4.1 Potential research topics for the future fellows under JDS scholarship

This section is the key to this study. Based on the suggestions by Secretaries, Joint Secretaries, NRB Governor and other officers as well as the scope of the organization, the list of recommended research topics are prepared for each organizations studied. The justification of each suggested topic is also presented. This list, however, is not exhaustive.

4.2.1 Office of the Prime Minister and Council of Ministers

The office of the Prime Minister and Council of Ministers (OPMCM) is the apex body for policy making in Nepal. This is the office of executive head, i.e. Prime Minister of Nepal and the administrative head, i.e. Chief Secretary. This office also serves as the secretariat for Council of Ministers (Cabinet). All policies must be endorsed by the cabinet. Hence almost all subjects are related to this office. The courses under any fellowship or the studies are by and large relevant to this organization. However, given the qualification and expertise of the officials working in OPMCM, mostly the policy related courses are recommended.

The potential research topics are suggested that relates to OPMCM's scope and the functions it carries out. Each research topic is backed with current scenario, relevance to the organization and benefit to the organization.

1. **Policy evaluation in Nepal: An analysis of gaps between formulation and implementation**
   Current Scenario: The weak implementation of public policies has always been an issue in Nepal. Despite the contextual appropriateness of policies, most of the policies are not implemented as perceived.

   Relevance: Every policy expects the results from its implementation. Being an apex body of policy making, OPMCM must ensure the effective implementation of each policy. Hence, this research topic is relevant to this organization.

   Benefit to the GoN: The effective implementation of policies help to achieve the results and improve the service delivery as well as to increase the public trust towards the GoN.

2. **Reimagining Civil Service Reform in Nepal's Federal System: A Comprehensive Analysis of Structural Incompatibilities, Governance Shortcomings, and Decentralized Policy Mechanisms**
   Current Scenario: Although Nepal adopted federalism a decade ago. Political federalism has been smooth in these years, but administrative federalism has not been fully adopted. The mandatory laws are yet to be enacted. Additionally, Nepal's

civil service is often criticized for its incompetency and failure in service delivery. There are loud voices to identify the causes and need for comprehensive reform.

Relevance: Civil service is the face of the GoN in terms of service delivery to its citizen. This can be improved and redefined only after reforming the overall civil service in Nepal. The OPMCM is civil servants' highest-level organization, the reform initiatives must be carried out by this organization.

Benefits to the GoN: The service delivery gets improved through reimaged civil service by reforming the civil service by addressing structural incompatibilities, governance shortcomings and smooth functioning of federal units.

3. **Addressing Political Interference and Bureaucratic Autonomy in Nepal's Civil Service: Exploring Pathways for Strengthening Institutional Independence, Order, and Enhancing Governance Accountability**
   Current Scenario: Although Nepal tried to establish robust mechanism to minimize political interference in bureaucracy through various administrative reform initiatives, this interference is in increasing trend. This has not only impacted the day-to-day functions, but also led to weak implementation of policies.

   Relevance: Eliminating the conflicts between politicians and bureaucrats and avoiding political interference in bureaucracy would help to carry out the GoN function more effectively. Thus, this study has a significant relevance to OPMCM.

   Benefit to the GoN: By finding out a pathway to overcome the problems existed in political and administration, the GoN can deliver the promises better and the people are benefitted from the smooth functioning of GoN mechanism.

4. **Institutionalizing knowledge retention for development: Leveraging the research of trained civil servants**
   One of the major areas of this study is this research too. Retaining the trained and expert officials in the relevant organization has always been a problem in Nepal. This research topic is proposed in a view that it identifies the underlying causes and possible way out.

5. **Designing a Special Mechanism for Government Efficiency: A Comprehensive Framework for Enhancing Public Sector Performance, Institutional Accountability, Digital Governance, and Citizen-Centric Service Delivery in Nepal's Governance Ecosystem**
   Current Scenario: Nepal, on the recommendation of various commissions and committees, initiated many administrative reform measures in the past. Ironically,

the recommendations were not fully implemented. Therefore, a comprehensive administrative reform could not take place.

Relevance: Governance comprises a wide range of actors and activities to run a country. As Nepal's governance system is a kind of fragmented type, without addressing the issues of new and emerging issues of governance. This study is justified because it aims to develop a comprehensive framework for addressing all issues in Governance Ecosystem in Nepal.

Benefit to the GoN: As GoN is trying for enhanced public sector performance, increased institutional accountability, strengthened digital governance and improved citizen-centric service delivery, it can benefit from this research. People also feel benefitted by improved governance ecosystem.

