons) of Products Supplied to Various Markets from Dhankuta, 2009

Markets	Cardamom	Vegetables	Tea	Beans	Wood (ft <sup>3</sup> )	Ginger	Chilies	Milk	Fruits	Live animals	Potato	Other
Bhojpur	50	25			59003	600	40	1961	4116	5378	10000	
Dhankuta	290	21422	70	298	59003	1725	40	1961	4116	5378	10000	
Sankhuwasabha	959	5750	6			572		90	1727	11000	6051	8000
Terhathum	290	21422	70	298	59003	1725	40	1961	4116	5378	10000	
Total	1589	48619	146	596	177009	4622	120	5973	14075	27134	36051	8000

Source: Collected from Field Visit, 2012.

## 3. Impact of Development Intervention in Koshi Hills

### 3.1 Impact Assessment

In assessing the impact of development interventions made in the Koshi Hills for the period of 40 years, the district GDP of four districts as an indicator of the Koshi Hills economy has been analyzed in relation to various factors like remittance, government expenditure, population, donor financial support, etc.

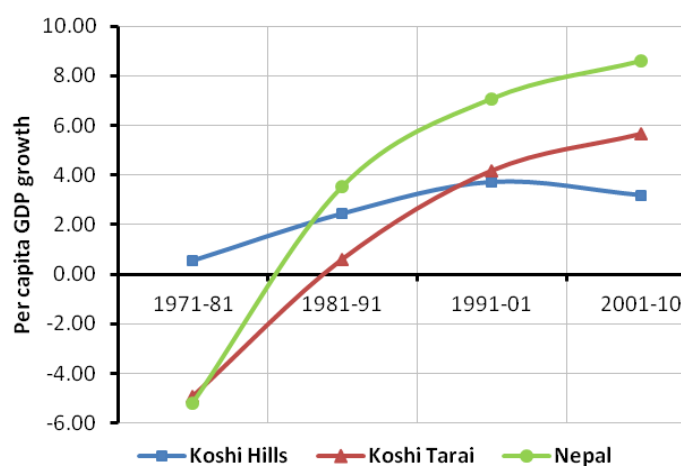
Various development interventions were made in the area of agriculture, forestry, income generation, and infrastructure development. The studies conducted in various points of times in specific area demonstrated mixed impact both positive and negative in the concerned area as shown by the studies, the production of maize, wheat and potatoes (Pant et al, 1986 and Nabarro et al 1987), impact of improved seed and chemical fertilizers (Cassels et al 1987), production and nutritional status (Cassels et al 1987, Nabarro et al 1987). None of the past studies evaluated the economy of the Koshi Hills as a whole. The present study is an attempt to this direction in examining the impact of development interventions in the Koshi Hills economy as a whole. Moreover, the present study also evaluates the impact of resource flow from various economic agents on poverty reduction.

The development intervention in the Koshi Hills started with the establishment of Pakhribas Agriculture Research Centre in Dhankuta in 1968 to improve the agriculture practice of the area, which was conducted as a main source of employment and livelihood. The main purpose of the research centre was to assist agriculture by providing research and extension for new technology, improved seed, and fertilizer use and take advantage of climatic variation. This was funded by UK Government. The commitment of UK Government was GBP 8.3 million. Various programmes were implemented by the centre and evaluation studies provided mixed results in meeting the programme objectives.

Similarly, integrated rural development program of 15 years (1977-1989) known as KHARDEP was implemented in four districts of Koshi Hills, Bhojpur, Dhankuta, Sankhuwasabha, and Terhathum. This was an important program aiming at strengthening local services and building local institutions so as to help government in providing balanced economic and social development of the Koshi Hills area. The areas of intervention occurred in agriculture, livestock, irrigation, forestry, soil, and water conservation, agriculture input, cottage and transport communication, water supplies, health, education, women's development and agriculture marketing. The resource flown in the first phase (1977-79) was GBP 6.75 million and Rs. 170.65 million in the second phase out of which Rs. 139.88 million were spent till 1984/85 in Koshi Hills.

Livelihood Forestry Program is another important program (2001-2011) launched in the districts of Koshi Hills. However, this was also implemented in other seven districts of western development region and five districts of mid western development region. The resource allocated was 18 million GBP. The program aimed at reducing vulnerability and improved livelihood for poor and excluded people and enhanced the assets of rural communities through more equitable, efficient and sustainable use of forests and other natural resources. LFP spent NRs. 489 million (GBP 3.82 million) for seven districts of (4 from Koshi Hills and 3 from Western development Region). Koshi Hills received NRs. 279.43 million for the forestry programmed.

In the infrastructure part, the major achievement of infrastructure development was the construction of Dharan-Dhankuta high way supported by the UK Government. This is the most important contribution to enhance the economy of the area. The highway construction started in 1972 and was completed in 1977 with the financial resources of GBP 250,000 (Coffey international development, 2010). After the Dharan–Dhankuta road, several other road constructions and development took place under the aegis of different donor agencies. Presently, all four districts of Koshi Hill are connected by road network. However, connectivity to Bhojpur is subject to ferry connection at Leguwaghat in the absence of a bridge. After the opening of the area, trade flow seems to have tremendously increased. However, opening of the area does not necessarily always bring positive results. It may also lead to negative effects encouraging people to migrate to urban areas in search of better life and investment opportunities in urban area.



**Figure 2: Growth of per capita GDP**

Considering the resource flow from various agencies like the private sector, the government sector, and the donor communities, an attempt to examine the impact of development intervention on the Koshi Hills economy and the reduction of poverty level has been made by establishing the relationship with the selected variables jointly. The total resource flow of donor communities for the period from 1998 to 2010 is given below in Table 3.1.

**Table 3.1: Total External Funding in the Koshi Hill Districts in Million NRs (Current Price)**

Year	S_sabha	Terhathum	Bhojpur	Dhankuta	Morang	Sunsari	Ilam	Khotang
1998-99	0.00	14.75	0.00	0.00	9.15	0.00	0.00	0.00
1999-00	36.50	26.89	26.19	43.02	347.47	50.75	57.72	31.57
2000-01	23.94	26.13	26.22	49.99	1038.15	44.71	56.16	45.33
2001-02	21.41	17.47	14.15	30.40	764.42	32.70	31.67	105.91
2002-03	16.10	16.26	25.17	32.09	318.73	96.65	26.49	40.22
2003-04	58.72	53.33	81.09	102.75	259.24	142.16	91.41	101.24
2004-05	76.08	44.42	142.83	123.99	382.94	122.47	127.75	103.47
2005-06	46.71	39.34	69.91	140.73	292.33	119.70	109.17	87.13
2006-07	72.04	54.57	93.46	157.09	266.49	212.92	131.18	103.54
2007-08	73.67	68.08	94.19	120.28	253.85	179.92	168.85	121.52
2008-09	106.56	102.11	133.94	205.31	363.24	277.27	199.23	207.16
2009-10	150.90	105.27	163.31	362.26	699.86	449.56	316.93	212.40
2010-11	188.70	141.88	228.98	429.45	616.33	687.99	360.25	272.95

Source: Consolidated Financial Statements, Financial Comptroller General Office, Government of Nepal.

The resource flow to the KH from donor community especially UK Government was very high in early 1970's and 1980's. During the period construction of highway took place. But after 1990 the support from other donor agencies to Koshi Hills exceeded the support from UK Government.

Table 3.2: Total External Funding in Koshi Hills in Million NRs (Current price) by countries

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	10.64	44.92	45.92	14.04	13.64	70.43	22.97	17.32	22.03	24.98	39.63	39.32	192.54
America	0.03	0.77	1.86	1.61	1.53	1.59	1.79	1.58	1.99	0.14	0.15	267.56	354.4
Denmark	0	2.2	6.48	6.05	9.67	19.01	10.82	7.76	13.09	22.31	9.72	15.69	0
Donors Ass	0	0	0	0	0.13	0.61	71.29	94.75	158.46	173.14	344.63	326.92	323.38
IDA	0	37.01	14.98	15.34	6.92	89.45	119.57	61.86	41.52	39.37	58.25	41.78	34.46
Japan	0.47	29.35	36.02	24.61	17.45	25.04	18.93	43.93	50.47	53.4	70.83	48.28	36.37
UN	2.45	4.53	3.99	2.33	2.75	2.37	2.11	4.03	6.21	11.82	9.66	12.28	9.42
UK	1.17	5.89	2.99	11.37	24.65	62.49	138.21	65.26	4.45	30.18	14.9	23.1	24.36
Others	0.0	7.9	14.0	8.1	12.9	24.9	1.6	0.2	78.9	0.9	0.2	6.8	14.1
All donors	14.76	132.60	126.27	83.44	89.64	295.90	387.33	296.69	377.14	356.21	547.94	781.74	989.03
GoN	891.98	901.41	1227.92	1155.89	1192.38	1175.84	1280.39	1510.45	1857.41	2319.13	3390.36	4265.48	4597.4
Total	906.74	1034.01	1354.19	1239.33	1282.02	1471.74	1667.72	1807.14	2234.55	2675.34	3938.30	5047.22	5586.43
Ext.funding <sup>1</sup>	0.15	1.29	1.13	0.77	0.81	2.49	3.09	2.16	2.49	2.11	2.70	3.26	3.61
GDP <sup>2</sup>	9890	10245	11149	10872	11083	11868	12543	13750	15148	16848	20302	24012	27428

Sources: Computed from the Comptroller General Office.

<sup>1</sup>External funding as % of GDP; <sup>2</sup>In million NRs (current price)

Table 3.3: Recurrent and Capital Expenditure in Koshi Hill Districts in Million NRs (Current Price)

Fiscal Year	Bhojpur			Dhankuta			Sankhuwasabha			Terhathum		
	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total
1998-99	148.5	80.1	228.6	191.7	125.7	317.4	127.0	71.5	198.6	93.0	69.1	162.2
1999-00	165.2	91.9	257.1	223.6	141.5	365.1	136.0	94.1	230.1	101.9	79.9	181.8
2000-01	230.3	115.5	345.9	298.0	180.7	478.8	190.1	99.1	289.2	146.4	94.0	240.4
2001-02	240.8	73.9	314.8	280.3	150.5	430.8	196.7	82.5	279.1	145.4	69.5	215.0
2002-03	241.6	95.5	337.0	297.7	131.8	429.5	215.9	79.6	295.5	148.8	71.1	219.9
2003-04	247.0	135.6	382.6	297.3	200.9	498.2	226.0	105.6	331.6	165.3	94.1	259.4
2004-05	351.6	113.8	465.3	406.2	140.1	546.3	308.5	67.6	376.1	247.7	32.3	280.0
2005-06	429.3	51.3	480.6	456.3	181.3	637.6	336.7	46.8	383.5	267.1	38.3	305.4
2006-07	496.2	98.0	594.2	561.5	227.5	789.0	378.5	95.9	474.4	299.6	77.4	377.0
2007-08	571.8	139.6	711.4	679.6	262.0	941.6	455.5	101.2	556.7	366.4	99.1	465.5
2008-09	773.8	231.5	1,005.3	890.8	527.7	1,418.5	610.8	214.7	825.6	496.0	192.9	689.0

Sources: Computed from the Comptroller General Office.

Table 3.4: Recurrent and Capital Expenditure in Neighboring Koshi Hill Districts in Million NRs (Current Price)

Fiscal Year	Morang			Sunsari			Ilam			Khotang		
	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total
1998 -99	375.8	711.7	1,087.5	346.3	156.9	503.2	177.5	207.2	384.7	156.9	93.5	250.5
1999 -00	406.0	682.8	1,088.8	397.0	163.5	560.5	196.4	279.3	475.6	168.6	103.3	271.8
2000 -01	566.5	1,729.2	2,295.7	551.9	194.7	746.7	274.5	207.1	481.5	230.8	141.3	372.1
2001 -02	590.9	1,346.2	1,937.1	636.2	134.9	771.1	278.1	137.4	415.5	235.6	182.0	417.6
2002 -03	643.5	589.9	1,233.4	660.9	185.1	846.0	287.0	114.8	401.8	243.4	113.1	356.6
2003 -04	655.6	440.9	1,096.5	638.5	229.1	867.6	295.9	163.0	458.8	255.3	148.6	403.8
2004 -05	910.5	402.3	1,312.7	838.8	80.6	919.5	431.7	105.5	537.3	392.3	66.2	458.5
2005 -06	1,100.7	434.8	1,535.5	955.6	98.9	1,054.5	488.1	120.6	608.7	458.1	81.7	539.8
2006 -07	1,269.3	582.8	1,852.1	1,061.4	230.7	1,292.1	547.5	212.1	759.6	518.1	116.7	634.9
2007 -08	1,637.3	683.0	2,320.3	1,335.1	292.7	1,627.9	660.8	273.6	934.3	615.8	159.3	775.0
2008 -09	2,161.8	1,299.1	3,460.9	1,836.9	542.3	2,379.2	880.1	504.1	1,384.2	869.6	322.5	1,192.1
2009 -10	2,911.2	1,457.8	4,369.0	2,336.9	728.5	3,065.4	1,211.7	644.9	1,856.6	1,065.0	341.6	1,406.6

Source: Consolidated Financial Statements, Financial Comptroller General Office, Government of Nepal, Kathmandu.

The total resource flow from the donor communities is fluctuating over the period of time. It ranged from 0.15 percent of GDP in 1998 to 3.61 percent of GDP in 2010. In sixties, seventies and eighties Koshi Hills received considerably a large amount of foreign assistance while tarai received higher amount of foreign assistance after late nineties. The external funding as percent of total public expenditure ranged from minimum 1.63 % in 1998/99 during insurgency period to maximum 23.22 percent in 2004-05 after the peace accord. The resources from various agencies in Koshi Hills are given in the Table 3.2. The table shows that UK Government assistance was considerably higher in 2002, 2003 and 2004.

The resources spent in as a recurrent and capital expenditure is given in Table 3.3. The proportion of recurrent expenditure is significantly higher than capital expenditure in all the districts of the Koshi Hills. Dhankuta district received the highest amount of government funding. Similarly, Bhojpur, Sankhuwasabha and Terhathum came in the second, third and fourth position respectively in getting government resources. As compared to hill districts, Tarai districts are successful to acquire higher amount of government resources as these are mostly allocated on the basis of the size of population in recent times.

Looking at the resource flow to various sectors of the economy, education sector received the largest the share among all sectors in all districts and years, as shown in Table 3.5. This is followed by local development, national defense, home, health and population, physical planning and construction. Agriculture, which is considered to be the main source of employment and livelihood, has received less importance after other sectors mentioned above. In terms of resource use, agriculture has not received less importance.

### 3.2 Impact on Poverty

As various efforts were made to alleviate poverty from the Koshi Hill districts at different points of time, a specification of a model establishing relationship between the level of poverty and various resources was developed. Broadly, resources from private and government sectors, remittance, and population as a human resource, donor community resource and economic growth represented by gross domestic products were included in the model to see impact on poverty. Broadly, resources invested from the private sector is considered as private investment (PI), resource flow (government expenditure) from government as government investment (GE), population as an indicator of human resource (POP). The other resources involve remittance (Remit) and resource from donor agencies (DON), and GDP as an indicator of economic growth. The factors were considered as affecting poverty. The model used data from 1991 to 2010 to determine the factors influencing poverty.

In the process of assessing impact, both cross section and time series data were employed to test the hypothesis that the factors are contributive factors to reduce poverty. The result of the regression equation is given in Table 3.6.

The regression equation shown in Table 3.6 shows the presence of the problem of autocorrelation as shown by the DW statistics (0.28). However, the factors like remittance, private investment and population are significant. The result of the regression model is improved by using the Prais-Winsten estimation method. The improved result is given in Table 3.7. The computed F is 50.92, which is higher than the table value indicating the existence of regression. The variables included in the model as independent variables have simultaneously or jointly not equal to zero.

Table 3.5: Distribution of Actual Expenditure (in percent) by Sector in the Koshi Hills

Sector	1998 - 1999	1999- 2000	2000- 2001	2001- 2002	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010	2010- 2011
Judiciary	1.48	1.06	0.96	1.23	1.09	0.96	0.91	0.94	0.89	0.79	0.62	0.63	0.76
Public Service Com- mission	0.15	0.17	0.10	0.18	0.25	0.17	0.17	0.17	0.08	0.13	0.15	0.12	0.15
Election Commission	0.04	0.12	0.08	0.16	0.17	0.16	0.21	0.31	0.44	0.95	0.17	0.07	0.52
Attorney General Office	0.23	0.22	0.22	0.27	0.25	0.22	0.20	0.20	0.18	0.21	0.16	0.14	0.13
Human Right Com- mission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	0.45	0.44	0.39	0.39	0.38	0.37	0.31	0.29	0.25	0.24	0.31	0.29	0.35
Energy	5.78	6.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Industry	0.60	0.65	0.53	0.51	0.42	0.36	0.31	0.31	0.26	0.24	0.20	0.28	0.24
Agriculture & Coop- erative	3.08	3.53	4.71	4.31	4.80	4.25	3.49	4.47	3.55	3.35	2.93	2.66	2.54
Home Ministry	8.87	8.58	8.30	11.60	11.62	10.48	9.36	9.56	8.49	9.24	7.34	7.55	10.09
Physical Planning & Construction	4.32	4.44	9.37	7.39	6.08	6.90	6.91	7.76	6.50	6.27	7.39	8.46	6.04
Tourism and Civil Aviation	0.07	0.00	0.04	0.05	0.06	0.05	0.07	0.17	0.17	0.05	0.06	0.10	0.02
Land Reform & Man- agement	0.84	0.81	0.69	0.88	0.85	0.73	0.71	0.71	0.58	0.64	0.49	0.45	0.41
Women & Social Welfare	0.00	0.00	0.50	0.54	0.49	0.45	0.49	0.44	0.45	0.52	0.43	0.44	0.46
Youth & Sports	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.03
Defenses	7.80	7.77	6.29	7.68	9.82	9.09	9.42	11.88	13.82	10.48	10.77	9.93	8.61
Forest & Soil Con- servation	2.30	2.54	2.10	3.12	2.81	2.57	2.46	2.10	1.98	1.92	1.66	1.62	1.50
Peace & Reconstruc- tion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	2.24	4.96	3.53
Education	27.02	26.86	29.13	34.17	34.76	34.20	34.32	34.41	32.88	33.94	31.21	30.98	33.02
Information & Com- munication	3.44	2.89	2.44	3.25	3.09	2.74	2.52	2.60	2.20	2.08	1.91	1.73	1.60
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.21	0.82
Local Development	14.87	14.22	13.48	10.83	12.45	14.73	18.29	13.05	15.60	13.67	19.80	17.04	17.51
Health Population	7.49	10.49	6.47	6.94	7.20	6.72	6.37	7.87	7.03	7.53	9.12	9.82	9.98
Labour & Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	4.16	2.46	3.01	1.92	1.32	1.68	0.70	1.01	1.51	6.30	2.54	1.50	1.64



Other	6.97	5.88	11.20	4.57	2.08	3.17	2.77	1.75	3.16	0.44	0.48	0.00	0.04
Total (Million NRs Current Price)	906.73	1034.01	1354.20	1239.31	1281.99	1471.74	1667.71	1807.15	2234.57	2675.35	3938.28	5047.22	5586.42

Source: Consolidated Financial Statements, Financial Comptroller General Office, Government of Nepal, Kathmandu.