6. **Policy Lab in Nepal's Office of the Prime Minister and Council of Ministers: Panacea for weak policy evaluation?**
   Current Scenario: Policy lab does not exist in the government system in Nepal. OPMCM is planning to have this unit shortly.

   Relevance: A thoroughly evaluated policies before and after execution helps to understand the objectives and achieve the maximum output/outcome from such policies. As OPMCM is establishing a fully capacitated policy lab, the policy evaluation capacity needs to be increased.

   Benefits to the GoN: The strengthened policy environment ultimately helps the GoN to enhance its policy implementation capacity.

4.2.2 National Planning Commission

The National Planning Commission (NPC) is the specialized and apex advisory body of the Government of Nepal for formulating a national vision, development policy, periodic plans and sectoral policies for overall development of the nation. The NPC assesses resource needs, identifies sources of funding, and allocates budget for socio-economic development. It serves as a central agency for monitoring and evaluating development policy, plans and programs. The NPC also serves as an intellectual hub for the exchange of new development ideas and proposals from scholars, private sector, civil society, and development partners. Further, The National Statistical Council is chaired by vice-Chairman of National Planning Commission.

The Commission consists of seven functional divisions – (1) Economic Management, (2) Infrastructure and Production, (3) Monitoring and Evaluation (4) Research and Inter-

Governmental Coordination (5) Sustainable Development and International Relation, (6) Social Development, and (7) Administration.

The potential research topics are suggested that relates to NPC's scope and the functions it carries out.

1. **Impact of Climate Change in development process: How to address in periodic plan of Nepal?**
   Current Scenario: Despite having negligible contribution to climate change, Nepal is one of the most exposed countries to climate change vulnerability. Nepal has identified some areas of climate change in its Plan documents, the comprehensive analysis behind this is still lacking.

   Relevance: The climate issues must be addressed promptly, if the GoN wants to avoid the significantly large impact to its nature, economy and livelihoods of the people. This issue needs to be addressed in the Plan document, for which NPC is the responsible agency.

   Benefit to the GoN: As the country is highly exposed to climate change vulnerability, the proper addressal in the Plan document with robust mitigating measures would be beneficial to the GoN.

2. **Effectiveness of Climate Coding in the Plans and Annual Budget of Nepal: A time series analysis.**
   Current Scenario: Nepal started climate coding in the annual budget nearly a decade and half ago. However, its implication to climate responsiveness of the government's development activities has not been assessed so far.

   Relevance: Being pioneer in climate coded budget formulation, the assessment of its implication in addressing the climate change vulnerability is highly relevant.

   Benefit to the GoN: A comprehensive study of implication of climate coded budget helps GoN to review and improve the climate policy in Nepal.

3. **Balancing social security expenditure and development expenditure: Way forward based on 20 years' budget analysis.**
   Current Scenario: Nepal has one of the highest social security expenditures in terms of GDP in South Asia. However, this has been criticized by many people for not giving rooms to increase capital budget in the country. The exclusion and inclusion error on social security expenditures are also criticized.

Relevance: This research aims to study the balance between social security expenditure and development expenditure based on 20 years' data. This assessment provides the way forward in maintaining the balance.

Benefit to the GoN: As GoN is trying to find extra room for financing its development needs, this research proves to be highly relevant and beneficial.

4. **Why Periodic Plans not successful in achieving the target? A radical approach to transformation.**
   Current Scenario: Nepal already executed 15 development Plans and 16th Plan is under implementation. In the long history of planned development, Nepal has not been able to achieve its Plan target. Still, Nepal is formulating and implementing the Plans. No comprehensive studies have been carried out so far to identify the evidence-based causes for the failure in achieving targets – where the problem lies? In formulation or implementation or M&E is an interesting question to answer.

   Relevance: Formulating the Plan means targeting to achieve expected results. Providing the radical approach to transform the current planning approach in Nepal proves to be relevant to the NPC, an apex body for Plan formulation and M&E.

   Benefit to the GoN: Transforming the overall planning system in Nepal helps the GoN to achieve its target and get optimized value for money spent in execution of Plans.

5. **Nepal and SDGs: factors responsible to ensuring the achievement by 2030.**
   Current Scenario: Nepal is a party to SDG and aspiring to achieve it by 2030. But the progress is slow.

   Relevance: A hard and dedicated effort is needed from public and private sector to achieve all SDGs on time to fulfill the peoples' aspirations. Finding the determinants or factors responsible for ensuring achievement helps NPC to prioritize the programs and projects contributing SDGs.