The regression equation shown in Table 3.6 shows the presence of the problem of autocorrelation as shown by the DW statistics (0.28). However, the factors like remittance, private investment and population are significant. The result of the regression model is improved by using the Prais-Winsten estimation method. The improved result is given in Table 3.7. The computed F is 50.92, which is higher than the table value indicating the existence of regression. The variables included in the model as independent variables have simultaneously or jointly not equal to zero.

Table 3.6: Regression Results of Poverty as Dependent Variable for Koshi Hills

$\text{Log(Pov)}_{it}$	$B_0$	$+\beta_1$ $\text{Log(Remit)}_{it}$	$+\beta_2 \text{Log(PI)}_{it}$	$+\beta_3$ $\text{Log(POP)}_{it}$	$+\beta_4 \text{Log(DON)}_{it}$	$+\beta_5 \text{Log(GE)}_{it}$
	-34.976*	0.274*	0.420	3.312*	-0.114*	0.190
t=	(-14.300)	(2.654)	(1.120)	(14.437)	(-2.080)	(1.021)
Se=	(2.446)	(0.103)	(0.375)	(0.229)	(0.055)	(0.186)
					$+\beta_6 \text{Log(GDP)}_{it}$	$+\beta_7 \text{Log(TR)}_{it}$
					-0.623***	-0.521*
					t = (-1.371)	(-3.232)
					S.E. =(0.454)	(0.161)
		$R^2=0.832$		DW=0.28		F=50.92159
		DF=72		No. of		
				Obs.=80		

Note: \* Significant at 0.01 Levels; \*\* Significant at 0.05 Level; \*\*\* Significant at 0.10 Level

Table 3.7: Regression Results of Poverty as Dependent Variable after Autocorrelation Improvement for the Koshi Hills

$\text{Log(Pov)}_{it}$	$B_0$	$+\beta_1$ $\text{Log(Remit)}_{it}$	$+\beta_2 \text{Log(PI)}_{it}$	$+\beta_3$ $\text{Log(POP)}_{it}$	$+\beta_4 \text{Log(DON)}_{it}$	$+\beta_5 \text{Log(GE)}_{it}$
=	-37.5117*	0.328***	0.180	3.599*	-0.031**	-0.345*
t=	(-8.290)	(-1.317)	(1.270)	(9.354)	(-1.923)	(-3.077)
Se=	(4.525)	(0.076)	(0.142)	(0.385)	(0.016)	(0.112)
					$+\beta_6 \text{Log(GDP)}_{it}$	$+\beta_7 \text{Log(TR)}_{it}$
					-0.274	-0.447*
					t = (-0.597)	(-5.308)
					Se = 0.158	(0.084)
		$R^2=0.7256$	F=22.842			
		DF =73	No of Obs = 80			

Note: \* Significant at 0.01 Level; \*\* Significant at 0.05 level; \*\*\* Significant at 0.10 Level.

The results show that all the variables included in the model have expected sign except private investment. However, the coefficient of private investment is not significant. It can be safely concluded that donor funding, government investment, and remittance are contributing in poverty reduction. It means the efforts done by using resources under different sectors have led to reduce poverty while population increase has also increased poverty (positive relationship). It is interesting to note that many of the variables are significant and explain the behavior of poverty. The explanatory power of the model is 72.56 percent. This could be an acceptable model where there is a use of both cross section and time series data. The conclusion of the result is that one percentage point rise in donor funding has led to the reduction of 0.031 percentage point in poverty. Similarly,

government investment growth is found successful to reduce poverty by 0.345 percentage points, 0.031 percentage points by donor funding and 0.328 percentage points by remittance. The trend of technology development and change in the level of awareness is also important in reducing poverty. In the case of population variable, increase of population has led to the growth of poverty (3.599 percentage point). It means that government investment and remittances were the most significant factors for poverty alleviation.

### 3.3 Impact on the Koshi Hills Economy

Various programmes were implemented to enhance economic growth of the Koshi Hills area. The resources invested in the area were categorized as remittance, government expenditure, private investment, population, donor funding, and the trend of technology development and change in the level of awareness and lagged GDP. A production function model which specifies the relationship between input and output has been formulated to see the impact of each of the factors. Introduction of lagged GDP as an independent variable in the model helps in estimating the speed of adjustment and the long term impact. Inclusion of lagged GDP as an independent variable also facilitates to examine desired and actual level of change. It means the observed GDP at time  $t$  is the average of the desired GDP that time and resource in previous time period is adjusted with the factor  $\lambda$  and  $1 - \lambda$  being the weight. The  $\lambda$  lies in between one to zero; one means desired GDP and actual GDP could be interpreted as target change. If  $\lambda$  is one, it follows that the Koshi Hills districts are able to adjust to the target GDP immediately. If  $\lambda$  is zero, the adjustment costs are so high that districts cannot change their structure of the economy. The model encompassed data from 1971 to 2010.

The regression result shown in Table 3.8 is improved by using a Kalman filtering algorithm estimation method. The improved result is given in Table 3.9.

Table 3.8: Regression Results of GDP as Dependent Variable for Koshi Hills Economy

$\text{Log(GDP)}_{it} =$	$B_0$	$+\beta_1 \text{Log(Remit)}_{it}$	$+\beta_2 \text{Log(PI)}_{it}$	$+\beta_3 \text{Log(POP)}_{it}$	$+\beta_4 \text{Log(DON)}_{it}$
	2.494*	0.021	0.492*	0.107***	0.033***
t=	(3.271)	(1.023)	(6.056)	(1.437)	(1.384)
Se=	(0.762)	(0.021)	(0.081)	(0.075)	(0.024)
			$+\beta_5 \text{Log(GE)}_{it}$	$+\beta_6 \text{Log(TR)}_{it}$	$+\beta_7 \text{Log(GDP)}_{it-1}$
			0.061	-0.182*	0.150**
			(1.006)	(-3.055)	(1.821)
			(0.061)	(0.060)	(0.082)
	$R^2=0.0.875$		$F=146.640$		
	DF=146		No. of Obs.= 154		

Note: \* Significant at 0.01 level; \*\* Significant at 0.05 level; \*\*\* Significant at 0.10 Level

The improved result shows that the sign of all the independent variables included in the model are as per priori that the various types of resources under different economic agencies have led to the growth of the economy (gross domestic products). Many variables are also significant at 1 percent level of significance. The resources included in the model as explanatory variables explain the growth of the Koshi Hills economy. It means there is a significant impact of resources used in the economy of the Koshi Hills area in improving the economy.

The F statistic of 146.64 is higher than the table value at 1 percent level of significance showing the presence of relationship and goodness of fit.  $R^2$  is high showing 87.50 percent of the variation in GDP is explained by the variation of all the resources used as independent variables.

Except remittance, population and the government expenditure variables, all the variables included in the model are significant. The regression result shows that one percent increase in donor assistance has led to the growth of GDP by 0.030 percent in short run and 0.046 in the long run. Similarly, other things keeping constant, one percent increase in private investment has led to the growth of 0.398 percent in GDP. Donor funding, private investment and lagged GDP have also significantly affected the Koshi Hills economy. This is significant at 1 percent level. But it is interesting that the trend of technology development and change in the level of awareness is negatively related to the GDP and it is significant at one percent level. The short run and the long run impacts are given in Table 3.10.

Table 3.9: Regression Results of GDP as Dependent Variable after Autocorrelation for Koshi Hills

Log(GDP) <sub>it</sub> =	B <sub>0</sub>	+β <sub>1</sub> Log(Remit) <sub>it</sub>	+β <sub>2</sub> Log(PI) <sub>it</sub>	+β <sub>3</sub> Log(POP) <sub>it</sub>	+β <sub>4</sub> Log(DON) <sub>it</sub>
	1.894*	0.015	0.398*	0.071***	0.030***
t=	(3.225)	(0.915)	(5.641)	(1.261)	(1.528)
Se=	(0.587)	(0.016)	(0.070)	(0.056)	(0.019)
			+β <sub>5</sub> Log(GE) <sub>it</sub>	+β <sub>6</sub> Log(TR) <sub>it</sub>	+β <sub>7</sub> Log(GDP) <sub>it-1</sub>
			0.045	-0.163*	0.364*
			(0.950)	(-3.372)	(4.839)
			(0.048)	(0.048)	(0.075)
R <sup>2</sup> =		0.875		F=146.64	
DF		146	No. of Obs.=	154	

Note: \* Significant at 0.01 Level; \*\* Significant at 0.05 Level; \*\*\* Significant at 0.10 Level

Table 3.10: Short term and Long term Impact on Economic Growth

Impact	Remit- tance	Private in- vestment	Popu- lation	Donor Funding	Government Expenditure	Technology Development
Short term elasticity	0.015	0.398	0.071	0.030	0.045	-0.163
Long term elasticity	0.023	0.625	0.112	0.046	0.072	-0.257

The speed of adjustment is 0.636 which shows a moderate level of adjustment towards the desired level of economy. The overall status is that there is an economy of scale in the resource use. The long term impact of each of the resources is that one percent change in each of the resources generates: 0.023 percent change in GDP by remittance, 0.635 percent by private investment, 0.112 percent by population .046 percent by donor assistance, and 0.072 percent by government expenditure and -0.257 percent by the trend of level of technology and awareness. In conclusion, it can be deduced that all types of resources used from various agencies of economy have positively contributed to improve the economy of the Koshi Hills. The economies of scale are observed in the use of resources, particularly, the private sector investment is found to be the single most important factor in explaining growth of the area. For generating favorable impact to enhance private sector participation the enabling environment created in their efforts and investment by the government and donor cannot be undermined. However, the contribution of remittances in generating growth is very low while having notable contribution in poverty alleviation confirming that remittances are mostly used for consumption purposes and has yet to be used for creating foundation for future development.

# Conclusions and Recommendations

## 4.1 Conclusions

The following conclusions are deduced from this study.

- Among the Koshi Hill districts, Bhojpur, Sankhuwasabha and Terhathum have progressed well while the growth of Dhankuta is sluggish mainly due to higher base at the beginning of the study.
- The average economic growth rate of the Koshi Hills is 1.56 times higher than the average growth in the Koshi Tarai but lower than the national average economic growth rate. It also lags behind the impressive growth of Ilam district. The picture reveals that the development initiatives in the region including that of the donors particularly initiated by UK have made a positive impact on the development of the Koshi Hills.
- Improvement in roads network connection has a strong influence on the improvement of economic activities.
- Both consumption and expenditures have been improved, indicating the increasing affluence in the area. Further, there is a relative decrease in the consumption pattern by quintiles indicating the improvement albeit in a small degree in equity.
- Poverty has been reduced significantly. At the Koshi Hills district level, Bhojpur remains to be the poorest as explained by belated development in roads connections and larger population.
- Remittances have increased significantly since a decade and half and are a strong explanatory factor for the overall development of the Koshi Hills in recent times particularly in poverty reduction.
- Trade flows have increased significantly both in inward and the outward terms compared to the seventies and the early eighties. Particularly noticeable is the increase in the outflow of agricultural, horticultural and dairy products, herbs and medicinal plants meaning that the agricultural development activities initiated in the late sixties are paying off. The enhanced inflow of commodities reflects the increasing ability to consume of the people, as it has also been pointed out by the comparative scenario presented by the three NLSS surveys.
- Poverty reduction is strongly explained by the government investments and remittance and partly explained by population (with positive relationship) and donor funding.
- Growth is mainly explained by the private investments and partly by donor assistance, government investments, and remittances.

## 4.2 Recommendations

- There is a strong need to make focused investments in close collaboration and cooperation with the government, private sector, communities and the development partners.
- The development strategy should encompass long term planning, focusing on identifying and strategizing the potentials needs and the prospect of the Koshi Hills.
- Efforts must be made to use available resources intensively mitigating the scope and prospect of misuse and sub-optimised use.
- The environment for growth and development must be improved in order to ensure sustainable growth and development.
- The environment must be improved with providing necessary incentives if necessary to ensure productive investment of such resources at least partly.
- The opportunity of remittances should be considered as a medium term prospect only by shifting to gradual creation of employment and economic opportunities within the country.
- There is a need to create conducive environment for investing remittances for productive purposes, which is also being proved by the positive but less than significant relationship in the model developed

for explaining growth to enable these resources to contribute for sustained growth and attain development from the longer term perspective.

- There is also a need to establish base line data/information while launching any important development initiatives.

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## Annexes



## Annex 1: GDP of the Koshi Hill Districts and Neighboring Districts in Million NRs Constant Price (Note: See technical notes in Annex 38)

Year	Koshi Hills	Koshi Tairai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	4524	23307	1191	1562	766	1005	15404	7903	613	1156
1972	3598	18316	946	1243	615	794	12023	6293	512	928
1973	7697	38726	2021	2661	1328	1686	25245	13481	1151	2002
1974	4313	21450	1131	1493	751	938	13885	7565	677	1132
1975	4422	21735	1159	1531	777	955	13970	7765	729	1170
1976	4480	21769	1173	1553	795	960	13891	7877	776	1196
1977	4602	22102	1203	1596	824	979	14002	8100	836	1239
1978	5451	25882	1423	1892	984	1151	16275	9606	1040	1481
1979	4455	20916	1162	1547	812	934	13055	7861	893	1221
1980	4748	22039	1236	1650	873	988	13652	8387	999	1312
1981	4849	22257	1261	1686	900	1002	13681	8575	1071	1351
1982	4637	21048	1204	1613	868	951	12838	8209	1076	1303
1983	4983	22365	1292	1734	942	1014	13535	8830	1213	1412
1984	5473	24296	1417	1906	1043	1106	14587	9709	1399	1564
1985	5630	24723	1456	1962	1083	1129	14724	9998	1511	1623
1986	5634	24471	1455	1964	1094	1122	14456	10015	1588	1638
1987	5970	25651	1540	2082	1169	1179	15029	10622	1766	1750
1988	6207	26317	1597	2166	1229	1215	15262	11055	1958	1838
1989	6393	26817	1643	2231	1277	1242	15421	11396	2117	1909
1990	6604	25625	1682	2281	1371	1270	14770	10856	2132	1938
1991	6681	23973	1685	2283	1441	1272	13849	10124	2102	1925
1992	6748	22381	1686	2281	1511	1271	12959	9422	2069	1909
1993	7100	21758	1756	2372	1650	1322	12627	9132	2120	1971
1994	7130	20178	1744	2353	1719	1313	11736	8442	2072	1941
1995	7334	19105	1767	2381	1827	1329	11123	7958	2066	1949
1996	5999	15663	1454	1954	1501	1091	9131	6533	1700	1604
1997	4837	12618	1174	1574	1210	880	7355	5263	1374	1295
1998	10614	23081	3422	2717	2609	1865	13378	9703	4505	3845
1999	10514	25776	3198	2695	2700	1921	15221	10555	4654	3613
2000	11149	30772	3194	2856	2986	2114	18505	12267	5138	3628
2001	10460	32461	2816	2673	2916	2055	19869	12592	5009	3217
2002	10346	32294	2484	2495	3125	2241	19927	12367	6055	2863
2003	10634	32349	2205	2346	3374	2462	20123	12230	7371	2565
2004	10553	33815	2317	2550	3291	2394	20225	13590	7574	2725

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2005	10841	35737	2456	2797	3239	2348	20504	15233	7850	2921
2006	10998	37300	2565	3023	3141	2269	20479	16821	8016	3084
2007	11790	41148	2824	3444	3211	2311	21564	19584	8630	3433
2008	12267	44063	3011	3799	3178	2280	21986	22076	8996	3700
2009	12882	47626	3232	4219	3167	2264	22570	25056	9442	4015
2010	13225	46585	3297	4627	3058	2243	22744	23841	9685	4531
Annual Growth (%) 1971-2010	2.79	1.79	2.65	2.82	3.61	2.08	1.00	2.87	7.33	3.56

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**Annex 2: Agriculture GDP of Koshi Hill Districts and Neighboring Districts in Million NRs (Constant Price):** Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tara	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	3247	9237	850	993	604	800	5702	3535	538	614
1972	2567	7223	672	786	482	628	4425	2798	447	490
1973	5459	15196	1427	1673	1034	1325	9236	5959	998	1051
1974	3041	8375	794	933	582	733	5050	3325	584	591
1975	3099	8444	808	951	598	742	5051	3392	625	607
1976	3122	8415	813	959	608	742	4994	3421	661	617
1977	3188	8502	829	980	627	752	5004	3498	708	635
1978	3753	9906	975	1155	745	879	5782	4124	876	755
1979	3050	7966	792	939	611	709	4611	3355	747	619
1980	3231	8352	837	995	653	746	4794	3558	831	661
1981	3281	8393	849	1011	669	751	4776	3617	886	677
1982	3119	7898	806	962	642	709	4455	3442	885	649
1983	3332	8351	860	1028	692	752	4670	3681	992	699
1984	3638	9027	938	1123	762	815	5003	4024	1138	770
1985	3721	9140	958	1149	786	827	5021	4119	1221	794
1986	3701	9002	952	1144	789	817	4900	4102	1276	797
1987	3899	9390	1001	1205	839	854	5065	4325	1411	846
1988	4030	9588	1032	1246	877	874	5113	4475	1555	884
1989	4126	9722	1056	1277	906	888	5136	4586	1671	912
1990	4242	9233	1074	1298	967	903	4890	4343	1673	920
1991	4271	8585	1070	1291	1010	899	4559	4027	1640	909
1992	4293	7966	1064	1282	1053	893	4241	3726	1605	896
1993	4495	7697	1102	1326	1143	924	4108	3589	1635	920
1994	4492	7095	1088	1308	1184	912	3796	3299	1588	901
1995	4579	6668	1096	1315	1251	918	3577	3092	1574	899
1996	3799	5708	889	1108	1035	767	3127	2581	1266	783
1997	3093	4797	708	917	840	628	2682	2115	999	670
1998	6840	9161	2035	1626	1824	1355	5196	3965	3201	2107
1999	6851	10682	1875	1656	1901	1419	6296	4386	3231	2096
2000	7354	13337	1846	1802	2117	1589	8152	5185	3485	2229
2001	6989	14734	1605	1732	2082	1570	9322	5413	3320	2093
2002	7046	15363	1396	1661	2247	1742	9956	5406	3921	1973
2003	7211	16104	1225	1601	2433	1952	10685	5419	4658	1871
2004	7175	14937	1324	1711	2257	1883	9439	5498	4758	1912
2005	7232	14038	1443	1845	2113	1832	8412	5626	4902	1972

2006	7213	13057	1549	1960	1948	1756	7385	5673	4976	2003
2007	7616	12865	1753	2194	1894	1775	6835	6030	5324	2144
2008	7820	12332	1921	2380	1783	1737	6126	6206	5517	2223
2009	8118	11958	2119	2598	1689	1711	5527	6431	5755	2321
2010	8257	10456	2226	2796	1549	1686	4885	5571	5883	2514
Annual Growth (%) 1971-2010	2.41	0.24	2.50	2.69	2.44	1.93	-0.40	1.17	6.33	3.68