   Benefit to the GoN: A careful analysis of factors hindering SDGs achievement on time helps the GoN to reorient its plans, policies, programs and projects.

6. **Addressing the challenges posed by Nepal's LDC Graduation.**
   Current Scenario: Nepal is graduating from LDC status to Developing Country status by 2026. Being a LDC, Nepal has been able to enjoy the concessional loans, concessions in international trade and other benefits for long. All these benefits will be downscaled, if not eliminated after graduation. This will be having several challenges to Nepal's resource management and trade dynamics.

Relevance: Identifying the challenges posed by LDC graduation and measures to address those challenges is highly relevant to NPC to reorient the plans and resource management for the future programs and projects.

Benefit to the GoN: The GoN gets a thoroughly analyzed information to address the challenges the country faces after graduating from LDC status.

7. **An empirical analysis of national productivity and measures to enhance.**
   Current Scenario: Nepal so far has not carried out a thorough analysis on national productivity. As a result, the country does not have informed evidence to enhance country productivity.

   Relevance: Empirical analysis of appropriate data to find the national productivity helps NPC to improve its effort to enhance economic growth. As this research aims to assess the productive capacity of all l resources – financial, material, human and other factors of production, the NPC gets informed ideas on measures to be taken for enhancing national productivity.

   Benefit to the GoN: From this research the GoN gets feedback for orienting the policies to enhance the national productivity.

8. **Alternative financing mechanisms: A room to meet resource gap in Nepal.**
   Current Scenario: Nepal is so far depending on the traditional source of finance to fund its annual and periodic expenditure. Lower realization of revenue target, decreasing trend of foreign aid and squeezed room for domestic debt are indicating for a new source of financing. Further, the LDC graduation may cause Nepal to explore the commercial loans instead of concessional loans.

   Relevance: As the country is exploring alternate financing mechanisms, this study provides insights on access to and benefits of alternative financing to manage its resources.

   Benefit to the GoN: As the GoN is drafting a new law on alternative financing, this research contributes to GoN's effort to devise this law and other similar policies.

9. **Fiscal federalism in Nepal: What went wrong and what went right in Nepal?**
   Current Scenario: Being the youngest federal country in the world, Nepal has practiced fiscal federalism for more than 8 years now. But the learnings from this have not been assessed yet. Therefore, the policy feedback is not available.

   Relevance: Assessment of positive and negative aspects of fiscal federalism is a must in Nepal. Having 761 federal units for carrying out development activities and

smooth service delivery, it is essential for NPC to assess the effectiveness of fiscal federalism in the country.

Benefit to the GoN: This research provides highlight of 8 years' experience of fiscal federalism in Nepal, which helps the GoN to review the process and rethink on different aspects of federalism in the country.

10. **A diagnostic analysis of lead sector to enhance Nepal's economic growth**
    Current Scenario: Nepal has been aspiring for economic development since long. Various options have been tested from planned development to economic liberalization, change in governance system, and adopting federalism among others. But the development is not only slow but also ineffective in many instances. One major cause is the inability to identify the driving sector for growth.

    Relevance: Identifying the lead sector contributing in economic growth helps NPC to better prioritize the programs and projects such that the economic growth rate is accelerated.

    Benefit to the GoN: Identification of lead sector of economic growth enables GoN to reorient the policies emphasizing the lead sector for resource management and other necessary backups.

11. **Reform areas for MTEF in Nepal: a thorough analysis of two decades long practices.**
    Current Scenario: Nepal is one of the first countries to introduce Medium Term Expenditure Framework (MTEF) to narrow the gap between periodic Plan and the annual budget. The framework was successful in its objective in the early stages. But as the years passed, the effectiveness slowly reduced and remained in document only. Despite being a very useful instrument for resource management, it has been sidelined by the policy makers.

    Relevance: The assessment of gap in current practice of MTEF helps NPC to establish strong relationship between periodic plan and annual budget. This research supports NPC by providing the evidence-based solution to make MTEF work better.

    Benefit to the GoN: Establishing the strong relationship between periodic plan and annual budget helps the GoN to reformulate its fiscal policies and hence get the optimum output/outcome from the resources used.

12. **The relevancy of periodic Plans in the context of economic liberalization**

Current Scenario: Nepal adopted economic liberalization in early 1990s. The SOEs were privatized, and government's role has been limited to regulator and catalyst for investment. The government has identified private sector as engine of growth. Despite this, Nepal is still practicing planned development and 16th plan is under implementation. When the context has drastically changed, an interesting question arises – whether it is still relevant and meaningful to formulate and implement the periodic plan by the government.

Relevance: Through this research, the NPC gets the opportunity to reorient the development policies in Plan document such that the roles of public sector and private sector are clearly defined.

Benefit to the GoN: Assessing whether continuing the same practice of periodic plan or limit it to indicative plan with identification of broad destination and roles of different tiers of government helps the GoN to take radical decisions on policy making.

13. **Sustainable measures to link subnational Plans with National Plan in Nepal.**
    Current Scenario: As Nepal converted its centuries long unitary governance system to federalism, the three tiers of government came into existence. Consequently, all governments are exercising planned development process. But the Plans of different levels of government are not linked with the national Plan. This may lead to fragmented development process and may bring chaos in implementation.

    Relevance: As all tiers of governments are implementing the plans to achieve national goals, this research provides the capsule to link the national plan with subnational plan. The NPC gets maximum benefits by prioritizing the agendas for different tiers of government and avoiding duplication/triplication of programs and fragmented resource management.

    Benefit to the GoN: Sustainable linkage of national plan with subnational plans benefits the GoN to make a clear decision on overall planning process, resource management and ensure value of money of government investment.

14. **Nepal's Transition towards Green Economy, Climate Resilience and Sustainable Development**
    Current Scenario: Climate change has higher degree of vulnerability in Nepal's natural resources. Development activities without considering environment is also having negative impact on natural resources. But Nepal is not able manage this properly and the appropriate policies are yet to be formulated.

Relevance: Significance of green economy is ever increasing for improved human well-being and social equity, by remarkably reducing environmental risks and ecological scarcities. Adopting green economy on one hand improves climate resilience and on other hand contributes to sustainable development.

Benefit to the GoN: Accessing global finance and moving towards green economy is a priority of GoN, for which this research provides policy feedback.

15. **Enhancing M&E capacity of National Planning Commission of Nepal.**
Current Scenario: M&E is one of the major scopes of NPC. The Monitoring and Evaluation Act, 2024 identifies NPC as prime agency to monitor and evaluate the development plans as well as the mega projects. Despite being involved in M&E for many years, the M&E capacity of NPC is still weak. Consequently, the policy feedback and learnings from policy implementation are not utilized properly.

Relevance: As this research is expected to identify the measures to enhance institutional capacity of NPC in meaningful M&E, the relevancy will be proved.

Benefit to the GoN: The report of M&E is a strong policy recommendation for the GoN to make better policy decisions, for which the institutional capacity is a must. Thus, this research helps the GoN to adopt appropriate measures to strengthen M&E capacity.

16. **Balancing the expenditure needs and resource availability of subnational governments in Nepal.**
Current Scenario: With high degree of development aspirations and low resource mobilization capacity, balancing the gap between expenditure needs and resource availability is challenging issue for GoN. This is even more challenging in subnational level as their resource potential is significantly lower than the expenditure needs to carry out the constitutional mandates.

Relevance: Minimizing the resource gap at subnational level is key issue for NPC. Without balancing the needs and availability, no plan becomes successful. Hence this research is relevant to NPC as this prescribes the appropriate measures to minimizing such gaps.

Benefit to the GoN: Managing subnational governments' need helps GoN to focus on its own functions mandated by the Constitution and devise the policies supporting better performance of tiers of government.

17. **Effectiveness of Project Bank in National Planning Commission: Linkage to resource management.**
    Current Scenario: NPC established project bank as a repository of projects in different stage of preparation to make financing decisions smooth. But the effectiveness of this bank is questionable given the unpredictability in picking projects to finance through annual budget. Selection of projects is largely influenced by political and administrative interference rather than justifying their viability and significance.

    Relevance: Identifying prudent measures to enhance effectiveness of project bank helps the NPC to efficiently plan the resource management and project execution.

    Benefit to the GoN: In the scenario of growing expenditure needs and widening the resource gap, the efficient decision is needed for identifying ready projects and implement them effectively. Thus, the GoN gets benefitted by this research as it prescribes the measures to efficient functioning of projects with balanced resource management.

18. **Planning and Budgetary systems integration to ensure the results.**
    Current Scenario: Integration of periodic Plan and annual budget is a globally accepted principle. But in Nepal, the weak linkage between development plan and annual budget is always being criticized. As a result, the development plans failed to attain their targets. There are several IT based systems for budgeting and planning. But the systems work in isolation, without talking to each other. Thus, budget not necessarily identifies the area of financing that the plan document envisaged.

    Relevance: This research is expected to suggest the workable options for integrating various planning and budgetary systems, which will be relevant to NPC for better planning.