**Annex 3: Non-farm GDP of Koshi Hill Districts and Neighboring Districts in Million NRs (Constant Price):** Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Morang	Sunsari	Ilam	Khotang	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum
1971	1277	14070	9702	4368	75	542	340	569	162	206
1972	1031	11093	7598	3495	65	438	274	457	133	166
1973	2238	23530	16009	7521	153	951	595	989	293	361
1974	1272	13075	8835	4240	93	541	338	560	169	205
1975	1322	13291	8919	4372	104	563	350	580	179	213
1976	1358	13354	8898	4456	115	579	359	594	186	219
1977	1414	13601	8998	4603	128	604	374	616	197	227
1978	1697	15976	10493	5483	164	726	448	737	240	273
1979	1405	12950	8444	4506	145	602	370	608	201	225
1980	1517	13687	8858	4829	168	651	399	655	220	243
1981	1568	13864	8906	4958	185	675	412	675	231	251
1982	1518	13150	8383	4767	191	654	398	652	227	242
1983	1651	14015	8866	5149	221	713	432	706	250	263
1984	1835	15270	9584	5685	262	795	480	783	281	291
1985	1910	15583	9704	5879	290	829	498	813	297	302
1986	1933	15469	9556	5913	312	841	504	820	304	305
1987	2071	16261	9964	6297	356	904	539	877	330	326
1988	2177	16729	10149	6580	403	955	565	919	352	340
1989	2267	17095	10285	6810	446	997	587	955	371	353
1990	2362	16392	9879	6513	459	1017	608	984	404	367
1991	2411	15388	9290	6098	462	1016	615	992	431	372
1992	2456	14415	8718	5697	464	1012	622	999	458	377
1993	2605	14061	8519	5542	485	1051	654	1046	507	398
1994	2638	13084	7941	5143	484	1040	656	1046	535	401
1995	2724	12413	7547	4866	492	1050	671	1066	576	411
1996	2201	9956	6004	3952	434	820	565	846	466	325
1997	1744	7821	4673	3148	375	625	466	657	370	251
1998	3774	13920	8182	5738	1303	1738	1388	1092	785	510
1999	3663	15093	8925	6168	1423	1517	1323	1039	799	502
2000	3796	17435	10353	7082	1653	1399	1347	1054	869	525
2001	3470	17727	10547	7180	1689	1124	1211	941	834	484
2002	3300	16931	9970	6961	2135	890	1088	834	878	499
2003	3175	16249	9439	6811	2713	694	980	745	941	510
2004	3378	18878	10786	8092	2816	813	994	839	1034	511
2005	3609	21699	12092	9606	2948	949	1014	953	1127	516

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2006	3785	24243	13094	11149	3041	1081	1017	1063	1193	512
2007	4174	28283	14729	13554	3306	1288	1072	1249	1317	536
2008	4448	31731	15860	15871	3479	1477	1090	1419	1395	543
2009	4764	35668	17042	18626	3686	1694	1112	1621	1477	553
2010	4968	36129	17859	18270	3802	2017	1071	1831	1509	557
Annual Growth %1971-2010	3.54	2.45	1.58	3.74	10.58	3.43	2.98	3.04	5.89	2.58

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## Annex 4: Industry Sector GDP in Koshi Hill and Neighboring Districts in Million NRs (Constant Price): Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	256	6088	65	108	37	46	4325	1763	19	120
1972	213	5119	55	90	31	37	3637	1482	16	101
1973	448	10171	114	187	67	80	7137	3035	38	210
1974	255	5650	65	106	39	46	3939	1711	23	119
1975	265	5740	67	110	41	47	3976	1764	26	124
1976	273	5765	69	112	43	49	3967	1798	28	128
1977	284	5868	72	117	45	51	4011	1857	32	133
1978	341	6890	86	139	55	61	4678	2212	41	160
1979	282	5583	71	115	46	50	3764	1818	36	133
1980	305	5897	76	124	51	54	3949	1948	41	144
1981	315	5971	79	128	53	56	3970	2001	46	149
1982	305	5661	76	123	52	54	3737	1924	47	144
1983	332	6030	83	134	57	58	3952	2078	55	157
1984	369	6567	92	148	65	65	4273	2294	65	175
1985	384	6698	95	154	68	67	4326	2372	72	183
1986	389	6646	96	155	70	68	4260	2386	77	186
1987	417	6983	103	166	76	72	4442	2541	88	200
1988	439	7179	108	174	81	76	4524	2655	100	211
1989	457	7333	112	181	85	78	4585	2748	110	220
1990	477	7032	116	186	93	81	4404	2628	113	225
1991	487	6602	118	188	99	83	4142	2460	114	224
1992	497	6185	119	189	105	84	3886	2299	115	224
1993	528	6034	125	198	117	88	3798	2236	120	232
1994	535	5615	126	198	123	89	3540	2075	119	230
1995	554	5328	128	202	132	91	3364	1964	121	232
1996	447	4271	108	160	107	72	2677	1594	107	181
1997	354	3353	89	124	85	56	2083	1270	92	138
1998	766	5963	266	206	180	113	3647	2315	322	384
1999	745	6468	253	196	184	111	3979	2489	351	335
2000	774	7473	258	199	200	117	4615	2858	408	309
2001	709	7599	232	178	192	108	4702	2897	417	248
2002	679	7253	208	158	202	111	4445	2809	527	197
2003	658	6956	188	141	216	113	4208	2748	669	153
2004	700	8073	190	159	238	113	4808	3265	695	180
2005	748	9267	194	180	259	115	5391	3876	727	210

2006	784	10336	195	201	274	114	5837	4499	750	239
2007	863	12035	205	236	303	119	6566	5469	816	284
2008	918	13474	209	268	321	121	7071	6404	858	326
2009	982	15113	213	307	340	123	7597	7515	909	374
2010	1022	15333	205	346	347	124	7962	7372	938	445
Annual growth %1971-2010	3.62	2.40	2.98	3.04	5.89	2.58	1.58	3.74	10.5	3.43
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**Annex 5: Service Sector GDP in the Koshi Hill and Neighbouring Districts in Million NRs (Constant Price):** Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	1021	7693	275	461	125	160	5377	2606	57	422
1972	817	5755	220	367	102	129	3961	2013	50	337
1973	1789	12910	481	802	226	281	8872	4487	115	741
1974	1017	7186	273	454	130	160	4896	2529	70	422
1975	1057	7317	283	470	138	166	4943	2608	79	439
1976	1086	7364	291	482	143	170	4931	2658	86	451
1977	1130	7513	302	500	152	177	4987	2745	96	470
1978	1356	8839	362	598	185	212	5815	3270	124	566
1979	1123	7177	299	493	155	175	4680	2688	110	469
1980	1212	7597	323	531	170	189	4909	2880	126	507
1981	1253	7708	333	547	178	195	4935	2958	139	526
1982	1213	7322	322	528	175	188	4646	2844	144	510
1983	1319	7816	349	573	192	204	4913	3072	167	556
1984	1466	8529	388	635	217	226	5312	3391	197	619
1985	1525	8717	403	659	228	235	5378	3507	218	646
1986	1544	8666	407	665	234	237	5296	3527	235	655
1987	1654	9124	436	711	254	253	5522	3756	268	704
1988	1738	9403	457	745	271	265	5625	3925	304	744
1989	1810	9623	475	774	286	275	5700	4062	336	777
1990	1885	9225	491	798	311	285	5475	3885	346	792
1991	1923	8658	497	805	332	290	5149	3637	348	792
1992	1959	8109	503	810	353	294	4831	3398	350	789
1993	2077	7909	529	848	390	310	4721	3306	366	819
1994	2102	7357	530	848	412	312	4401	3068	364	810
1995	2170	6994	542	864	444	320	4183	2903	370	818
1996	1754	5616	457	686	359	253	3327	2357	327	639
1997	1390	4429	377	533	285	195	2590	1878	282	487
1998	3008	7920	1122	885	604	397	4534	3423	982	1354
1999	2918	8621	1070	843	615	390	4946	3679	1072	1182
2000	3022	10018	1090	854	669	409	5738	4225	1245	1090
2001	2761	10271	979	763	642	377	5845	4283	1273	876
2002	2621	9914	880	677	676	388	5525	4152	1608	694
2003	2517	9638	792	604	724	396	5231	4063	2043	541
2004	2678	11011	803	681	796	397	5977	4827	2121	634
2005	2861	12539	820	773	868	401	6702	5730	2221	740
2006	3001	13950	822	862	919	399	7257	6650	2291	843

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2007	3311	16257	866	1013	1014	417	8163	8085	2490	1004
2008	3529	18257	881	1151	1074	422	8790	9467	2621	1151
2009	3782	20570	899	1315	1138	430	9445	11110	2777	1320
2010	3946	20806	866	1485	1162	433	9897	10898	2864	1572
Annual Growth in % 1971-2010	3.53	2.58	2.98	3.04	5.89	2.58	1.58	3.74	10.58	3.43

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## Annex 6: Share of Sectoral GDP in Total GDP

Year	Koshi Hills			Bhojpur			Dhankuta			Sankhuwasabha			Terhathum		
	Agri	Industry	Service	Agri	Industry	Service	Agri	Industry	Service	Agri	Industry	Service	Agri	Industry	Service
1971	72.21	5.56	22.23	71.41	5.47	23.11	63.59	6.88	29.52	78.83	4.87	16.30	79.52	4.55	15.93
1972	71.79	5.84	22.37	71.00	5.79	23.21	63.22	7.27	29.51	78.37	5.10	16.53	79.06	4.65	16.29
1973	71.37	5.74	22.89	70.58	5.63	23.79	62.85	7.02	30.12	77.91	5.08	17.01	78.59	4.75	16.65
1974	70.96	5.82	23.22	70.17	5.71	24.12	62.48	7.09	30.42	77.45	5.18	17.36	78.13	4.86	17.01
1975	70.55	5.91	23.55	69.76	5.79	24.46	62.12	7.16	30.72	77.00	5.29	17.71	77.68	4.96	17.37
1976	70.14	5.99	23.87	69.35	5.87	24.79	61.75	7.23	31.01	76.55	5.39	18.06	77.22	5.06	17.72
1977	69.73	6.07	24.19	68.94	5.94	25.11	61.39	7.30	31.31	76.10	5.49	18.40	76.77	5.16	18.07
1978	69.33	6.16	24.51	68.54	6.02	25.44	61.03	7.37	31.60	75.66	5.60	18.75	76.32	5.26	18.42
1979	68.93	6.24	24.83	68.14	6.10	25.76	60.67	7.44	31.89	75.21	5.70	19.09	75.87	5.36	18.77
1980	68.53	6.32	25.15	67.74	6.17	26.09	60.32	7.50	32.18	74.77	5.80	19.43	75.43	5.46	19.11
1981	68.13	6.40	25.46	67.34	6.25	26.41	59.97	7.57	32.46	74.34	5.90	19.76	74.99	5.56	19.46
1982	67.74	6.49	25.77	66.95	6.33	26.73	59.62	7.64	32.75	73.90	6.00	20.10	74.55	5.65	19.80
1983	67.35	6.57	26.08	66.56	6.40	27.04	59.27	7.70	33.03	73.47	6.10	20.43	74.11	5.75	20.14
1984	66.96	6.65	26.39	66.17	6.48	27.36	58.92	7.77	33.31	73.04	6.20	20.76	73.68	5.85	20.48
1985	66.57	6.73	26.70	65.78	6.55	27.67	58.57	7.83	33.59	72.61	6.30	21.09	73.25	5.94	20.81
1986	66.19	6.81	27.00	65.39	6.62	27.98	58.23	7.90	33.87	72.19	6.39	21.42	72.82	6.04	21.14
1987	65.81	6.89	27.31	65.01	6.70	28.29	57.89	7.96	34.15	71.76	6.49	21.75	72.39	6.13	21.48
1988	65.43	6.97	27.61	64.63	6.77	28.60	57.55	8.03	34.42	71.34	6.59	22.07	71.97	6.23	21.81
1989	65.05	7.04	27.91	64.25	6.84	28.91	57.21	8.09	34.69	70.92	6.68	22.39	71.55	6.32	22.13
1990	64.71	7.12	28.17	63.88	6.91	29.21	56.88	8.15	34.97	70.51	6.78	22.71	71.13	6.41	22.46
1991	64.38	7.20	28.42	63.50	6.99	29.51	56.55	8.22	35.24	70.10	6.87	23.03	70.71	6.51	22.78
1992	64.05	7.28	28.67	63.13	7.06	29.81	56.22	8.28	35.50	69.69	6.97	23.34	70.30	6.60	23.11
1993	63.72	7.35	28.93	62.76	7.13	30.11	55.89	8.34	35.77	69.28	7.06	23.66	69.89	6.69	23.43
1994	63.40	7.43	29.17	62.39	7.20	30.41	55.56	8.40	36.04	68.87	7.16	23.97	69.48	6.78	23.74
1995	63.17	7.49	29.34	62.03	7.27	30.70	55.23	8.47	36.30	68.47	7.25	24.28	69.07	6.87	24.06
1996	63.66	7.38	28.95	61.16	7.43	31.41	56.73	8.18	35.09	68.95	7.14	23.91	70.24	6.61	23.15
1997	64.27	7.26	28.47	60.30	7.60	32.10	58.26	7.89	33.85	69.43	7.03	23.54	71.44	6.34	22.22
1998	64.80	7.14	28.06	59.46	7.76	32.78	59.83	7.60	32.57	69.92	6.92	23.17	72.65	6.07	21.27
1999	65.48	7.02	27.50	58.63	7.92	33.46	61.45	7.29	31.26	70.41	6.80	22.79	73.89	5.80	20.31
2000	66.22	6.89	26.89	57.81	8.08	34.12	63.10	6.98	29.92	70.90	6.69	22.41	75.14	5.52	19.34
2001	67.01	6.74	26.25	57.00	8.23	34.77	64.81	6.65	28.54	71.40	6.58	22.03	76.42	5.24	18.34
2002	68.10	6.56	25.34	56.20	8.38	35.42	66.56	6.32	27.12	71.90	6.46	21.64	77.72	4.95	17.33
2003	69.74	6.27	23.99	55.57	8.50	35.93	68.25	6.00	25.75	72.11	6.41	21.48	79.30	4.60	16.10
2004	67.95	6.64	25.41	57.13	8.21	34.67	67.08	6.22	26.69	68.58	7.22	24.20	78.67	4.74	16.59
2005	66.80	6.88	26.32	58.73	7.90	33.37	65.94	6.44	27.62	65.22	8.00	26.78	78.04	4.88	17.08
2006	65.78	7.09	27.14	60.37	7.59	32.04	64.82	6.65	28.52	62.02	8.73	29.25	77.41	5.02	17.57
2007	64.88	7.26	27.86	62.06	7.26	30.68	63.72	6.86	29.42	58.98	9.43	31.59	76.79	5.15	18.05

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2008	64.08	7.42	28.50	63.80	6.93	29.27	62.64	7.07	30.30	56.09	10.09	33.81	76.18	5.29	18.53
2009	63.38	7.55	29.07	65.58	6.59	27.83	61.57	7.27	31.16	53.35	10.73	35.93	75.57	5.43	19.00
2010	62.81	7.65	29.54	67.52	6.22	26.26	60.43	7.48	32.09	50.64	11.35	38.01	75.17	5.51	19.32

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## Annex 7: Remittance Received by Koshi Hill and Neighboring Districts in Million NRs (Constant Price):

Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	1.17	1.73	0.02	1.07	0.05	0.03	0.63	1.10	21.70	5.89
1972	1.26	2.01	0.02	1.14	0.06	0.03	0.73	1.28	21.67	6.05
1973	1.46	2.53	0.03	1.31	0.08	0.04	0.92	1.61	23.44	6.74
1974	1.58	2.97	0.03	1.40	0.10	0.05	1.08	1.89	23.66	7.00
1975	2.01	4.08	0.05	1.75	0.14	0.08	1.49	2.59	27.94	8.51
1976	2.67	5.84	0.07	2.29	0.20	0.11	2.13	3.71	34.41	10.79
1977	3.13	7.38	0.09	2.63	0.26	0.14	2.69	4.69	37.37	12.06
1978	3.66	9.27	0.13	3.01	0.33	0.19	3.38	5.89	40.34	13.40
1979	4.38	11.90	0.17	3.53	0.43	0.25	4.34	7.56	44.54	15.23
1980	5.23	15.23	0.23	4.12	0.57	0.32	5.55	9.68	49.00	17.24
1981	6.19	19.24	0.30	4.74	0.73	0.42	7.01	12.23	53.23	19.28
1982	7.15	23.66	0.39	5.32	0.92	0.53	8.62	15.04	56.30	20.99
1983	8.75	30.72	0.53	6.30	1.21	0.71	11.20	19.53	62.86	24.13
1984	10.75	39.95	0.72	7.47	1.61	0.95	14.56	25.39	70.28	27.77
1985	12.29	48.22	0.91	8.22	1.98	1.18	17.57	30.65	72.95	29.66
1986	14.32	59.11	1.17	9.18	2.48	1.49	21.54	37.57	76.89	32.18
1987	16.87	73.01	1.52	10.34	3.12	1.89	26.61	46.40	81.65	35.18
1988	20.05	90.63	1.98	11.71	3.95	2.41	33.03	57.60	87.16	38.66
1989	24.03	113.10	2.59	13.32	5.02	3.10	41.22	71.88	93.52	42.69
1990	29.25	142.73	3.43	15.33	6.46	4.02	52.01	90.71	101.48	47.69
1991	32.78	165.27	4.17	16.19	7.63	4.79	60.23	105.04	101.04	48.88
1992	39.84	206.77	5.47	18.47	9.74	6.16	75.35	131.42	108.70	54.12
1993	49.95	265.90	7.39	21.65	12.77	8.14	96.90	169.00	120.19	61.60
1994	63.37	344.63	10.05	25.59	16.87	10.86	125.59	219.03	133.95	70.66
1995	79.67	441.12	13.49	29.87	22.02	14.29	160.76	280.36	147.42	80.05
1996	103.31	502.68	17.50	35.08	30.36	20.36	200.15	302.53	163.29	91.83
1997	138.99	593.62	23.42	42.49	43.15	29.93	256.98	336.64	186.51	108.63
1998	179.48	672.18	29.89	49.11	58.53	41.96	314.79	357.39	203.26	122.61
1999	242.93	797.29	39.76	59.14	82.72	61.31	401.88	395.42	230.84	144.21
2000	336.88	968.56	53.88	72.58	119.13	91.28	522.77	445.79	267.14	172.84
2001	463.65	1167.67	72.11	87.95	169.40	134.19	671.44	496.22	305.24	204.54
2002	646.64	1426.72	97.32	107.47	242.92	198.94	869.68	557.04	351.73	244.09
2003	897.15	1735.28	129.76	129.93	345.20	292.26	1117.72	617.56	401.00	287.91
2004	948.89	2101.21	149.00	147.12	357.50	295.27	1270.88	830.33	435.99	305.20
2005	1004.34	2556.64	170.78	166.28	369.55	297.74	1442.33	1114.31	473.15	322.91

2006	1047.28	3077.61	192.32	184.65	375.32	294.99	1608.31	1469.30	504.51	335.69
2007	1146.34	3905.40	226.71	214.64	399.03	305.95	1877.33	2028.07	563.13	365.31
2008	1127.20	4470.61	239.41	223.51	380.03	284.25	1963.00	2507.61	563.06	356.12
2009	1143.03	5298.92	259.97	239.33	372.17	271.56	2110.65	3188.27	578.91	356.98
2010	1179.33	6405.45	286.29	259.54	370.09	263.41	2300.33	4105.12	602.60	361.84
Annual Growth (%) 1971-2010	19.39	23.45	28.40	15.11	25.41	26.36	23.40	23.47	8.90	11.14

## Annex 8: Remittance as % of Gross Domestic Products

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	0.03	0.01	0.00	0.07	0.01	0.00	0.00	0.01	3.54	0.51
1972	0.03	0.01	0.00	0.09	0.01	0.00	0.01	0.02	4.23	0.65
1973	0.02	0.01	0.00	0.05	0.01	0.00	0.00	0.01	2.04	0.34
1974	0.04	0.01	0.00	0.09	0.01	0.01	0.01	0.02	3.49	0.62
1975	0.05	0.02	0.00	0.11	0.02	0.01	0.01	0.03	3.83	0.73
1976	0.06	0.03	0.01	0.15	0.03	0.01	0.02	0.05	4.44	0.90
1977	0.07	0.03	0.01	0.16	0.03	0.01	0.02	0.06	4.47	0.97
1978	0.07	0.04	0.01	0.16	0.03	0.02	0.02	0.06	3.88	0.91
1979	0.10	0.06	0.01	0.23	0.05	0.03	0.03	0.10	4.99	1.25
1980	0.11	0.07	0.02	0.25	0.06	0.03	0.04	0.12	4.90	1.31
1981	0.13	0.09	0.02	0.28	0.08	0.04	0.05	0.14	4.97	1.43
1982	0.15	0.11	0.03	0.33	0.11	0.06	0.07	0.18	5.23	1.61
1983	0.18	0.14	0.04	0.36	0.13	0.07	0.08	0.22	5.18	1.71
1984	0.20	0.16	0.05	0.39	0.15	0.09	0.10	0.26	5.02	1.77
1985	0.22	0.20	0.06	0.42	0.18	0.10	0.12	0.31	4.83	1.83
1986	0.25	0.24	0.08	0.47	0.23	0.13	0.15	0.38	4.84	1.97
1987	0.28	0.28	0.10	0.50	0.27	0.16	0.18	0.44	4.62	2.01
1988	0.32	0.34	0.12	0.54	0.32	0.20	0.22	0.52	4.45	2.10
1989	0.38	0.42	0.16	0.60	0.39	0.25	0.27	0.63	4.42	2.24
1990	0.44	0.56	0.20	0.67	0.47	0.32	0.35	0.84	4.76	2.46
1991	0.49	0.69	0.25	0.71	0.53	0.38	0.43	1.04	4.81	2.54
1992	0.59	0.92	0.32	0.81	0.64	0.48	0.58	1.39	5.25	2.84
1993	0.70	1.22	0.42	0.91	0.77	0.62	0.77	1.85	5.67	3.13
1994	0.89	1.71	0.58	1.09	0.98	0.83	1.07	2.59	6.46	3.64
1995	1.09	2.31	0.76	1.25	1.21	1.08	1.45	3.52	7.14	4.11
1996	1.72	3.21	1.20	1.80	2.02	1.87	2.19	4.63	9.60	5.73
1997	2.87	4.70	2.00	2.70	3.57	3.40	3.49	6.40	13.58	8.39
1998	1.69	2.91	0.87	1.81	2.24	2.25	2.35	3.68	4.51	3.19
1999	2.31	3.09	1.24	2.19	3.06	3.19	2.64	3.75	4.96	3.99
2000	3.02	3.15	1.69	2.54	3.99	4.32	2.83	3.63	5.20	4.76
2001	4.43	3.60	2.56	3.29	5.81	6.53	3.38	3.94	6.09	6.36
2002	6.25	4.42	3.92	4.31	7.77	8.88	4.36	4.50	5.81	8.53
2003	8.44	5.36	5.88	5.54	10.23	11.87	5.55	5.05	5.44	11.22
2004	8.99	6.21	6.43	5.77	10.86	12.33	6.28	6.11	5.76	11.20
2005	9.26	7.15	6.95	5.94	11.41	12.68	7.03	7.32	6.03	11.06
2006	9.52	8.25	7.50	6.11	11.95	13.00	7.85	8.73	6.29	10.89
2007	9.72	9.49	8.03	6.23	12.43	13.24	8.71	10.36	6.53	10.64
2008	9.19	10.15	7.95	5.88	11.96	12.47	8.93	11.36	6.26	9.62

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2009	8.87	11.13	8.04	5.67	11.75	11.99	9.35	12.72	6.13	8.89
2010	8.92	13.75	8.68	5.61	12.10	11.75	10.11	17.22	6.22	7.99

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## Annex 9: Private Investment in Koshi Hill and Neighboring Districts in Million NRs (Constant Price): Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	477	2459	126	165	81	106	1625	834	65	122
1972	453	2306	119	157	77	100	1514	792	64	117
1973	389	1956	102	134	67	85	1275	681	58	101
1974	446	2220	117	154	78	97	1437	783	70	117
1975	460	2263	121	159	81	99	1455	808	76	122
1976	490	2382	128	170	87	105	1520	862	85	131
1977	509	2444	133	176	91	108	1548	896	92	137
1978	443	2105	116	154	80	94	1324	781	85	120
1979	423	1984	110	147	77	89	1238	746	85	116
1980	430	1998	112	150	79	90	1238	760	91	119
1981	466	2139	121	162	86	96	1315	824	103	130
1982	498	2262	129	173	93	102	1380	882	116	140
1983	478	2145	124	166	90	97	1298	847	116	135
1984	676	3002	175	236	129	137	1803	1200	173	193
1985	558	2449	144	194	107	112	1459	991	150	161
1986	626	2720	162	218	122	125	1607	1113	176	182
1987	616	2645	159	215	121	122	1550	1095	182	180
1988	590	2503	152	206	117	116	1452	1051	186	175
1989	558	2343	144	195	112	108	1347	996	185	167
1990	773	3001	197	267	161	149	1730	1271	250	227
1991	847	3038	214	289	183	161	1755	1283	266	244
1992	1004	3329	251	339	225	189	1928	1402	308	284
1993	1377	4220	341	460	320	256	2449	1771	411	382
1994	1083	3066	265	358	261	199	1783	1283	315	295
1995	1128	2948	273	368	282	205	1719	1230	319	301
1996	885	2312	215	288	221	161	1348	964	251	237
1997	688	1795	167	224	172	125	1046	749	195	184
1998	1284	2792	414	329	316	226	1618	1174	545	465
1999	1299	3185	395	333	334	237	1881	1304	575	446
2000	1684	4648	482	431	451	319	2795	1853	776	548
2001	1649	5119	444	422	460	324	3133	1986	790	507
2002	1752	5469	421	423	529	380	3374	2094	1025	485
2003	1823	5680	387	412	592	432	3533	2147	1294	450
2004	1796	5756	394	434	560	407	3443	2313	1289	464
2005	1956	6448	443	505	584	424	3700	2749	1417	527
2006	1945	6595	454	534	555	401	3621	2974	1417	545

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2007	2102	7338	504	614	573	412	3845	3492	1539	612
2008	2070	7437	508	641	536	385	3711	3726	1518	624
2009	2021	7473	507	662	497	355	3541	3931	1481	630
2010	1880	6623	469	658	435	319	3234	3390	1377	644
Annual Growth (%) 1971-2010	3.58	2.57	3.43	3.61	4.41	2.86	1.78	3.66	8.16	4.36

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## Annex 10: District wise Private Investment as % of GDP in the Koshi Hills and Neighboring Districts

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971-72	10.54	10.55	10.58	10.56	10.57	10.55	10.55	10.55	10.60	10.55
1972-73	12.59	12.59	12.58	12.63	12.52	12.59	12.59	12.59	12.50	12.61
1973-74	5.05	5.05	5.05	5.04	5.05	5.04	5.05	5.05	5.04	5.04
1974-75	10.34	10.35	10.34	10.31	10.39	10.34	10.35	10.35	10.34	10.34
1975-76	10.40	10.41	10.44	10.39	10.42	10.37	10.42	10.41	10.43	10.43
1976-77	10.94	10.94	10.91	10.95	10.94	10.94	10.94	10.94	10.95	10.95
1977-78	11.06	11.06	11.06	11.03	11.04	11.03	11.06	11.06	11.00	11.06
1978-79	8.13	8.13	8.15	8.14	8.13	8.17	8.14	8.13	8.17	8.10
1979-80	9.49	9.49	9.47	9.50	9.48	9.53	9.48	9.49	9.52	9.50
1980-81	9.06	9.07	9.06	9.09	9.05	9.11	9.07	9.06	9.11	9.07
1981-82	9.61	9.61	9.60	9.61	9.56	9.58	9.61	9.61	9.62	9.62
1982-83	10.74	10.75	10.71	10.73	10.71	10.73	10.75	10.74	10.78	10.74
1983-84	9.59	9.59	9.60	9.57	9.55	9.57	9.59	9.59	9.56	9.56
1984-85	12.35	12.36	12.35	12.38	12.37	12.39	12.36	12.36	12.37	12.34
1985-86	9.91	9.91	9.89	9.89	9.88	9.92	9.91	9.91	9.93	9.92
1986-87	11.11	11.12	11.13	11.10	11.15	11.14	11.12	11.11	11.08	11.11
1987-88	10.32	10.31	10.32	10.33	10.35	10.35	10.31	10.31	10.31	10.29
1988-89	9.51	9.51	9.52	9.51	9.52	9.55	9.51	9.51	9.50	9.52
1989-90	8.73	8.74	8.76	8.74	8.77	8.70	8.73	8.74	8.74	8.75
1990-91	11.71	11.71	11.71	11.71	11.74	11.73	11.71	11.71	11.73	11.71
1991-92	12.68	12.67	12.70	12.66	12.70	12.66	12.67	12.67	12.65	12.68
1992-93	14.88	14.87	14.89	14.86	14.89	14.87	14.88	14.88	14.89	14.88
1993-94	19.39	19.40	19.42	19.39	19.39	19.36	19.39	19.39	19.39	19.38
1994-95	15.19	15.19	15.19	15.21	15.18	15.16	15.19	15.20	15.20	15.20
1995-96	15.38	15.43	15.45	15.46	15.44	15.43	15.45	15.46	15.44	15.44
1996-97	14.75	14.76	14.79	14.74	14.72	14.76	14.76	14.76	14.76	14.78
1997-98	14.22	14.23	14.22	14.23	14.21	14.20	14.22	14.23	14.19	14.21
1998-99	12.10	12.10	12.10	12.11	12.11	12.12	12.09	12.10	12.10	12.09
1999-00	12.35	12.36	12.35	12.36	12.37	12.34	12.36	12.35	12.35	12.34
2000-01	15.10	15.10	15.09	15.09	15.10	15.09	15.10	15.11	15.10	15.10
2001-02	15.76	15.77	15.77	15.79	15.78	15.77	15.77	15.77	15.77	15.76
2002-03	16.93	16.94	16.95	16.95	16.93	16.96	16.93	16.93	16.93	16.94
2003-04	17.14	17.56	17.55	17.56	17.55	17.55	17.56	17.56	17.56	17.54
2004-05	17.02	17.02	17.00	17.02	17.02	17.00	17.02	17.02	17.02	17.03
2005-06	18.04	18.04	18.04	18.06	18.03	18.06	18.05	18.05	18.05	18.04
2006-07	17.69	17.68	17.70	17.66	17.67	17.67	17.68	17.68	17.68	17.67
2007-08	17.83	17.83	17.85	17.83	17.84	17.83	17.83	17.83	17.83	17.83

2008-09	16.87	16.88	16.87	16.87	16.87	16.89	16.88	16.88	16.87	16.86
2009-10	15.69	15.69	15.69	15.69	15.69	15.68	15.69	15.69	15.69	15.69
2010-11	14.22	14.22	14.23	14.22	14.22	14.22	14.22	14.22	14.22	14.21

**Annex 11: District wise Total Expenditure in the Koshi Hill and Neighboring Districts in Million NRs (Constant Price):** Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971	79.38	261.30	17.63	19.38	28.12	15.62	236.98	24.32	51.83	17.63
1972	75.70	242.20	16.95	18.50	26.80	14.95	218.50	23.71	48.65	16.95
1973	88.29	274.68	19.93	21.61	31.25	17.51	246.41	28.27	55.85	19.93
1974	95.06	287.64	21.64	23.30	33.64	18.93	256.52	31.12	59.19	21.64
1975	122.68	361.12	28.15	30.10	43.39	24.53	320.06	41.05	75.17	28.15
1976	159.01	455.51	36.79	39.07	56.22	31.92	401.11	54.40	95.90	36.79
1977	171.34	477.82	39.97	42.15	60.56	34.54	417.89	59.93	101.71	39.97
1978	180.54	490.29	42.46	44.47	63.79	36.54	425.73	64.55	105.48	42.46
1979	197.96	523.70	46.93	48.82	69.92	40.22	451.34	72.36	113.83	46.93
1980	221.94	572.16	53.05	54.80	78.35	45.28	489.22	82.94	125.60	53.05
1981	273.03	686.19	65.79	67.50	96.35	55.93	581.88	104.31	152.08	65.79
1982	324.93	796.40	78.94	80.43	114.62	66.82	669.50	126.90	178.12	78.94
1983	334.13	799.00	81.83	82.80	117.81	68.99	665.60	133.40	180.26	81.83
1984	364.51	850.78	90.00	90.44	128.47	75.56	702.01	148.77	193.54	90.00
1985	381.64	869.82	94.99	94.81	134.45	79.43	710.59	159.22	199.43	94.99
1986	408.60	909.78	102.52	101.62	143.88	85.38	735.52	174.26	210.13	102.52
1987	459.53	1000.07	116.24	114.43	161.75	96.40	799.72	200.35	232.58	116.24
1988	541.24	1151.82	138.01	134.93	190.42	113.99	910.61	241.21	269.58	138.01
1989	548.38	1141.79	140.96	136.87	192.84	115.95	891.96	249.83	268.81	140.96
1990	615.87	1255.22	159.59	153.89	216.47	130.73	968.41	286.80	297.09	159.59
1991	594.64	1187.00	155.33	148.75	208.91	126.72	903.93	283.07	282.29	155.33
1992	646.72	1265.09	170.29	161.97	227.09	138.36	950.40	314.69	302.13	170.29
1993	626.90	1202.44	166.40	157.18	220.02	134.65	890.62	311.82	288.21	166.40
1994	752.84	1416.69	201.43	188.97	264.08	162.33	1033.93	382.76	340.60	201.43
1995	853.48	1576.68	230.19	214.47	299.23	184.75	1133.13	443.55	379.99	230.19
1996	890.62	1616.18	242.14	224.05	312.09	193.54	1143.07	473.11	390.21	242.14
1997	972.94	1735.41	266.64	245.02	340.75	212.24	1207.12	528.29	419.48	266.64
1998	973.10	1707.17	268.81	245.33	340.62	213.10	1167.10	540.07	412.85	268.81
1999	1061.18	1692.61	278.96	263.82	374.68	236.10	1117.42	575.20	488.14	278.96
2000	1354.20	3042.32	372.12	345.87	478.78	289.16	2295.66	746.66	481.54	372.12
2001	1192.69	2605.48	401.76	302.84	414.48	268.55	1863.63	741.85	399.72	401.76
2002	1196.67	1941.03	332.83	314.59	400.96	275.83	1151.31	789.72	375.02	332.83
2003	1318.77	1759.92	361.87	342.83	446.41	297.09	982.51	777.41	411.15	361.87
2004	1403.08	1878.01	385.72	391.51	459.59	316.43	1104.44	773.57	452.01	385.72
2005	1424.86	2042.11	425.57	378.94	502.76	302.38	1210.67	831.44	479.93	425.57
2006	1622.31	2282.71	460.92	431.39	572.82	344.42	1344.63	938.08	551.47	460.92

2007	1872.18	2762.88	542.36	497.85	658.96	389.61	1623.71	1139.17	653.84	542.36
2008	2379.62	3528.75	720.31	607.43	857.07	498.84	2091.18	1437.57	836.36	720.31
2009	2707.74	3988.44	754.61	652.03	1052.28	566.35	2343.90	1644.55	996.03	754.61
2010	2693.55	4073.78	813.81	687.16	936.52	616.00	2166.15	1907.63	948.26	813.81
Annual Growth (%) 1971-2010	9.46	7.30	10.32	9.58	9.41	9.88	5.84	11.84	7.74	10.32

## Annex 12: District wise Government Expenditure as % of GDP in the Koshi Hills and Neighboring Districts

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971-72	1.33	1.12	1.32	1.29	1.62	1.16	1.54	0.30	7.57	1.30
1972-73	1.75	1.32	1.70	1.74	2.08	1.58	1.82	0.37	8.76	1.63
1973-74	0.95	0.71	0.92	0.94	1.12	0.86	0.98	0.20	4.43	0.88
1974-75	1.85	1.34	1.79	1.83	2.15	1.69	1.85	0.40	7.97	1.69
1975-76	2.34	1.65	2.27	2.33	2.69	2.15	2.29	0.51	9.35	2.11
1976-77	3.08	2.08	2.97	3.07	3.50	2.86	2.89	0.67	11.30	2.74
1977-78	3.11	2.15	3.03	3.08	3.50	2.90	2.98	0.70	10.76	2.76
1978-79	2.37	1.88	2.40	2.28	2.66	2.21	2.62	0.64	8.91	2.44
1979-80	2.83	2.48	2.96	2.66	3.18	2.63	3.46	0.86	10.89	3.16
1980-81	2.80	2.57	3.00	2.59	3.15	2.61	3.58	0.92	10.74	3.34
1981-82	3.54	3.06	3.74	3.30	3.96	3.29	4.25	1.15	12.43	4.16
1982-83	4.67	3.75	4.88	4.41	5.20	4.35	5.21	1.46	14.61	5.24
1983-84	4.32	3.53	4.57	4.05	4.80	4.01	4.92	1.41	12.82	4.89
1984-85	4.32	3.46	4.57	4.05	4.79	4.01	4.81	1.43	12.03	4.92
1985-86	4.19	3.47	4.06	4.92	3.90	3.37	4.82	1.47	11.15	4.86
1986-87	4.86	3.66	4.73	5.49	4.60	4.16	5.09	1.61	11.30	5.28
1987-88	4.82	3.82	4.74	5.51	4.38	4.18	5.32	1.71	10.82	5.39
1988-89	5.74	4.29	5.67	6.38	5.24	5.18	5.96	1.97	11.33	6.13
1989-90	5.86	4.16	5.81	6.39	5.38	5.45	5.78	1.98	10.43	6.05
1990-91	6.86	4.79	6.87	7.38	6.27	6.57	6.55	2.40	11.70	6.91
1991-92	6.92	4.85	7.00	7.39	6.24	6.76	6.52	2.56	11.47	6.91
1992-93	7.42	5.51	7.60	7.96	6.42	7.37	7.32	3.02	12.26	7.54
1993-94	6.83	5.37	7.10	7.37	5.70	6.91	7.03	3.06	11.23	7.05
1994-95	8.80	6.85	9.21	9.49	7.34	8.95	8.78	4.15	14.17	9.05
1995-96	9.69	8.01	10.33	10.58	7.84	10.03	10.15	5.05	15.65	10.20
1996-97	12.59	10.00	13.35	13.62	10.24	12.96	12.45	6.56	19.59	13.11
1997-98	17.26	13.28	18.31	18.61	14.15	17.71	16.30	9.07	26.03	17.12
1998-99	9.02	7.35	7.17	12.54	8.17	8.48	8.65	5.57	9.16	6.99
1999-00	8.80	4.98	7.41	12.26	7.36	8.28	5.00	4.96	9.22	6.82
2000-01	11.01	6.37	10.01	15.01	8.88	10.14	6.80	5.72	8.28	9.01
2001-02	10.64	5.66	10.27	14.41	8.50	9.25	5.68	5.64	7.37	9.32
2002-03	10.76	4.81	11.72	14.87	8.35	8.48	4.28	5.66	5.79	10.31
2003-04	9.91	4.33	12.25	15.10	7.25	7.50	3.73	5.31	4.47	10.57
2004-05	10.21	4.30	11.71	13.93	7.67	8.28	3.87	4.93	4.55	10.96
2005-06	10.99	4.81	13.18	14.01	8.20	8.93	4.78	4.84	5.02	12.22
2006-07	12.26	5.19	14.17	15.18	9.30	10.32	5.62	4.66	5.69	12.51