    Benefit to the GoN: The GoN will be able to get informed evidence of development activities, resource gaps and the output/outcome of its effort, thereby reorient the policies in more prudent ways.

19. **Role of SMEs for sustainable development in Nepal.**
    Current Scenario: Nepal is an agrarian country. The agriculture sector contributes a quarter to annual GDP. Industrial sector, although emphasized, has lower contribution in national economy. In the recent years, SMEs are growing as emerging area of development. However, they are not institutionalized and running in the low capacity. Encouraging and incentivizing SMEs may change the economic scenario significantly.

Relevance: Identifying SMEs contribution in national economy and adopting incentive mechanisms to promote them helps to increase the size of GDP, for which this research provides measures to NPC.

Benefit to the GoN: Through this research, the GoN gets informed evidence on SMEs dynamics in national economy and can prepare the evidence-based policy for promoting SMEs.

20. **Tapping the population dividend for Nepal's development before it's too late.**
Current Scenario: Nepal's population structure is dominated by the productive population. However, this does not remain for long, given the decreasing fertility rate and growing aged population. In few decades time the structure will change significantly in which the share of productive population will be significantly low. Nepal has not been able to tap the current human resources for several reasons. Untapped productive population are therefore exploring the better opportunities abroad and Nepal already experiences labor shortages in some sectors.

Relevance: As the population dividend may not remain for long, it must be tapped immediately to utilize its potential to development. Human resource is most important part of any plan that are formulated by NPC. Hence this research topic is justified.

Benefit to the GoN: This research is proposed to find the appropriate measures to tap unutilized population in development process and GoN can devise a strong policy for human resource development and its utilization.

4.2.3 Ministry of Communication and Information Technology (MOCIT)

Ministry of Communication and Information Technology (MOCIT) is the focal agency for Nepal's communication and information technology sector. The mandate of MOCIT includes (1) to inform the public about the economic and social activities of the country and promote the democratic culture, (2) to make the communications media efficient so as to make citizens conscious by creating an environment of equality, mutual goodwill and harmony among the various tribes, languages, classes and religious communities, and (3) to make the information and communications sector active so as to preserve the various aspects of national identity and significance.

The potential research topics are suggested that relates to MOCIT's scope and the functions it carries out.

1. **Transforming Postal Services into One-Stop Centers for Integrated Public Service Delivery: A Case Study of Nepal's Evolving Service Models**
    Current Scenario: Postal service is one of the oldest services that GoN provides. The future of postal service is not bright given emerging advanced IT based means of communication.

    Relevance: The scope of postal service needs to be expanded from transaction of postal goods to one stop service delivery points. The postal service outlets can be used for integrated hub for e-Commerce. This research is expected to innovative pathway to transform Nepali postal service to integrated service delivery and e-Commerce point. This research finds the innovative measures to transform the postal services in Nepal.

    Benefit to the GoN: Reorientation of nature and functions of postal service in Nepal provides the GoN room for reframing its policies on postal services, e-Commerce and effective government service delivery.

2. **E-Governance in Nepal: A Strategic Assessment of Digital Transformation Initiatives for Improving Service Delivery, Transparency, and Citizen Engagement and way forward**
    Current Scenario: GoN is taking initiatives for establishing E-Governance system in Nepal. However, there are several challenges not only in its establishment but also in ensuring the sustainability. The cyber security is another aspect to assess for ensuring strong E-Governance system in the country.

    Relevance: This research is expected to thoroughly analyze the issues in E-Governance systems and make recommendations for improved E-Governance in Nepal. The research findings should be relevant to MOCIT, as it is the core agency to provide IT solutions to government agencies.

    Benefit to the GoN: In the era of digital revolution, the government function must be ICT based. Therefore, through this research, the GoN gets recommendations for establishing and operating better E-Governance system in Nepal.

3. **Digital Literacy in Nepal: Measures to avoid the negative impacts of use of ICT**
    Current Scenario: The use of ICT has both positive and negative aspect. Digital literacy is an important aspect to get the maximum benefits from use of ICT. In the absence of digital literacy, a large chunk of users is facing with different challenges including fraudulence transaction and loss of financial resources.

    Relevance: MOCIT is responsible to create awareness about ICT use to all segments of population. Digital literacy is a tool for this purpose. Hence this research findings

helps MOCIT to draft the digital literacy policy and find ways to implement the policy to achieve the target.

Benefit to the GoN: Having a new policy on digital literacy and making the citizens aware of positive and negative impacts of ICT in daily life is one of the responsibilities of the GoN, for which this research helps with workable recommendations.