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2007-08	13.77	5.98	15.30	16.69	10.53	12.04	6.71	5.17	6.21	13.32
2008-09	16.70	7.13	17.49	19.30	13.67	15.55	8.51	5.75	7.96	16.08
2009-10	17.76	7.08	17.46	20.33	15.33	16.81	8.72	5.60	8.75	15.96
2010-11	16.76	7.39	17.49	15.77	17.17	17.19	8.22	6.61	8.00	15.06

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## Annex 13: District wise Donor Funding in Koshi Hill and Neighboring Districts in Million NRs (Constant Price): Note: See technical notes in Annex 38

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971-72	19.42	0.94	3.68	7.96	3.21	4.58	0.00	0.94	5.42	2.58
1972-73	12.71	0.70	2.43	5.19	2.17	2.92	0.00	0.70	3.79	1.82
1973-74	15.17	0.95	2.93	6.17	2.67	3.39	0.00	0.95	4.84	2.33
1974-75	15.43	1.10	3.01	6.25	2.81	3.36	0.00	1.09	5.26	2.55
1975-76	19.28	1.55	3.79	7.79	3.62	4.08	0.00	1.55	7.02	3.42
1976-77	21.18	1.93	4.20	8.51	4.11	4.36	0.01	1.93	8.23	4.04
1977-78	28.38	2.94	5.68	11.35	5.68	5.68	0.01	2.93	11.76	5.81
1978-79	51.60	3.40	10.32	20.64	10.32	10.32	0.02	3.39	12.80	6.37
1979-80	71.96	4.67	14.39	28.78	14.39	14.39	0.03	4.65	16.55	8.29
1980-81	88.87	5.51	17.77	35.55	17.77	17.77	0.04	5.47	18.34	9.24
1981-82	101.61	6.06	20.32	40.65	20.32	20.32	0.05	6.02	19.00	9.63
1982-83	108.59	7.10	21.72	43.44	21.72	21.72	0.07	7.04	20.93	10.68
1983-84	119.09	8.95	23.82	47.64	23.82	23.82	0.10	8.85	24.78	12.73
1984-85	128.14	9.68	25.63	51.25	25.63	25.63	0.13	9.55	25.18	13.01
1985-86	145.67	12.69	35.63	37.89	37.24	34.91	0.21	12.48	30.99	16.12
1986-87	135.01	13.38	32.83	36.10	35.08	31.01	0.27	13.11	30.67	16.05
1987-88	171.51	19.34	41.43	47.10	45.25	37.73	0.46	18.88	41.57	21.90
1988-89	185.04	23.74	44.37	52.16	49.55	38.96	0.68	23.06	47.83	25.35
1989-90	173.95	25.41	41.38	50.30	47.24	35.03	0.88	24.53	47.91	25.56
1990-91	162.61	27.05	38.35	48.20	44.76	31.30	1.12	25.93	47.69	25.61
1991-92	132.13	25.05	30.87	40.12	36.84	24.29	1.24	23.81	41.24	22.28
1992-93	146.29	31.65	33.84	45.48	41.29	25.68	1.88	29.77	48.56	26.41
1993-94	141.90	35.08	32.48	45.14	40.52	23.76	2.48	32.60	50.06	27.40
1994-95	125.26	35.44	28.36	40.74	36.16	20.00	2.98	32.46	46.94	25.86
1995-96	142.59	46.27	31.90	47.40	41.60	21.70	4.62	41.65	56.72	31.45
1996-97	135.36	50.51	29.91	45.95	39.88	19.61	5.96	44.55	57.13	31.87
1997-98	137.98	59.40	30.10	47.82	41.03	19.03	8.26	51.13	61.76	44.93
1998-99	15.83	9.81	0.00	0.00	0.00	15.83	9.81	0.00	0.00	0.00
1999-00	136.08	408.68	26.88	44.15	37.46	27.59	356.60	52.08	59.23	32.40
2000-01	126.28	1082.86	26.22	49.99	23.94	26.13	1038.15	44.71	56.16	45.33
2001-02	80.26	766.90	13.61	29.24	20.59	16.80	735.45	31.46	30.47	101.89
2002-03	83.65	387.73	23.49	29.95	15.03	15.18	297.51	90.21	24.72	37.54
2003-04	265.15	359.68	72.67	92.07	52.62	47.79	232.29	127.39	81.91	90.71
2004-05	325.86	425.22	120.17	104.32	64.01	37.37	322.18	103.04	107.48	87.05
2005-06	233.93	324.86	55.12	110.96	36.83	31.02	230.49	94.38	86.07	68.70
2006-07	273.81	348.05	67.85	114.04	52.30	39.62	193.47	154.58	95.24	75.17

2007-08	249.28	303.55	65.91	84.17	51.55	47.64	177.64	125.90	118.16	85.04
2008-09	331.07	387.02	80.93	124.05	64.39	61.70	219.48	167.54	120.38	125.17
2009-10	419.39	616.64	87.61	194.35	80.96	56.47	375.46	241.18	170.03	113.95
2010-11	476.87	628.89	110.41	207.07	90.98	68.41	297.17	331.72	173.70	131.60
Annual Growth (%) 1971-2010	8.55	18.14	9.11	8.72	8.96	7.18	37.68	16.23	9.30	10.61

**Annex 14: District wise Donor Funding as % of GDP in the Koshi Hills and Neighboring Districts**

Year	Koshi Hills	Koshi Tarai	Bhojpur	Dhankuta	Sankhuwasabha	Terhathum	Morang	Sunsari	Ilam	Khotang
1971-72	0.43	0.00	0.31	0.51	0.42	0.46	0.00	0.01	0.88	0.22
1972-73	0.35	0.00	0.26	0.42	0.35	0.37	0.00	0.01	0.74	0.20
1973-74	0.20	0.00	0.14	0.23	0.20	0.20	0.00	0.01	0.42	0.12
1974-75	0.36	0.01	0.27	0.42	0.37	0.36	0.00	0.01	0.78	0.23
1975-76	0.44	0.01	0.33	0.51	0.47	0.43	0.00	0.02	0.96	0.29
1976-77	0.47	0.01	0.36	0.55	0.52	0.45	0.00	0.02	1.06	0.34
1977-78	0.62	0.01	0.47	0.71	0.69	0.58	0.00	0.04	1.41	0.47
1978-79	0.95	0.01	0.73	1.09	1.05	0.90	0.00	0.04	1.23	0.43
1979-80	1.62	0.02	1.24	1.86	1.77	1.54	0.00	0.06	1.85	0.68
1980-81	1.87	0.03	1.44	2.15	2.04	1.80	0.00	0.07	1.84	0.70
1981-82	2.10	0.03	1.61	2.41	2.26	2.03	0.00	0.07	1.77	0.71
1982-83	2.34	0.03	1.80	2.69	2.50	2.28	0.00	0.09	1.95	0.82
1983-84	2.39	0.04	1.84	2.75	2.53	2.35	0.00	0.10	2.04	0.90
1984-85	2.34	0.04	1.81	2.69	2.46	2.32	0.00	0.10	1.80	0.83
1985-86	2.59	0.05	2.45	1.93	3.44	3.09	0.00	0.12	2.05	0.99
1986-87	2.40	0.05	2.26	1.84	3.21	2.76	0.00	0.13	1.93	0.98
1987-88	2.87	0.08	2.69	2.26	3.87	3.20	0.00	0.18	2.35	1.25
1988-89	2.98	0.09	2.78	2.41	4.03	3.21	0.00	0.21	2.44	1.38
1989-90	2.72	0.09	2.52	2.25	3.70	2.82	0.01	0.22	2.26	1.34
1990-91	2.46	0.11	2.28	2.11	3.26	2.46	0.01	0.24	2.24	1.32
1991-92	1.98	0.10	1.83	1.76	2.56	1.91	0.01	0.24	1.96	1.16
1992-93	2.17	0.14	2.01	1.99	2.73	2.02	0.01	0.32	2.35	1.38
1993-94	2.00	0.16	1.85	1.90	2.46	1.80	0.02	0.36	2.36	1.39
1994-95	1.76	0.18	1.63	1.73	2.10	1.52	0.03	0.38	2.27	1.33
1995-96	1.94	0.24	1.81	1.99	2.28	1.63	0.04	0.52	2.75	1.61
1996-97	2.26	0.32	2.06	2.35	2.66	1.80	0.07	0.68	3.36	1.99
1997-98	2.85	0.47	2.56	3.04	3.39	2.16	0.11	0.97	4.49	3.47
1998-99	0.15	0.04	0.00	0.00	0.00	0.85	0.07	0.00	0.00	0.00
1999-00	1.29	1.59	0.84	1.64	1.39	1.44	2.34	0.49	1.27	0.90
2000-01	1.13	3.52	0.82	1.75	0.80	1.24	5.61	0.36	1.09	1.25
2001-02	0.77	2.36	0.48	1.09	0.71	0.82	3.70	0.25	0.61	3.17
2002-03	0.81	1.20	0.95	1.20	0.48	0.68	1.49	0.73	0.41	1.31
2003-04	2.49	1.11	3.30	3.92	1.56	1.94	1.15	1.04	1.11	3.54
2004-05	3.09	1.26	5.19	4.09	1.95	1.56	1.59	0.76	1.42	3.19
2005-06	2.16	0.91	2.24	3.97	1.14	1.32	1.12	0.62	1.10	2.35
2006-07	2.49	0.93	2.65	3.77	1.67	1.75	0.94	0.92	1.19	2.44
2007-08	2.11	0.74	2.33	2.44	1.61	2.06	0.82	0.64	1.37	2.48
2008-09	2.70	0.88	2.69	3.27	2.03	2.71	1.00	0.76	1.34	3.38
2009-10	3.26	1.29	2.71	4.61	2.56	2.49	1.66	0.96	1.80	2.84

**Annex 15: Donors Commitment in the Koshi Hill Districts as per Coffey Report, 2010**

Year	U. K Total (in GBP )	UK Total in NRs	Other Donor (in GBP)	Other (in NRs)	Both UK + Others (In NRs)
1968	211219.5	5111512.2	0.0	0.0	5111512.2
1969	222469.5	5383762.2	0.0	0.0	5383762.2
1970	222469.5	5383762.2	0.0	0.0	5383762.2
1971	222469.5	5383762.2	0.0	0.0	5383762.2
1972	272469.5	6593762.2	2815.4	68132.1	6661894.3
1973	3112469.5	83040686.6	2815.4	75114.2	83115800.8
1974	1612469.5	40343987.2	2815.4	70440.7	40414427.9
1975	1612469.5	37167422.3	2815.4	64894.4	37232316.6
1976	1645802.8	36553281.2	2815.4	62529.5	36615810.7
1977	1595802.8	34006558.6	2815.4	59995.6	34066554.3
1978	1595802.8	35682151.6	2815.4	62951.8	35745103.4
1979	6255326.7	164702750.8	2815.4	74128.8	164776879.7
1980	6255326.7	175899785.5	20729.7	582918.2	176482703.8
1981	6255326.7	137617186.4	20729.7	456052.7	138073239.1
1982	6255326.7	140619743.2	20729.7	466002.9	141085746.1
1983	2738660.0	59538468.1	102966.7	2238495.3	61776963.5
1984	2738660.0	58470390.8	102966.7	2198338.3	60668729.1
1985	1238660.0	30037504.7	20729.7	502694.4	30540199.1
1986	395802.8	12447999.5	78529.7	2469758.0	14917757.5
1987	2495802.8	87552763.8	78529.7	2754820.7	90307584.5
1988	2495802.8	99332953.3	78529.7	3125480.7	102458434.0
1989	2162469.5	95408154.9	57800.0	2550136.0	97958290.9
1990	2472469.5	130126070.4	57800.0	3042014.0	133168084.4
1991	2472469.5	172949242.4	0.0	0.0	172949242.4
1992	372469.5	30542500.0	365833.3	29998333.3	60540833.3
1993	372469.5	27223796.6	365833.3	26738758.3	53962555.0
1994	1179576.0	90414501.3	885833.3	67899125.0	158313626.3
1995	1179576.0	94932277.5	855833.3	68877466.7	163809744.1
1996	1179576.0	102870824.0	855833.3	74637225.0	177508049.0
1997	1140328.2	108981161.8	855833.3	81791991.7	190773153.4
1998	1207999.4	133290656.9	502500.0	55445850.0	188736506.9
1999	1207999.4	128990178.9	502500.0	53656950.0	182647128.9
2000	579427.9	61210766.3	510587.5	53938463.5	115149229.8
2001	1004508.7	105081652.8	510587.5	53412558.4	158494211.2
2002	694508.7	84320298.6	510587.5	61990428.4	146310726.9
2003	747175.3	89877722.2	7098087.5	853828945.4	943706667.6
2004	3707146.0	508472138.7	6613444.6	907100067.2	1415572205.9
2005	3707146.0	459686098.0	6613444.6	820067135.7	1279753233.7
2006	3707146.0	504913278.6	6605357.1	899649642.9	1404562921.5
2007	3654479.3	496607190.0	17857.1	2426607.1	499033797.2
2008	555221.5	70379881.8	562857.1	71347771.4	141727653.2
2009	916474.1	104212272.0	620669.6	70576345.1	174788617.1
2010	854004.6	97817687.6	620669.6	71091500.9	168909188.5
2011	854004.6	106750575.8	602812.5	75351562.5	182102138.3

## Annex 16: Sources of External Fund and Total Investment by Years in Million NRs (Current Price) in Bhojpur District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	10.35	11.25	1.67	5.00	18.93	12.50	8.54	10.29	10.32	11.23	8.59	64.98
America	0.00	0.20	0.53	0.40	0.13	0.51	0.56	0.58	0.67	0.05	0.05	76.01	99.58
Denmark	0.00	0.37	2.21	2.09	3.10	4.33	3.20	2.31	3.53	8.92	3.07	4.46	0.00
Donors Association	0.00	0.00	0.00	0.00	0.13	0.18	17.43	22.22	36.22	41.60	68.22	40.96	39.44
Finland	0.00	0.07	0.43	0.40	0.60	0.83	0.00	0.00	0.00	0.00	0.00	0.18	0.07
Germany	0.00	1.92	2.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	5.38	1.66	1.49	2.21	25.00	30.69	15.19	13.77	9.46	19.95	12.36	12.01
Japan	0.00	4.81	3.27	4.23	3.01	6.22	4.03	13.65	20.14	16.66	23.47	8.23	0.00
Netherlands	0.00	0.23	1.35	1.28	1.90	2.64	0.00	0.00	0.00	0.00	0.05	0.00	0.00
Norway	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16	0.00	0.00	0.04
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	1.62	0.00	0.00	0.00	0.00	0.00	0.18
UN	0.00	0.93	0.77	0.35	0.67	0.36	0.41	1.44	3.04	6.03	5.86	7.21	5.97
Others	0.00	0.19	1.15	1.09	1.62	2.23	0.00	0.00	5.31	0.00	0.00	2.59	4.07
UK	0.00	1.73	0.88	1.15	6.80	19.88	72.39	5.98	0.49	0.98	2.04	2.72	2.65
All donors	0.00	26.19	26.22	14.15	25.17	81.09	142.83	69.91	93.46	94.19	133.94	163.31	228.98
Government of Nepal	228.60	230.87	319.65	300.62	311.85	301.50	322.51	410.70	500.74	617.24	871.36	1052.08	1196.19
Total	228.60	257.07	345.87	314.77	337.02	382.60	465.34	480.61	594.20	711.43	1005.30	1215.39	1425.18
External funding as % of													
GDP	0.00	0.84	0.82	0.48	0.95	3.30	5.19	2.24	2.65	2.33	2.69	2.71	3.35
GDP in million NRs (Current Price)	3189	3116	3194	2927	2661	2461	2755	3116	3533	4036	4983	6024	6838

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 17: Sources of External Fund and Total Investment by Years in Million NRs (Current Price) in Dhankuta District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	14.94	16.00	3.21	4.02	28.61	4.23	4.34	7.39	7.70	15.29	23.54	66.35
America	0.00	0.31	0.63	0.55	0.71	0.48	0.66	0.39	0.43	0.04	0.06	69.77	97.29
Denmark	0.00	1.69	1.86	1.68	1.92	3.75	2.97	2.31	6.03	5.50	2.38	4.05	0.00
Donors Association	0.00	0.00	0.00	0.00	0.00	0.15	26.89	39.40	59.31	59.97	144.33	206.14	203.05
Finland	0.00	0.34	0.36	0.32	0.37	0.69	0.00	0.00	0.00	0.00	0.00	1.28	0.06
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	3.08	1.46	1.19	1.41	23.15	47.46	25.40	10.28	10.35	10.32	8.47	3.61
Japan	0.00	17.24	25.16	11.76	6.60	12.22	8.29	14.33	9.86	16.25	23.48	32.64	32.83
Netherlands	0.00	0.00	0.00	0.08	0.09	0.08	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Norway	0.00	1.04	1.13	1.03	1.17	2.18	0.00	0.00	0.00	0.35	0.00	0.43	0.02
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16
UN	0.00	1.82	1.62	1.19	1.57	1.61	1.35	1.15	0.54	0.42	0.29	1.04	0.00
Others	0.00	0.97	0.96	0.87	1.00	1.85	0.02	0.00	61.88	0.00	0.00	1.80	8.92
UK	0.00	1.59	0.80	8.51	13.22	27.98	32.13	53.40	1.36	19.70	9.12	13.11	17.17
All donors	0.00	43.02	49.99	30.40	32.09	102.75	123.99	140.73	157.09	120.28	205.31	362.26	429.45
Government of Nepal	317.39	322.07	428.78	400.46	397.46	395.44	422.28	496.91	631.92	821.37	1213.14	1599.18	1512.88
Total	317.39	365.09	478.78	430.85	429.55	498.19	546.27	637.64	789.01	941.65	1418.45	1961.44	1942.33
External funding as % of GDP	0.00	1.64	1.75	1.09	1.20	3.93	4.09	3.97	3.77	2.44	3.27	4.61	4.48
GDP in million NRs (Current Price)	2532	2626	2856	2778	2673	2618	3032	3548	4164	4921	6287	7864	9597