4. **Cyber Security and Data Protection of Government agencies in Nepal.**
   Current Scenario: Nepal is one of the most vulnerable countries to cyber-attacks. There are several examples of cyber-attacks in the government system leading to data insecurity and disruption in service delivery. Despite the GoN efforts, cyber security is emerging as ever challenging issue in Nepal. The policy making initiative has not been able to come to an end.

   Relevance: This research is comprehensively relevant to MOCIT, which is struggling hard to ensure cyber security and avoid risks to the government data. This research aims to suggest the preparedness for proper cyber security measures.

   Benefit to the GoN: As the GoN is trying to formulate a new policy on cyber security and data protection, this research will be proved beneficial to it.

5. **Use of Artificial Intelligence (AI) for better management of civil service in Nepal**
   Current Scenario: This is the era of AI. While other countries are benefitting from AI a lot, Nepal has minimal use of it. Its use is almost zero in governance.

   Relevance: The AI could be helpful for better management of government services including management of civil service in Nepal. This research explores the extent of current AI use and possibility of expansion to better management of civil service in Nepal in the future.

   Benefit to the GoN: This research provides the GoN a set of recommendation for future policy on AI.

6. **Relevancy of State-owned media in the context of decreasing subscribers.**
   Current Scenario: GoN has been running state-owned print and audio-visual medias. However, the subscribers and audiences are decreasing. Online medias are displacing the traditional medias largely. Further, most people usually do not trust the state-owned media and depend on the privately run media. Hence questions arise on the relevancy of state-owned media in Nepal.

   Relevance: This research aims to explore the relevancy of state-owned media and suggest the GoN whether running media by the government worths. This helps MOCIT to rethink on the fate of state-owned media.

Benefit to the GoN: Having informed evidence on the roles and impacts as well as worthiness of running them, the GoN gets feedback for reframing the policies on state-owned media.

7. **ICT and economic development: What Nepal can gain in 10 years?**
   Current Scenario: Nepal is aspiring to become a hub to ICT. GoN has a high ambition to gain from ICT industry and has announced various promotion measures. Growing interest of youth in ICT sector positively contributes to fulfill government ambition.

   Relevance: As MOCIT governs the overall IT sector in Nepal, assessing its issues, challenges and addressal mechanism helps MOCIT to direct the sector towards higher economic growth.

   Benefit to the GoN: This research is expected to identify the areas to focus to get maximum benefit from ICT and to ensure increased contribution to economic growth, thus is beneficial to the GoN.

8. **Nepal's preparedness for IT revolution: Policy prescription to Government of Nepal**
   Current Scenario: Information technology is perhaps the fastest growing sector worldwide. The growth is exponential. But the question is: whether Nepal is prepared for this revolution. GoN seems to be confused in this area. The policy hinderance to encourage IT is in large scale.

   Relevance: Based on this research, MOCIT will be able to frame its activities better to promote the IT sector and prepare to gain from IT revolution in governance and other aspects of development.

   Benefit to the GoN: This research prescribes the implementable policy instruments for IT industry to boom in Nepal, from which the GoN can formulate various policies in promoting IT in Nepal.

4.2.4 Ministry of Federal Affairs and General Administration (MOFAGA)

The mandate of Ministry of Federal Affairs and General Administration (MOFAGA) is vague. While this Ministry acts as a Central Personnel Agency, it also serves as the liaison Ministry for all 753 local governments in Nepal. Further, MOFAGA is responsible for inclusiveness, social mobilization, and capacity building of indigenous and backward communities.

The potential research topics are suggested that relates to MOFAGA's scope and the functions it carries out.

1. **Enhancing Competency-Based Career Development in Nepal's Civil Service: A Systematic Analysis of Capacity Development Strategies and Performance Appraisal.**

   Current Scenario: Nepal adopts a mix of competency-based and tenure-based career development system in its civil service. However, there are conflicting ideas among the civil servants on pros and cons of these two systems. The younger generations choose the competency-based and older generations opt tenure-based system. While there were some initiatives to strengthen the career development process, a systemic capacity development analysis has not been conducted yet.

   Relevance: This research conducts a thorough and systematic analysis of career development system in Nepal's civil service. This finds out the underlying causes behind the weak and unpredictable career path among civil servants and suggests the measures to develop strong competency-based career development path for the civil servants, which is a most needed policy area.

   Benefit to the GoN: Civil service being face of the governance system, its competency is the dominating factor to better functioning of the government. The findings and suggestions from this research help the GoN to improve its career development policy and develop a new one, if needed.