## Annex 18: Sources of External Fund and Total Investment by Years in Million NRs (Current Price) in Sankhuwasabha District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	9.16	4.79	2.51	1.67	11.28	3.20	2.50	2.40	3.84	3.98	3.83	30.95
America	0.00	0.12	0.34	0.32	0.31	0.24	0.28	0.22	0.40	0.03	0.02	68.96	91.68
Denmark	0.00	0.07	0.29	0.85	2.40	4.80	2.31	1.88	1.97	4.22	2.19	4.32	0.00
Donors Assistant	0.00	0.00	0.00	0.00	0.00	0.14	13.68	19.26	35.90	39.76	67.06	49.78	52.41
Finland	0.00	0.01	0.06	0.16	0.47	0.92	0.00	0.00	0.00	0.00	0.00	0.33	0.07
Germany	0.00	2.98	2.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	17.55	10.27	11.64	1.71	19.44	21.22	10.35	11.07	10.89	18.29	11.48	7.40
Japan	0.00	4.56	3.83	3.57	3.06	3.01	2.89	6.60	11.22	12.04	11.97	6.73	3.26
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00
Norway	0.00	0.04	0.17	0.52	1.47	2.93	0.00	0.00	0.00	0.17	0.00	0.00	0.11
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18
UN	0.00	0.87	0.79	0.45	0.26	0.21	0.18	0.20	0.20	0.22	0.12	0.23	0.00
Others	0.00	0.04	0.15	0.44	1.25	2.47	0.00	0.00	6.89	0.00	0.00	0.00	0.00
UK	0.00	1.10	0.52	0.93	3.51	13.29	32.33	5.68	2.00	2.49	2.91	5.24	2.65
All donors	0.00	36.50	23.94	21.41	16.10	58.72	76.08	46.71	72.04	73.67	106.56	150.90	188.70
Government of Nepal	198.57	193.56	265.23	257.52	279.40	272.83	300.02	336.81	402.37	483.08	719.01	904.77	1088.87
Total	198.57	230.06	289.16	278.93	295.50	331.56	376.10	383.51	474.40	556.75	825.57	1055.68	1277.57
External funding as % of GDP	0.00	1.39	0.80	0.71	0.48	1.56	1.94	1.14	1.67	1.61	2.03	2.56	2.98
GDP in million NRs (Current Price)	2431	2631	2986	3031	3348	3765	3912	4108	4326	4588	5259	5903	6343

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 19: Sources of External Fund and Total Investment by Years in Million NRs (Current Price) in Terhathum District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	10.64	10.47	13.89	6.64	2.95	11.62	3.05	1.94	1.95	3.12	9.12	3.36	30.27
America	0.03	0.13	0.36	0.35	0.38	0.37	0.29	0.38	0.49	0.03	0.02	52.81	65.85
Denmark	0.00	0.07	2.13	1.43	2.24	6.14	2.35	1.26	1.57	3.67	2.08	2.86	0.00
Donors Assistant	0.00	0.00	0.00	0.00	0.00	0.14	13.29	13.86	27.03	31.81	65.02	30.05	28.48
Finland	0.00	0.01	0.41	0.28	0.43	1.18	0.00	0.00	0.00	0.00	0.00	0.19	0.06
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	11.00	1.58	1.01	1.59	21.85	20.20	10.91	6.40	8.67	9.69	9.47	11.44
Japan	0.47	2.74	3.75	5.04	4.78	3.60	3.71	9.34	9.24	8.45	11.91	0.68	0.29
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00
Norway	0.00	0.04	1.30	0.87	1.37	3.71	0.00	0.00	0.00	0.19	0.00	0.00	0.00
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16
UN	2.45	0.91	0.80	0.34	0.24	0.19	0.17	1.24	2.43	5.14	3.39	3.81	3.44
Others	0.00	0.04	1.10	0.74	1.16	3.20	0.00	0.20	4.83	0.00	0.00	0.00	0.00
UK	1.17	1.47	0.80	0.77	1.12	1.34	1.36	0.20	0.61	7.00	0.83	2.04	1.89
All donors	14.75	26.89	26.13	17.47	16.26	53.33	44.42	39.34	54.57	68.08	102.11	105.27	141.88
Government of Nepal	147.43	154.91	214.27	197.30	203.67	206.07	235.57	266.03	322.39	397.45	586.85	709.45	799.45
Total	162.18	181.80	240.39	214.76	219.93	259.40	279.98	305.37	376.95	465.53	688.95	814.71	941.33
External funding as % of GDP	0.85	1.44	1.24	0.82	0.68	1.94	1.56	1.32	1.75	2.06	2.71	2.49	3.05
GDP in million NRs (Current Price)	1738	1872	2114	2136	2401	2747	2845	2978	3125	3303	3773	4221	4651



## Annex 20: Total External Funding and Total Investment in Million NRs (Current Price) in the Koshi Hills

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	10.64	44.92	45.92	14.04	13.64	70.43	22.97	17.32	22.03	24.98	39.63	39.32	192.54
America	0.03	0.77	1.86	1.61	1.53	1.59	1.79	1.58	1.99	0.14	0.15	267.56	354.40
Denmark	0.00	2.20	6.48	6.05	9.67	19.01	10.82	7.76	13.09	22.31	9.72	15.69	0.00
Donors Association	0.00	0.00	0.00	0.00	0.13	0.61	71.29	94.75	158.46	173.14	344.63	326.92	323.38
Finland	0.00	0.44	1.25	1.17	1.87	3.62	0.00	0.00	0.00	0.00	0.00	1.98	0.26
Germany	0.00	4.90	5.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	37.01	14.98	15.34	6.92	89.45	119.57	61.86	41.52	39.37	58.25	41.78	34.46
Japan	0.47	29.35	36.02	24.61	17.45	25.04	18.93	43.93	50.47	53.40	70.83	48.28	36.37
Netherlands	0.00	0.23	1.35	1.36	2.00	2.72	0.00	0.00	0.00	0.00	0.17	0.00	0.00
Norway	0.00	1.12	2.61	2.42	4.01	8.82	0.00	0.00	0.00	0.87	0.00	0.43	0.16
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	1.62	0.00	0.00	0.00	0.00	0.00	0.69
UN	2.45	4.53	3.99	2.33	2.75	2.37	2.11	4.03	6.21	11.82	9.66	12.28	9.42
Others	0.00	1.24	3.36	3.14	5.02	9.75	0.02	0.20	78.92	0.00	0.00	4.40	12.99
UK	1.17	5.89	2.99	11.37	24.65	62.49	138.21	65.26	4.45	30.18	14.90	23.10	24.36
All donors	14.75	132.60	126.28	83.42	89.62	295.90	387.32	296.69	377.15	356.22	547.91	781.74	989.02
Government of Nepal	891.98	901.41	1227.92	1155.89	1192.38	1175.84	1280.39	1510.45	1857.41	2319.13	3390.36	4265.48	4597.40
Total	906.73	1034.01	1354.20	1239.31	1281.99	1471.74	1667.71	1807.15	2234.57	2675.35	3938.28	5047.22	5586.42
External funding as % of GDP	0.15	1.29	1.13	0.77	0.81	2.49	3.09	2.16	2.49	2.11	2.70	3.26	3.61
GDP in million NRs (Current Price)	9890	10245	11149	10872	11083	11868	12543	13750	15148	16848	20302	24012	27428

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 21: Total External Funding and Total Investment in Million NRs (Current Price) in Morang District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	7.63	50.39	59.81	19.89	24.65	37.11	84.00	67.78	35.25	23.73	56.83	115.16	129.27
America	0.00	1.64	2.09	2.47	2.48	2.32	2.17	1.61	2.06	1.62	1.58	208.91	246.18
Denmark	1.11	2.77	2.76	2.02	6.89	5.95	8.94	4.89	8.64	21.46	6.07	12.69	0.00
Donors Association	0.00	0.00	0.00	0.00	0.00	0.38	47.83	106.67	129.02	135.11	217.81	172.83	172.44
Finland	0.00	0.54	0.53	0.39	1.48	0.80	0.00	0.00	0.00	0.00	0.00	0.22	0.13
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	168.64	801.82	690.60	223.60	147.57	159.96	61.13	17.08	29.49	27.28	13.38	18.45
Japan	0.00	52.63	61.34	27.75	13.46	60.12	30.59	39.46	13.36	24.42	28.95	79.39	20.11
Netherlands	0.00	0.00	0.00	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.24	0.00	0.00
Norway	0.00	1.69	1.69	1.23	4.93	2.53	0.00	0.00	0.00	0.34	0.00	0.05	0.09
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.09	0.54
UN	0.40	6.39	3.33	0.38	0.08	0.32	0.18	0.37	0.30	0.29	0.33	1.24	0.90
Others	0.00	50.60	103.91	16.52	41.14	2.14	47.30	8.55	56.57	4.15	8.32	30.70	11.93
UK	0.00	12.19	0.87	3.16	0.00	0.00	1.97	1.87	4.20	13.23	15.83	64.19	16.30
All donors	9.15	347.47	1038.15	764.42	318.73	259.24	382.94	292.33	266.49	253.85	363.24	699.86	616.33
Government of Nepal	1078.36	741.34	1257.51	1177.98	914.68	837.24	929.80	1243.17	1585.61	2066.44	3097.66	3669.17	3876.28
Total	1087.50	1088.81	2295.66	1942.40	1233.40	1096.48	1312.74	1535.50	1852.10	2320.29	3460.90	4369.02	4492.60
External funding as % of GDP	0.07	2.34	5.61	3.70	1.49	1.15	1.59	1.12	0.94	0.82	1.00	1.66	1.31
GDP in million NRs (Current Price)	12465	14831	18505	20652	21347	22458	24040	26005	28208	30815	36387	42070	47172

## Annex 22: Total External Funding and Total Investment in Million NRs (Current Price) in Sunsari District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	17.53	8.70	5.46	12.05	23.80	19.54	22.31	31.66	60.23	43.47	81.44	213.27
America	0.00	1.28	1.41	1.26	1.31	1.38	1.26	0.85	1.60	0.88	0.28	186.22	204.14
Denmark	0.00	3.74	4.31	2.69	6.52	2.67	3.97	2.94	3.27	7.63	3.70	8.53	0.00
Donors Association	0.00	0.00	0.00	0.00	0.00	0.32	32.69	51.05	63.66	74.13	157.84	108.40	132.18
Finland	0.00	0.72	0.83	0.52	54.86	69.15	0.00	0.00	0.00	0.00	0.00	0.26	0.10
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	12.53	10.71	7.36	5.53	26.89	43.39	27.50	11.26	18.74	17.80	6.68	7.80
Japan	0.00	9.71	13.01	11.80	7.86	14.57	15.53	13.96	14.86	15.04	45.56	49.10	86.53
Netherlands	0.00	0.00	0.00	0.02	0.02	0.03	0.00	0.00	0.00	0.00	0.11	0.00	0.00
Norway	0.00	2.28	2.64	1.64	4.66	1.64	0.00	0.00	0.00	0.33	0.00	0.02	0.02
Switzerland	0.00	0.00	0.00	0.00	0.00	0.21	0.30	0.13	0.25	0.18	0.00	0.00	0.37
UN	0.00	1.02	0.85	0.55	0.05	0.13	0.10	0.06	0.05	0.00	0.00	0.35	0.47
Others	0.00	1.94	2.25	1.40	3.79	1.38	4.86	0.00	84.31	0.00	0.23	2.29	20.34
UK	0.00	0.00	0.00	0.00	0.00	0.00	0.85	0.89	2.00	2.76	8.28	6.28	22.77
All donors	0.00	50.75	44.71	32.70	96.65	142.16	122.47	119.70	212.92	179.92	277.27	449.56	687.99
Government of Nepal	503.24	509.72	701.94	738.51	749.38	725.43	796.99	934.82	1079.19	1447.96	2101.91	2615.88	3268.43
Total	503.24	560.47	746.66	771.21	846.02	867.59	919.47	1054.51	1292.11	1627.87	2379.18	3065.44	3956.42
External funding as % of GDP	0.00	0.49	0.36	0.25	0.73	1.04	0.76	0.62	0.92	0.64	0.76	0.96	1.39
GDP in million NRs (Current Price)	9041	10284	12267	13088	13249	13649	16153	19320	23170	27985	36536	46705	49445

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 23: Total External Funding and Total Investment in Million NRs (Current Price) in Ilam District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	28.55	18.64	2.55	4.05	19.62	8.68	10.11	16.36	8.46	8.55	21.48	77.56
America	0.00	0.26	0.70	1.00	0.62	0.68	0.78	0.58	1.09	0.03	0.04	104.55	126.67
Denmark	0.00	6.32	6.86	5.65	5.51	7.58	4.73	3.41	4.36	22.54	2.85	6.39	0.00
Donors Association	0.00	0.00	0.00	0.00	0.56	0.15	44.35	60.27	63.61	71.55	137.21	154.01	101.31
Finland	0.00	1.01	1.00	0.66	0.87	1.16	0.00	0.00	0.00	0.00	0.00	0.30	0.12
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	4.91	3.71	2.43	3.22	38.98	48.99	25.48	12.66	10.10	19.20	3.88	3.33
Japan	0.00	9.50	17.52	13.58	6.06	15.97	16.04	8.22	9.78	18.01	25.93	17.30	28.46
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Norway	0.00	3.16	3.17	2.08	2.82	3.68	0.00	0.00	0.00	0.26	0.00	0.00	0.06
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33
UN	0.00	1.31	1.05	0.84	0.46	0.46	0.44	0.38	0.28	0.09	0.24	0.36	0.30
Others	0.00	2.70	2.69	1.77	2.32	3.13	2.54	0.00	20.97	0.00	0.00	0.00	7.77
UK	0.00	0.00	0.82	1.11	0.00	0.00	1.18	0.72	2.07	37.80	5.17	8.66	14.34
All donors	0.00	57.72	56.16	31.67	26.49	91.41	127.75	109.17	131.18	168.85	199.23	316.93	360.25
Government of Nepal	384.70	417.93	425.39	383.80	375.27	367.43	409.50	499.53	628.41	765.48	1184.94	1539.66	1606.45
Total	384.70	475.65	481.54	415.47	401.76	458.85	537.26	608.70	759.60	934.33	1384.17	1856.59	1966.70
External funding as % of GDP	0.00	1.27	1.09	0.61	0.41	1.11	1.42	1.10	1.19	1.37	1.34	1.80	1.79
GDP in million NRs (Current Price)	4197	4535	5138	5206	6487	8226	9003	9957	11042	12333	14889	17599	20086

## Annex 24: Total External Funding and Total Investment in Million NRs (Current Price) in Khotang District

Donors	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ADB	0.00	19.58	27.93	82.74	1.48	14.03	5.04	5.08	5.14	6.65	22.74	4.25	72.88
America	0.00	0.23	0.77	0.80	0.78	0.83	0.80	0.84	0.07	0.06	0.06	114.86	124.55
Denmark	0.00	0.96	3.89	6.13	7.11	7.56	4.72	3.47	3.56	11.68	4.53	1.68	0.00
Donors Association	0.00	0.00	0.00	0.00	0.12	0.35	31.63	33.85	45.04	58.33	119.50	69.09	49.70
Finland	0.00	0.02	0.47	0.82	1.45	1.20	0.00	0.00	0.00	0.00	0.00	0.15	0.14
Germany	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IDA	0.00	4.54	1.99	3.04	5.73	39.20	48.42	24.69	19.97	15.51	25.47	10.14	10.37
Japan	0.00	5.01	5.46	5.20	3.07	5.76	4.75	13.55	18.70	19.89	26.22	0.11	0.12
Netherlands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00
Norway	0.00	0.05	1.50	2.61	4.79	3.83	0.00	0.00	0.00	0.21	0.00	0.00	0.11
Switzerland	0.00	0.00	0.00	0.00	0.00	0.00	0.33	0.00	0.00	0.00	0.00	0.00	0.36
UN	0.00	1.14	0.79	0.43	0.38	0.44	0.46	1.63	3.24	6.45	7.29	9.37	7.91
Others	0.00	0.04	1.27	2.22	3.83	3.25	0.00	0.00	7.01	0.00	0.00	0.00	1.64
UK	0.00	0.00	1.26	1.91	11.49	24.79	7.32	4.02	0.82	2.76	1.33	2.76	5.18
All donors	0.00	31.57	45.33	105.91	40.22	101.24	103.47	87.13	103.54	121.52	207.16	212.40	272.95
Government of Nepal	250.48	240.25	326.79	310.49	316.35	302.61	355.00	452.63	531.33	653.50	984.96	1194.18	1414.89
Total	250.48	271.82	372.12	416.40	356.56	403.84	458.46	539.75	634.87	775.03	1192.11	1406.58	1687.84
External funding as % of GDP	0.00	0.90	1.25	3.17	1.31	3.54	3.19	2.35	2.44	2.48	3.38	2.84	2.90
GDP in million NRs (Current Price)	3583	3521	3628	3344	3067	2863	3240	3705	4248	4906	6124	7484	9398

## Annex 25: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Bhojpur District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	1.45	1.54	1.61	2.24	2.11	2.12	2.17	2.59	2.61	2.81	4.09	4.29	4.29
Public Service Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Election Commission	0.09	0.22	0.15	0.35	0.35	0.45	0.79	0.96	2.81	7.05	1.68	0.68	10.17
Attorney General Office	0.40	0.38	0.49	0.62	0.66	0.59	0.64	0.70	0.80	1.01	1.09	1.17	1.21
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	0.59	0.71	1.04	1.07	0.98	1.48	1.11	1.15	1.25	1.45	1.49	1.78	2.04
Energy	10.93	14.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12
Industry	1.05	0.84	1.42	1.31	1.14	1.15	1.10	1.24	1.27	1.41	1.22	2.08	2.38
Agriculture and cooperative	6.69	8.51	19.05	13.32	16.59	18.92	17.19	22.60	24.89	26.31	33.86	37.90	39.75
Home Ministry	26.88	30.58	37.55	49.88	47.33	48.42	47.93	53.74	59.43	75.18	86.65	112.46	145.76
Physical Planning & Construction	0.00	0.00	17.21	6.52	5.43	5.62	5.90	7.39	9.04	10.71	18.32	22.83	26.97
Tourism and Civil Aviation	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46	0.81	0.17
Land Reform and Management	1.75	2.07	2.21	2.28	2.33	2.27	2.76	3.03	2.90	3.52	3.81	4.55	4.73
Women and Social Welfare	0.00	0.00	1.87	1.65	1.46	1.48	1.85	1.79	2.76	4.94	4.15	5.01	5.36
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.37
Defenses	13.67	14.88	15.92	20.25	25.42	21.66	23.86	62.19	87.44	79.28	107.06	142.20	163.87
Forest and Soil Conservation	5.14	5.35	5.23	7.87	8.03	9.31	9.33	8.41	9.72	10.83	13.29	16.90	17.66
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	13.62	21.07	42.21
Education	67.16	76.16	115.77	119.23	125.79	144.30	165.74	184.27	210.75	254.98	346.57	437.06	521.40
Information and Communication	8.31	8.62	9.52	11.50	11.64	11.64	12.26	13.16	14.66	16.35	20.97	23.68	24.43
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.14	22.89
Local development	42.53	44.55	53.05	35.58	51.52	68.80	130.79	67.10	100.60	119.40	237.29	260.20	274.35
Health Population	20.39	24.36	21.94	21.52	24.75	26.39	28.92	33.96	35.50	49.35	65.18	79.20	86.71
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	17.78	18.28	33.46	16.60	4.77	8.27	9.99	9.48	14.65	4.00	4.00	0.00	1.00
Other	3.50	5.67	8.39	2.98	6.73	9.73	3.00	6.85	13.10	42.69	40.45	14.39	27.35
Total	228.60	257.07	345.87	314.77	337.02	382.60	465.34	480.61	594.20	711.43	1005.30	1215.39	1425.18

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 26: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Dhankuta District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	7.59	5.82	7.21	8.19	7.52	6.94	7.29	8.71	11.41	12.03	12.34	16.99	17.29
Public Service Commission	1.35	1.74	1.35	2.17	3.22	2.43	2.76	3.06	1.74	3.56	5.95	5.90	8.60
Election Commission	0.09	0.74	0.61	1.10	1.23	1.29	1.28	1.93	2.55	7.11	1.91	1.02	7.64
Attorney General Office	0.99	1.13	1.52	1.59	1.46	1.62	1.68	1.71	1.87	2.83	2.87	3.21	3.47
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	1.63	1.68	1.87	1.35	1.26	1.32	1.60	1.65	1.79	2.25	7.08	8.53	11.89
Energy	18.65	28.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.12
Industry	1.69	2.70	3.00	2.26	1.74	1.90	1.99	1.93	2.01	2.17	2.83	4.34	3.45
Agriculture and cooperative	8.70	10.41	16.96	16.20	15.21	16.55	16.13	26.97	18.51	22.64	31.69	30.63	33.49
Home Ministry	15.75	16.90	23.46	33.25	35.78	37.32	37.05	40.82	44.92	59.93	69.48	86.85	146.30
Physical Planning & Construction	39.19	45.95	88.54	72.79	61.48	86.59	99.97	122.57	116.00	134.32	232.73	335.78	194.49
Tourism and Civil Aviation	0.00	0.00	0.60	0.66	0.75	0.71	1.16	3.12	3.73	1.33	0.48	0.00	0.00
Land Reform and Management	1.85	1.99	1.99	2.90	2.66	2.65	2.81	3.21	3.46	5.41	5.05	6.65	6.86
Women and Social Welfare	0.00	0.00	1.73	1.98	1.85	1.87	1.88	2.39	2.90	3.33	4.46	6.17	5.20
Youth and Sports	0.47	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.13	0.00	0.37
Defenses	57.04	65.43	69.27	74.98	82.20	76.44	82.12	98.37	167.14	149.25	242.29	266.91	219.25
Forest and Soil Conservation	5.98	6.16	6.31	8.84	8.44	8.87	10.32	9.30	10.40	11.44	14.98	19.49	20.38
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18.35	39.46	187.67	104.61
Education	64.17	72.54	95.10	105.34	108.23	118.83	146.33	153.63	190.19	232.44	311.23	400.96	476.53
Information and Communication	9.57	7.63	7.85	10.61	9.82	9.71	10.31	11.57	12.01	14.00	19.90	21.33	21.49
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.16	22.84
Local development	31.11	32.69	39.94	31.73	35.43	48.51	54.45	60.04	82.67	87.54	181.16	227.75	283.69
Health Population	17.33	34.16	35.11	27.92	29.51	35.53	36.47	60.39	63.57	75.45	185.35	273.88	321.78
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	21.65	20.53	63.12	18.69	12.57	26.36	22.13	15.61	32.02	3.00	4.97	0.00	0.83
Other	12.60	8.35	13.23	8.28	9.17	12.73	8.56	10.67	20.13	93.26	42.11	28.16	31.74
Total	317.39	365.09	478.78	430.85	429.55	498.19	546.27	637.64	789.01	941.65	1418.45	1961.44	1942.33

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal

## Annex 27: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Sankhuwasabha District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	1.91	2.08	2.35	2.61	2.29	2.86	2.97	2.94	3.06	3.23	4.03	5.49	6.06
Public Service Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Election Commission	0.06	0.15	0.14	0.28	0.35	0.36	0.77	1.91	2.51	6.56	1.63	1.05	6.84
Attorney General Office	0.37	0.40	0.45	0.48	0.55	0.49	0.46	0.57	0.62	0.90	1.15	1.18	1.18
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	1.23	1.42	1.48	1.36	1.36	1.56	1.31	1.31	1.30	1.53	2.34	2.24	3.14
Energy	9.79	13.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16	0.19
Industry	1.13	1.23	1.22	1.32	1.09	0.98	0.88	1.06	1.27	1.36	1.72	2.56	2.38
Agriculture and cooperative	6.38	7.80	10.34	11.92	16.26	14.70	12.57	12.93	17.35	18.32	23.28	31.97	32.66
Home Ministry	23.33	24.06	31.20	36.08	40.11	41.67	43.17	47.87	50.73	68.18	78.49	103.14	152.98
Physical Planning & Construction	0.00	0.00	10.06	5.84	5.06	4.32	4.08	4.27	11.74	9.74	14.06	47.88	93.44
Tourism and Civil Aviation	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	4.27	1.00
Land Reform and Management	2.42	2.57	3.04	3.44	3.60	3.48	3.67	3.69	3.72	4.82	6.14	6.89	6.56
Women and Social Welfare	0.00	0.00	1.67	1.60	1.48	1.55	2.20	1.73	2.26	2.94	4.55	6.34	10.38
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.34
Defenses	0.00	0.00	0.00	0.00	18.32	24.26	29.29	29.79	30.55	28.68	35.28	41.81	46.11
Forest and Soil Conservation	4.55	9.71	11.63	14.04	11.71	11.93	12.75	12.76	14.97	18.55	24.41	28.62	28.91
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.64	17.44	24.71	29.32
Education	64.61	74.26	95.14	110.24	117.55	128.07	141.31	158.76	184.18	229.99	311.74	405.16	477.84
Information and Communication	8.04	8.08	9.54	11.05	10.91	11.77	11.75	12.94	13.36	14.82	19.65	23.70	25.01
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	0.00
Local development	33.26	43.29	55.33	41.31	38.12	55.73	80.17	61.37	91.18	85.07	203.82	216.84	249.08
Health Population	17.92	24.72	16.00	18.71	20.14	18.97	21.04	24.91	32.42	41.19	58.45	80.72	85.41
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	13.30	12.44	33.46	14.81	5.81	7.21	7.65	4.52	13.17	2.48	6.00	0.00	0.29
Other	9.98	4.53	6.11	3.84	0.77	1.68	0.08	0.17	0.01	16.74	10.72	18.45	18.47
Total	198.57	230.06	289.16	278.93	295.50	331.56	376.10	383.51	474.40	556.75	825.57	1055.68	1277.57

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal



## Annex 28: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Terhathum District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	2.48	1.52	1.86	2.16	2.10	2.20	2.72	2.70	2.83	3.14	3.84	4.91	14.81
Public Service Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Election Commission	0.08	0.14	0.13	0.24	0.24	0.30	0.73	0.84	1.90	4.77	1.52	0.91	4.49
Attorney General Office	0.33	0.39	0.48	0.64	0.48	0.52	0.60	0.64	0.63	0.85	1.30	1.57	1.30
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	0.67	0.72	0.89	1.08	1.31	1.05	1.15	1.22	1.20	1.19	1.38	2.33	2.56
Energy	13.06	14.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.12
Industry	1.55	1.91	1.60	1.48	1.36	1.30	1.18	1.34	1.30	1.50	2.02	5.15	5.06
Agriculture and cooperative	6.18	9.77	17.44	11.95	13.54	12.32	12.25	18.32	18.68	22.47	26.49	33.73	36.00
Home Ministry	14.44	17.20	20.16	24.59	25.77	26.76	27.94	30.30	34.55	43.89	54.30	78.75	118.89
Physical Planning & Construction	0.00	0.00	11.12	6.42	5.92	5.08	5.28	5.98	8.37	12.95	26.00	20.70	22.39
Tourism and Civil Aviation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00
Land Reform and Management	1.60	1.75	2.04	2.24	2.30	2.38	2.61	2.93	2.93	3.25	4.48	4.58	4.67
Women and Social Welfare	0.00	0.00	1.46	1.46	1.51	1.73	2.28	2.03	2.21	2.70	3.93	4.48	4.71
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.37
Defenses	0.00	0.00	0.00	0.00	0.00	11.45	21.90	24.28	23.62	23.18	39.38	50.20	51.99
Forest and Soil Conservation	5.18	5.05	5.30	7.90	7.86	7.71	8.67	7.54	9.19	10.48	12.72	16.88	16.78
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.69	17.67	16.80	21.25
Education	49.09	54.75	88.44	88.70	94.05	112.20	119.01	125.11	149.55	190.59	259.62	320.68	368.78
Information and Communication	5.24	5.57	6.08	7.16	7.24	7.25	7.64	9.29	9.02	10.50	14.88	18.38	18.54
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	0.00
Local development	27.97	26.47	34.21	25.55	34.55	43.70	39.69	47.30	74.07	73.74	157.47	155.33	170.99
Health Population	12.25	25.18	14.58	17.85	17.88	17.96	19.89	22.99	25.61	35.43	50.30	61.87	63.41
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	10.44	9.54	21.60	6.57	3.55	4.88	6.44	2.04	10.87	2.32	4.00	0.00	0.30
Other	11.63	6.88	13.01	8.76	0.31	0.62	0.01	0.51	0.40	15.89	6.59	14.89	13.93
Total	162.18	181.80	240.39	214.76	219.93	259.40	279.98	305.37	376.95	465.53	688.95	814.71	941.33

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal.

## Annex 29: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Morang District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	9.23	9.79	11.40	16.09	16.64	18.04	16.85	34.88	47.82	49.24	52.55	50.42	37.07
Public Service Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Election Commission	0.75	1.65	1.15	1.50	2.30	2.04	2.65	4.17	6.52	22.29	11.25	4.25	22.99
Attorney General Office	1.01	1.17	1.81	2.40	2.37	2.42	2.50	2.87	3.06	3.87	4.45	8.42	13.66
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.26	3.30	4.16	3.83
Comptroller Office	11.49	12.08	12.09	20.03	22.17	22.23	22.86	22.51	30.42	44.90	52.28	133.04	82.83
Energy	19.53	24.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.99	1.10
Industry	3.63	3.94	6.59	8.11	6.80	7.33	8.22	11.82	8.81	10.16	5.62	6.87	6.47
Agriculture and cooperative	21.42	23.70	29.48	32.31	29.14	27.67	31.90	36.55	49.64	76.53	140.30	114.11	118.97
Home Ministry	89.03	90.02	108.40	162.40	156.12	153.28	178.96	254.69	298.67	391.60	503.68	595.11	695.45
Physical Planning & Construction	127.49	145.48	193.01	115.66	73.21	107.74	106.79	67.79	188.51	188.06	418.62	431.02	248.10
Tourism and Civil Aviation	2.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Land Reform and Management	17.08	17.73	19.80	29.27	21.88	25.37	25.51	28.78	29.83	34.15	43.26	38.46	40.94
Women and Social Welfare	0.90	1.06	3.93	4.90	4.21	4.15	4.57	4.28	5.13	8.10	10.89	12.60	18.46
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.37
Defenses	0.00	0.00	0.00	0.00	0.00	0.00	34.46	71.83	66.69	68.66	101.31	173.15	125.84
Forest and Soil Conservation	13.61	15.52	16.16	23.07	17.73	19.59	22.27	22.87	26.43	28.74	38.21	44.81	46.30
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.74
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.10	34.09	106.28	53.82
Education	154.33	173.54	210.24	260.84	282.46	290.71	362.93	425.50	472.97	615.20	826.26	1021.23	1189.03
Information and Communication	11.70	10.43	10.30	17.71	15.99	16.91	17.20	19.90	20.97	26.42	40.68	48.74	45.47
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	393.47	435.11
Local development	51.80	52.03	68.44	56.78	60.25	70.23	91.18	82.80	137.91	163.82	394.80	646.05	783.13
Health Population	38.53	52.41	60.56	80.93	74.76	81.77	87.41	123.26	137.67	189.28	205.05	318.82	316.56
Labour and Transport	1.87	2.25	2.26	2.82	2.46	2.74	1.14	1.11	1.30	1.44	2.11	2.44	3.20
Social Security	47.53	58.64	177.43	33.51	62.56	35.99	29.11	41.22	71.21	9.86	24.07	107.17	101.99
Other	464.21	393.26	1362.61	1074.07	382.35	208.27	266.24	278.69	248.55	377.60	548.07	107.41	100.18
Total	1087.50	1088.81	2295.66	1942.40	1233.40	1096.48	1312.74	1535.50	1852.10	2320.29	3460.90	4369.02	4492.60

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal.

## Annex 30: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Sunsari District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	3.31	3.48	3.90	6.22	5.88	8.99	7.01	7.27	8.43	9.35	12.36	13.00	14.29
Public Service Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Election Commission	0.13	1.12	0.72	1.55	1.90	1.48	1.55	3.85	4.28	17.30	2.60	1.43	16.97
Attorney General Office	0.37	0.38	0.46	0.71	0.77	0.83	0.90	1.00	1.12	1.41	1.66	2.20	2.49
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	7.08	8.53	9.04	12.83	13.60	13.08	18.67	18.53	14.10	20.29	29.39	43.00	44.73
Energy	28.51	33.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.12
Industry	2.86	2.48	2.99	2.53	2.18	3.15	2.89	3.37	3.53	3.15	3.73	5.33	4.31
Agriculture and cooperative	17.61	22.91	33.45	30.57	28.24	28.63	31.16	33.73	38.69	42.77	67.58	56.72	69.54
Home Ministry	71.06	82.35	137.96	206.66	212.33	190.15	212.10	229.75	255.29	338.50	455.45	605.63	665.62
Physical Planning & Construction	12.32	12.42	34.95	21.54	18.11	18.48	21.75	37.31	122.82	144.16	199.36	283.57	603.84
Tourism and Civil Aviation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.98	0.00	0.00
Land Reform and Management	4.60	5.41	6.87	8.02	7.43	7.79	8.47	10.35	9.97	14.20	14.63	21.22	24.99
Women and Social Welfare	0.00	0.00	1.91	2.50	2.21	2.29	2.21	2.37	3.81	3.82	4.86	7.33	7.52
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.37
Defenses	58.11	63.59	71.06	127.59	126.28	116.85	132.27	174.78	187.74	196.44	284.82	350.90	499.27
Forest and Soil Conservation	28.69	32.56	28.32	38.34	35.51	36.80	40.63	41.72	46.42	47.47	65.27	80.23	84.95
Environment	5.20	5.08	7.14	6.09	4.96	5.23	5.77	6.24	6.28	6.65	8.30	9.53	5.49
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.53	14.97	25.40	41.78
Education	103.89	118.80	149.97	174.91	195.41	201.50	258.68	305.98	333.62	424.06	631.59	743.62	858.49
Information and Communication	8.68	7.87	7.96	11.41	11.67	11.86	12.49	14.45	15.15	17.93	23.30	26.16	28.15
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	110.73	100.09
Local development	44.59	46.05	60.95	42.96	100.53	134.15	74.68	69.28	116.16	132.01	310.50	464.04	646.51
Health Population	22.54	25.90	23.29	34.38	32.31	31.83	35.33	39.59	45.82	65.08	113.19	125.34	147.51
Labour and Transport	2.13	2.86	5.13	4.79	4.48	5.07	10.21	8.46	8.26	9.87	13.18	15.03	16.14
Social Security	58.62	72.79	151.20	29.00	34.61	36.00	27.00	28.99	56.92	7.64	20.05	12.84	1.72
Other	22.93	12.70	9.38	8.63	7.61	13.44	15.69	17.48	13.69	124.25	98.35	62.10	71.53
Total	503.24	560.47	746.66	771.21	846.02	867.59	919.47	1054.51	1292.11	1627.87	2379.18	3065.44	3956.42

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal.

## Annex 31: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Ilam District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	6.10	6.29	7.30	9.59	8.68	7.91	8.61	9.37	9.70	11.34	12.67	16.40	19.31
Public Service Commission	1.17	0.89	0.70	1.03	1.38	1.17	1.27	1.27	0.82	1.12	3.09	3.34	3.85
Election Commission	0.10	0.72	0.61	1.12	1.42	1.29	1.34	1.74	3.01	9.22	1.82	1.15	7.25
Attorney General Office	0.68	0.86	1.49	1.60	1.58	1.92	2.00	2.16	2.07	2.76	3.34	3.96	4.56
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Comptroller Office	4.65	4.81	5.46	3.90	3.73	3.84	4.27	4.29	4.04	4.39	7.34	8.66	14.56
Energy	14.88	16.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	0.64
Industry	2.01	2.53	3.55	2.58	1.79	1.75	1.60	1.84	1.88	2.11	2.19	3.22	4.72
Agriculture and cooperative	9.20	12.47	21.70	19.80	14.32	14.65	14.89	16.98	18.89	20.73	31.10	33.96	37.39
Home Ministry	24.33	26.61	33.17	41.60	40.81	41.73	44.42	49.50	55.60	65.71	78.41	102.26	141.17
Physical Planning & Construction	83.22	153.35	83.90	44.28	32.90	50.39	51.31	41.44	101.55	87.31	158.81	200.29	186.52
Tourism and Civil Aviation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.95	0.00	0.00
Land Reform and Management	1.97	2.10	2.42	2.96	2.96	3.05	3.47	3.73	3.74	4.32	5.72	7.65	7.06
Women and Social Welfare	0.00	0.00	2.20	2.31	1.94	2.59	2.07	2.29	2.87	3.51	4.90	6.42	5.98
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.37
Defenses	12.38	13.28	15.92	16.85	17.42	21.15	38.32	75.00	71.91	74.40	105.67	131.69	133.96
Forest and Soil Conservation	10.64	11.97	15.11	17.19	14.56	14.34	15.81	16.52	17.79	20.65	25.47	37.92	44.00
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.48	46.27	105.12	71.01
Education	99.33	109.02	133.68	156.69	162.50	188.84	230.67	232.66	259.14	342.73	460.01	577.13	665.07
Information and Communication	7.15	6.88	7.51	8.67	8.57	8.77	9.11	10.66	10.82	13.20	16.62	19.06	19.57
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.43	0.00
Local development	46.05	42.84	56.41	41.76	47.89	62.47	70.40	72.09	107.92	107.16	279.46	353.65	379.45
Health Population	14.35	19.40	19.30	21.14	23.53	23.65	28.64	58.40	55.70	95.86	113.50	197.80	190.49
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	20.43	21.56	58.53	16.53	15.16	8.28	9.05	8.73	32.13	6.03	8.00	0.40	1.11
Other	26.06	23.55	12.61	5.88	0.64	1.06	0.01	0.01	0.01	35.32	14.78	43.72	28.66
<b>Total</b>	<b>384.70</b>	<b>475.65</b>	<b>481.54</b>	<b>415.47</b>	<b>401.76</b>	<b>458.85</b>	<b>537.26</b>	<b>608.70</b>	<b>759.60</b>	<b>934.33</b>	<b>1384.17</b>	<b>1856.59</b>	<b>1966.70</b>

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal.