2. **The Impact of Bureaucratic Mobility on Governance Framework: Analyzing the Influence on Institutional Memory, Knowledge Preservation, and Organizational Performance**

   Current Scenario: One of the major reasons for inefficiency of governance in Nepal is the high frequency of mobility of civil servants. This has seriously hampered the institutional memory, preserving knowledges and overall performance of the organization. Although the prevailing law provisions for time bound transfers, the clauses are widely violated.

   Relevance: Knowledge preservation and institutional memory have the significant contribution in organizational performance. As this research thoroughly studies the impact of bureaucrats' mobility and provides policy recommendations to change this scenario, the research has a high relevance to MOFAGA, which is also acting as Central Personnel Agency.

   Benefit to the GoN: As the GoN is suffering most from non-performing bureaucracy, this research helps it to formulate a policy to ensure the stability and to develop performing bureaucracy.

3. **Linking expertise and placement of a civil servant: What room for reform?**
   Current Scenario: Nepal does not have a concrete policy of expertise-based placement in civil service. The well educated and experts hardly find themselves deputed in the area of their expertise. As a result, their expertise is unutilized or underutilized.

   Relevance: It is already late to establish a clear and strong linkage between expertise of civil servants and their deputations. Thus, this research helps MOFAGA to start internal homework for better utilizing the expertise of civil servants.

   Benefit to the GoN: Set of policy recommendations on linking placement and expertise of civil servants helps the GoN to formulate and implement a strong policy, which ultimately benefits it to depend on its own competent human resources.

4. **Making federalism a success: Role of MOFAGA in capacitating the local governments**
   Current Scenario: Nepal started federalism a decade ago. Still large number of local governments have weak capacity in development activities, resource management, governance and day-to-day functions. The weak capacity has been reflected in the performance of local governments and inability to meet the objectives of federalism in country.

   Relevance: Being the focal agency of local governments, the MOFAGA can play a significant role in enhancing their capacity. This research identifies the roles for MOFAGA in capacitating local governments' capacity.

   Benefit to the GoN: The recommendations from this research help the GoN to develop a capacity building policy, through which different stakeholders contribute in capacitating the local governments.

5. **Establishing administrative interlinkages among federal units for better performance.**
   Current Scenario: Nepal is the youngest federal country in the world. Political, geographical and fiscal components of federalism are somehow implemented. But the administrative federalism is yet to be strengthened. As a result, the administrations are working in isolation and no clear linkage has been established by prevailing laws.

   Relevance: The success of federalism lies on the administration. The interlinkages among the administrations of all federal units thus need to be established. This research helps MOFAGA to identify the factors contributing to strong administrative relations among the governments.

Benefit to the GoN: This research provides GoN recommendations for formulating policies to develop a strong interlinkage among federal, provincial and local governments.

6. **A roadmap to converting Nepal's bureaucracy from conventional to a performing one.**
   Current Scenario: Nepal's bureaucracy is often blamed as inefficient, incompetent and non-performing institution. The ineffective service delivery, inability to handle grievances and inability to provide development outcomes to the citizen supports this blame. While the current policies provide corrective measures to wrong doings, they seriously lack the measures to apply for not doing or inaction.

   Relevance: Making the bureaucracy performing not only is beneficial to the government but also to the citizens as they enjoy the better service delivery and development outcomes from the efficient bureaucracy. Being the central personnel agency, this research is relevant to MOFAGA.

   Benefit to the GoN: The research findings help the GoN not only in policy making to improve the civil service but also in making the service delivery effective.

7. **An assessment of MOFAGA's role as Central Personnel Agency (CPA)**
   Current Scenario: MOFAGA has two clear terms of reference (TOR), acting as CPA is one of them. However, its role of CPA is often criticized by the civil servants themselves, politicians and general people. Not having systemic career development plans, transfer policies, ineffective placement policies, poor record keeping and too much political interference are the hindering factors for this.

   Relevance: It is essential to have a strong and effective CPA to manage the overall civil service in Nepal. When the country adopted federalism, the personnel management in all federal units needs to be efficient. This research assesses the current role and future course of action for MOFAGA to make it an efficient CPA.

   Benefit to the GoN: The research provides policy recommendations to the GoN to enable a strong CPA in the country.

8. **Utilization of skills, knowledge and expertise of the civil servants benefitted with scholarships abroad.**
   Current Scenario: The Government of Nepal sends a number of bureaucrats abroad for higher studies. Some civil servants find the opportunities to study abroad on their own. Most of them return after graduation. However, GoN does not have any concrete policy to utilize skills, knowledge and expertise of those returnee graduates. As a result, the GoN is not able to utilize its own experts' skill and knowledge.