## Annex 32: Actual Expenditure and Total Investment by Various sectors in Million NRs (Current Price) in Khotang District

Sectoral Expenditures	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Judiciary	1.29	1.39	1.65	2.11	2.10	2.20	2.53	2.84	2.98	3.34	5.97	21.54	27.25
Public Service Commission	0.69	0.86	0.73	0.96	1.29	1.18	1.28	1.24	0.82	1.10	2.54	4.30	3.87
Election Commission	0.09	0.20	0.15	0.38	0.51	0.49	0.87	1.09	3.10	7.36	1.97	1.07	13.56
Attorney General Office	0.39	0.37	0.45	0.41	0.46	0.57	0.57	0.77	0.87	1.08	1.23	1.36	1.64
Human Right Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.61	0.79	1.23	1.45
Comptroller Office	0.59	0.66	1.05	1.11	0.92	1.00	1.09	1.07	1.22	1.08	1.52	1.76	1.66
Energy	11.23	18.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.12
Industry	1.79	1.36	1.62	1.43	1.03	1.08	1.01	1.32	1.35	1.45	1.68	2.02	3.13
Agriculture and cooperative	9.27	10.31	32.54	89.04	16.44	15.86	17.42	21.57	22.84	26.04	32.60	36.26	39.33
Home Ministry	22.15	24.25	32.64	41.63	40.95	42.04	43.08	45.76	54.83	70.70	84.74	106.56	167.71
Physical Planning & Construction	0.00	0.00	14.87	6.83	5.33	4.92	5.29	5.82	10.99	14.48	17.54	22.75	25.80
Tourism and Civil Aviation	0.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	0.20	0.70
Land Reform and Management	1.92	2.25	2.40	2.96	2.67	2.70	2.86	3.41	3.35	4.19	5.06	5.09	6.06
Women and Social Welfare	0.00	0.00	2.18	2.25	1.91	1.92	2.05	1.95	2.36	2.63	3.63	5.09	5.45
Youth and Sports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.31
Defenses	12.16	13.83	16.48	21.55	23.65	25.16	52.86	92.76	91.75	90.27	118.18	149.59	151.20
Forest and Soil Conservation	5.32	5.88	7.27	10.04	7.86	7.66	8.18	8.18	10.68	13.20	18.02	21.00	20.66
Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peace and Reconstruction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.37	24.89	23.41	35.80
Education	71.59	85.03	106.54	131.79	144.46	152.79	186.45	200.67	222.01	302.37	439.49	510.59	606.89
Information and Communication	8.91	9.27	11.98	12.36	12.32	11.98	11.88	13.74	15.05	17.71	23.90	28.41	27.41
Irrigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.35	13.24
Local development	52.52	52.88	61.36	45.01	63.56	91.73	74.82	93.67	127.08	129.85	301.44	339.92	415.83
Health Population	18.03	21.23	23.74	24.19	23.58	29.43	34.47	33.14	36.41	49.49	76.36	92.97	93.19
Labour and Transport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Social Security	22.49	18.49	44.51	8.01	4.92	4.49	6.32	6.31	19.73	3.00	7.00	0.00	0.00
Other	9.84	5.10	9.98	14.34	2.58	6.63	5.44	4.44	7.45	31.70	22.06	14.04	25.59
Total	250.48	271.82	372.12	416.40	356.56	403.84	458.46	539.75	634.87	775.03	1192.11	1406.58	1687.84

Source: Consolidated Financial Statements (various years), Financial Comptroller General Office, Government of Nepal.

### Annex 33: Share of Households Income (NRs) by Sectors in Three Different Survey Periods

Districts	2010/2011						2003/2004						1995/1996						Average annual growth
	Mean hh income	Farm income	Non-farm income	Remittance	Own hh consumption	Others	Mean hh income	Farm income	Non-farm income	Remittance	Own hh consumption	Others	Mean hh income	Farm income	Non-farm income	Remittance	Own hh consumption	Others	
Dhankuta	169418	55.5	25.6	8.2	8.7	2.1	49460	62.3	21.2	8.7	7.4	0.4	40753	53.6	33.6	0.0	9.0	3.8	9.96
Terhathum	171812	63.4	15.1	15.7	5.6	0.2	76486	65.8	5.2	17.0	7.6	4.4	34896	65.8	27.6	1.7	0.8	4.1	11.21
S_sabha	140804	42.5	32.1	16.1	8.9	0.4	83003	61.3	17.9	15.0	3.8	1.9	32190	64.5	22.9	1.8	9.5	1.3	10.34
Bhojpur	121177	59.4	18.0	12.1	8.8	1.7	41985	50.4	32.3	9.2	4.7	3.4	28454	59.8	28.6	1.2	10.3	0.0	10.14
<b>Total</b>	<b>145320</b>	<b>54.0</b>	<b>23.6</b>	<b>12.8</b>	<b>8.4</b>	<b>1.2</b>	<b>58643</b>	<b>58.4</b>	<b>22.3</b>	<b>11.4</b>	<b>5.6</b>	<b>2.2</b>	<b>33270</b>	<b>61.9</b>	<b>27.6</b>	<b>1.3</b>	<b>6.9</b>	<b>2.2</b>	<b>10.33</b>
Ilam	224048	55.3	27.4	9.0	8.1	0.2	86554	57.8	21.5	8.6	7.9	4.2	25622	65.0	25.7	0.0	9.3	0.0	15.55
Khotang	166639	49.3	29.4	11.2	6.5	3.7	48093	61.1	14.4	12.0	5.5	7.0	21120	45.4	29.0	6.6	13.0	6.1	14.76
<b>Total</b>	<b>199792</b>	<b>52.7</b>	<b>28.2</b>	<b>9.9</b>	<b>7.4</b>	<b>1.7</b>	<b>72106</b>	<b>59.0</b>	<b>18.8</b>	<b>9.9</b>	<b>7.0</b>	<b>5.3</b>	<b>23975</b>	<b>58.0</b>	<b>26.9</b>	<b>2.3</b>	<b>10.6</b>	<b>2.2</b>	<b>15.18</b>
Morang	171195	18.5	56.4	13.8	10.8	0.5	81791	48.5	29.3	8.7	9.2	4.3	40466	30.0	54.4	2.3	10.7	2.6	10.09
Sunsari	240284	18.4	44.9	21.4	12.6	2.7	69806	40.8	41.1	8.0	5.4	4.8	39772	36.5	50.0	5.4	8.2	0.0	12.74
<b>Total</b>	<b>201086</b>	<b>18.4</b>	<b>51.4</b>	<b>17.1</b>	<b>11.6</b>	<b>1.4</b>	<b>77002</b>	<b>45.4</b>	<b>34.0</b>	<b>8.5</b>	<b>7.7</b>	<b>4.5</b>	<b>40197</b>	<b>32.5</b>	<b>52.7</b>	<b>3.5</b>	<b>9.7</b>	<b>1.6</b>	<b>11.33</b>

Source: Processed from NLSSs Raw Data I, II and III.

### Annex 34: Nominal Household Consumption and its Distribution by Expenditure Category in Three Different Survey Periods

Districts	2010/2011						2003/2004						1995/1996						Average annual growth
	hh consumption	Food share	Housing share	Education share	Other non-food share	Total	hh consumption	Food share	Housing share	Education share	Other non-food share	Total	hh consumption	Food share	Housing share	Education share	Other non-food share	Total	
Dhankuta	142359	69.1	7.6	3.8	19.5	100	60933	66.4	7.4	2.4	23.8	100	41002	65.1	8.7	2.0	24.2	100	8.65
Terhathum	149653	75.1	3.4	2.9	18.6	100	71610	68.8	7.8	2.8	20.6	100	58491	67.1	5.7	1.5	25.7	100	6.46
S_sabha	145136	65.9	8.9	3.4	21.9	100	58607	76.5	4.5	2.1	16.9	100	49116	69.7	6.2	1.7	22.4	100	7.49
Bhojpur	111284	73.5	6.7	2.3	17.5	100	51874	74.2	3.5	1.8	20.5	100	46286	69.8	5.2	1.7	23.3	100	6.02
<b>Total</b>	<b>133753</b>	<b>70.4</b>	<b>7.1</b>	<b>3.1</b>	<b>19.4</b>	<b>100</b>	<b>58445</b>	<b>71.9</b>	<b>5.4</b>	<b>2.1</b>	<b>20.5</b>	<b>100</b>	<b>50042</b>	<b>68.2</b>	<b>6.1</b>	<b>1.7</b>	<b>24.0</b>	<b>100</b>	<b>6.77</b>
Ilam	150367	65.6	8.8	4.4	21.2	100	80739	58.8	7.8	3.1	30.3	100	57671	70.5	5.7	1.8	22.0	100	6.60
Khotang	148123	73.0	4.2	5.2	17.6	100	58806	73.1	4.2	1.3	21.4	100	38239	71.7	4.2	2.3	21.8	100	9.45
<b>Total</b>	<b>149400</b>	<b>68.8</b>	<b>6.9</b>	<b>4.7</b>	<b>19.6</b>	<b>100</b>	<b>72500</b>	<b>64.2</b>	<b>6.4</b>	<b>2.4</b>	<b>27.0</b>	<b>100</b>	<b>50982</b>	<b>70.9</b>	<b>5.2</b>	<b>2.0</b>	<b>21.9</b>	<b>100</b>	<b>7.43</b>
Morang	152837	62.0	9.4	5.4	23.2	100	69839	58.6	10.7	3.2	27.4	100	30090	62.7	10.7	2.2	24.3	100	
Sunsari	198247	54.4	12.5	7.3	25.8	100	78856	56.2	6.0	2.8	34.9	100	33024	62.1	9.0	2.0	26.9	100	12.69
<b>Total</b>	<b>172417</b>	<b>58.8</b>	<b>10.7</b>	<b>6.2</b>	<b>24.3</b>	<b>100</b>	<b>73470</b>	<b>57.6</b>	<b>8.8</b>	<b>3.1</b>	<b>30.5</b>	<b>100</b>	<b>31233</b>	<b>62.5</b>	<b>10.1</b>	<b>2.1</b>	<b>25.3</b>	<b>100</b>	<b>12.06</b>

Source: Processed from NLSSs Raw Data I, II and III.

## Annex 35: Households Access (%) to Schools, Health Posts and Road within 30 Minutes Reach

Districts	NLSS I (1995-96)				NLSS II (2003-04)				NLSS III (2010-11)			
	Primary school	Health post	Bus stop	Paved road	Primary school	Health post	Bus stop	Paved road	Primary school	Health post	Bus stop	Paved road
Dhankuta	84.8	46.8	8.9	8.9	100.0	57.4	14.6	23.0	95.4	22.3	13.2	20.0
Terhathum	92.1	60.3	0.0	0.0	100.0	100.0	0.0	0.0	100.0	100.0	0.0	0.0
S_sabha	83.8	18.7	0.0	0.0	93.7	37.1	15.3	0.0	88.4	29.1	22.4	4.3
Bhojpur	87.4	53.4	0.0	0.0	63.5	31.8	0.0	0.0	81.5	65.3	0.0	0.0
<b>Total</b>	<b>87.6</b>	<b>45.8</b>	<b>1.5</b>	<b>1.5</b>	<b>86.1</b>	<b>48.1</b>	<b>8.3</b>	<b>6.7</b>	<b>89.3</b>	<b>50.5</b>	<b>9.7</b>	<b>6.1</b>
Ilam	82.7	29.4	2.9	2.9	79.9	62.9	55.9	55.9	84.1	37.5	54.8	45.1
Khotang	87.4	87.3	0.0	0.0	91.8	75.3	0.0	0.0	83.3	55.2	6.4	1.7
<b>Total</b>	<b>84.3</b>	<b>49.9</b>	<b>1.9</b>	<b>1.9</b>	<b>84.4</b>	<b>67.5</b>	<b>34.9</b>	<b>34.9</b>	<b>83.8</b>	<b>44.6</b>	<b>34.0</b>	<b>26.4</b>
Morang	93.2	60.5	57.4	46.7	99.2	66.8	62.2	47.2	97.4	78.3	85.0	76.3
Sunsari	95.5	58.3	30.4	22.3	99.2	89.5	70.2	50.0	99.2	95.0	92.4	71.3
<b>Total</b>	<b>94.1</b>	<b>59.6</b>	<b>46.9</b>	<b>37.2</b>	<b>99.2</b>	<b>76.0</b>	<b>65.4</b>	<b>48.3</b>	<b>98.2</b>	<b>87.0</b>	<b>88.2</b>	<b>74.1</b>

Source: Processed from NLSSs Raw Data I, II and III

## Annex 36: Households Access (%) to Markets within 30 Minutes Reach

Districts	NLSS I (1995-96)			NLSS II (2003-04)			NLSS III (2010-11)		
	Motor-able dirt road	Local market	Hät bazaar	Motor-able dirt road	Local market	Hät bazaar	Motor-able dirt road	Local market	Hät bazaar
Dhankuta	8.9	39.2	8.9	18.3	73.7	25.1	53.9	95.4	5.9
Terhathum	4.4	52.9	0.0	0.0	83.3	75.0	70.2	100.0	0.0
Sankhuwasabha	0.0	35.0	0.0	22.6	91.5	11.3	66.3	82.8	34.6
Bhojpur	4.1	83.1	49.2	0.0	50.4	38.3	42.0	81.8	35.3
<b>Total</b>	<b>4.2</b>	<b>54.8</b>	<b>15.4</b>	<b>11.0</b>	<b>71.5</b>	<b>29.6</b>	<b>55.8</b>	<b>87.8</b>	<b>23.3</b>
Ilam	39.3	62.1	11.6	63.6	78.3	50.3	97.1	69.8	19.6
Khotang	0.0	58.6	0.0	0.0	79.3	0.0	24.9	70.3	0.0
<b>Total</b>	<b>25.4</b>	<b>60.9</b>	<b>7.5</b>	<b>39.7</b>	<b>78.7</b>	<b>31.4</b>	<b>63.4</b>	<b>70.0</b>	<b>11.2</b>
Morang	92.1	78.3	64.9	79.8	74.0	69.6	100.0	100.0	86.8
Sunsari	100.0	84.6	79.9	97.2	96.3	74.6	98.9	100.0	87.3
<b>Total</b>	<b>95.2</b>	<b>80.7</b>	<b>70.8</b>	<b>86.8</b>	<b>83.0</b>	<b>71.6</b>	<b>99.6</b>	<b>100.0</b>	<b>87.0</b>

Source: Processed from NLSSs Raw Data I, II and III.

## Annex 37: Households Access (%) to Various Service Facilities within 30 Minutes Reach

Districts	NLSS I (1995-96)				NLSS II (2003-04)				NLSS III (2010-11)			
	Market centre	Agri. centre	Co-operative	Bank	Market centre	Agri. centre	Co-operative	Bank	Market centre	Agri. centre	Co-operative	Bank
Dhankuta	8.9	8.9	8.9	8.9	20.9	16.7	18.8	20.9	8.8	13.2	17.0	14.7
Terhathum	0.0	0.0	0.0	0.0	0.0	75.0	0.0	0.0	0.0	0.0	20.4	4.1
S_sabha	0.0	0.0	0.0	0.0	11.3	11.3	11.3	11.3	32.4	23.2	28.6	13.2
Bhojpur	49.2	49.2	49.2	20.5	0.0	0.0	0.0	0.0	18.5	18.5	26.9	1.7
<b>Total</b>	<b>15.4</b>	<b>15.4</b>	<b>15.4</b>	<b>7.2</b>	<b>9.1</b>	<b>16.1</b>	<b>8.5</b>	<b>9.1</b>	<b>17.8</b>	<b>16.1</b>	<b>24.1</b>	<b>8.5</b>
Ilam	2.9	5.1	1.9	1.9	50.3	41.8	47.0	34.9	18.6	17.3	46.6	14.8
Khotang	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
<b>Total</b>	<b>1.9</b>	<b>3.3</b>	<b>1.2</b>	<b>1.2</b>	<b>31.4</b>	<b>26.1</b>	<b>29.3</b>	<b>21.8</b>	<b>10.6</b>	<b>9.8</b>	<b>26.5</b>	<b>9.1</b>
Morang	44.0	48.4	59.3	47.7	46.6	48.3	49.3	40.6	63.1	64.8	67.1	57.1
Sunsari	29.7	47.6	29.4	27.8	46.1	39.7	44.8	28.0	83.8	78.4	85.3	61.9
<b>Total</b>	<b>38.4</b>	<b>48.1</b>	<b>47.6</b>	<b>39.9</b>	<b>46.4</b>	<b>44.8</b>	<b>47.5</b>	<b>35.5</b>	<b>72.0</b>	<b>70.7</b>	<b>75.0</b>	<b>59.2</b>

*Source: Processed from NLSSs Raw Data I, II and III*



## Annex 38 Technical Notes

### ***Estimate of GDP of Koshi Hill Districts***

1. In estimating GDP at district level, first of all , projection of National GDP on the basis of the estimate of Regional Plan 1989, NLSS 1995, 2003 and 2010 (excluding remittance), UNDP 1998 and UNDP 2001 for the period between 1971 and 2010.
2. Obtain adjustment factor from GDP estimate made in National Account maintained by Central Bureau of Statistics (CBS) and GDP estimates from the studies mentioned above.
3. Obtain GDP of the districts from the above estimates made by different studies.
4. Obtain growth rates for each of the districts
5. Interpolate and extrapolate for getting time series data on GDP
6. Use adjustment factor in the estimate of district GDP obtained from of Regional Plan 1989, NLSS 1995, 2003 and 2010 (excluding remittance), UNDP 1998 and UNDP 2001 to maintain consistency and compliance with the national GDP estimate by National Accounts.

### ***Estimate of Agricultural GDP of the Koshi Hill Districts***

1. Using NLSS I, II, and III CBS surveys, per capita farm income for 1995, 2003 and 2010 of the districts was obtained from household farm income. The agriculture GDP for the above stated periods was obtained by multiplying by population. After the process, the growth rates for various periods are calculated.
2. Based on the estimate of growth rates, backward projection of agriculture GDP was made.
3. The agriculture GDP of the Districts was adjusted with the national agriculture GDP computed by National by the adjustment factor so that the consistency has been maintained with national agriculture GDP.

### ***Estimate of Non-agriculture GDP***

1. Once the district level final GDP is obtained, non-agriculture GDP was obtained by deducting agricultural GDP from the total District GDP.

### ***Estimate of Industrial and Service GDP***

1. Industrial and Service sectors GDP was computed from the ratio of district wise industrial and service sectors GDP as computed in 1998 and 2004 Human Development Reports for Nepal. Same proportion was used for projecting industrial and service sectors GDP projection over a period of time.

### ***Estimate of Private Investment***

1. The computation of private investment for the area was made from the ratio of national GDP and the national private sector investment. The ratio was used for projecting private investment starting from 1971 to 2010 for each of the districts.

### ***Estimate of Remittance***

1. Remittance is computed from Nepal Living Standard Survey (NLSS) 1995, 2003 and 2010. In this process, average household remittance of the district was converted to per capita remittance of the district.
2. The per capita remittance of the districts was multiplied by the district population of the respective year to obtain total remittance of the district.
3. The growth rate for various periods was obtained and using that growth rates remittance for the period between 1971 and 2010 was projected for each of the districts.

### ***Estimate of Trade Inflows and Outflows***

1. The inflow of goods is projected based on past studies conducted by KHARDEP 1981/82, Jha and Weiss 1972, and CEDA 1973-75. In this process, a floating population of 15 percent and on the top of that increment of 30 percent from discussion in the meeting is used to project trade inflow. The major trading places and extent of trade were identified from the meeting.
2. The export of goods from the districts is obtained from the office records of the respective offices.
3. The estimate for bidi and cigarette is estimated to have dropped by 50 percent as per the experience of local knowledge people participating in the meeting.

### ***Estimate of Government Expenditure***

1. The government expenditure is available from 1998 to 2010. The expenditure for the available period was converted to percent of national total government expenditure.
2. The growth rate was obtained from the computed expenditure in percent.
3. With the growth rates, back ward projection of government expenditure of district in percent was done and the percent so obtained was converted into absolute terms. The total national government expenditure is available for the total period.

### ***Estimate of External Sources of Fund***

1. Like in the case of the government expenditure, the data for external funding is also available from 1998 to 2010. The actual external funding for KHARDEP was available till 1984/85.
2. KHARDEP actual expenditure was distributed was 40 percent to Dhankuta and 20 percent each to the rest of the Koshi Hill districts.
3. The distribution of expenditure over the period of time was done as per the weight which considers small in the initial year and the largest for the last year of the project implementation.
4. The external funding of the district for the available period was converted to percent of national total actual external funding.
5. After the process, the growth rates for the period were computed and from the growth rates computed extrapolation and interpolations of external funding was done for the period where the data was not available.
6. The percentage projection of external funding was converted into absolute terms.