Relevance: It is essential to the institution to gain from the knowledge and skills of its human resources. The issue is more important in the case of civil servants studying abroad on the scholarship to provide their expertise to the institution. This research is expected to provide solution to the problem of underutilization of the skills and knowledge the civil servants gain abroad.

Benefit to the GoN: Identification of areas and methods to utilize the skills, knowledge and expertise of the civil servants graduated abroad helps the GoN to formulate the policy and get benefitted the support in policymaking as well as in its smooth functioning.

9. **An analysis of in-service trainings for civil servants in enhancing the capacity and performance.**
   Current Scenario: A large number of civil servants are trained every year by different training institutions under GoN. Some civil servants are trained outside the country too. However, learnings from training are hardly utilized in improving the governance and service delivery. The in-service trainings are considered as one of the criteria of promotion only, as the policy outlines in-service training as a mandatory provision for this. Therefore, it has not been assessed that whether these trainings are helpful to enhance trainees' capacity and performance.

   Relevance: There are several advantages of in-service trainings to the civil servants as well as to the institutions. It is essential to link trainings with the performance and capacity enhancement of the civil servants. This research aims to fill this gap, hence highly relevant to MOFAGA, which administers most of in-service trainings for civil servants in Nepal.

   Benefit to the GoN: The research findings help the GoN to devise the mechanism to continuously assessing the impact of in-service trainings in employees' performance and capacity development.

10. **Making inclusive policy work in Nepal: Impact of multiple agencies dealing with the agenda**

    Current Scenario: Nepal has adopted inclusiveness in its governance and development process since early 2000s. As inclusiveness is a vague issue, multiple agencies are working in this area. Managing the contradiction and inefficiencies due to multiple agencies engagement is being difficult day-by-day. In the absence of clear policy on inclusiveness of people from different culture, physical disability, regions, castes and other parameters, the inclusiveness is being a complex issue. The issue is

further complex when multiple agencies deal the issues on their own interest and fragmented expertise.

Relevance: A concrete policy to deal with all issues relating to inclusiveness is thus required. This research provides the recommendation to make inclusive policy work effectively in Nepal.

Benefit to the GoN: The GoN, on the basis of this research, finds it easier to develop a comprehensive inclusive policy, owned by all. This also helps GoN to minimize the complication created by multiple agencies engagement in inclusiveness.

4.2.5 Ministry of Finance

The Ministry of Finance (MOF) is the central authority of the Government of Nepal charged with the responsibilities for maintaining both micro and macroeconomic stability in the country. Moreover, the key role of the Ministry lies with the more rational allocation of resources; better management of public expenditure; enhanced mobilization of both internal and external resources; greater performance in public investments and strengthening of public enterprises productive capacity; open and simple foreign exchange policies and regulation, and prudent fiscal and monetary policies.

Given the broader mandate for this Ministry, it has 8 Divisions, 3 Departments and 2 central offices under it. Further, it oversees the state-owned financial sector agencies as well as the financial sector regulators.

The potential research topics are suggested that relates to MOF's scope and the functions it carries out. The suggested research topics are also relevant to organizations under Ministry of Finance, such as Nepal Rastra Bank, Financial Comptroller General's Office, Tax and Custom Departments and other regulators of financial sector.

1. **Effectiveness of Nepal's fiscal policy in maintaining macroeconomic stability: Empirical analysis of post republic data**
   Current Scenario: One of the main objectives of fiscal policy is to ensure macroeconomic stability. In the last two decades, Nepal went through various political turmoil and natural disasters, which posed a threat to macroeconomic stability. However, the pattern of fiscal policy is unchanged since long and its effectiveness has not been analyzed.

   Relevance: Analyzing the data of one and half decades, this research aims to investigate the effectiveness of fiscal policy in macroeconomic stability. This helps MOF to reorient fiscal policy for better outcomes.

Benefit to the GoN: Out of this research, the GoN is benefited with the areas of reforms in fiscal policy.

2. **Underlying causes of low capital budget expenditure in Nepal: Role of MOF in making the expenditure smooth.**
   Current Scenario: Nepal is experiencing a lower level of capital budget expenditure for more than 10 years. As a result, capital formation process has been slow and revenue targets are far from reaches. Although some multilateral organizations conducted few studies to investigate the reasons for weak capital budget performance, no systematic research has been carried out in Nepal.

   Relevance: As this research aims to identify the causes of low capital budget expenditure, it also suggests MOF the steps to change the scenario. This research also examines the role of MOF to increase the capital expenditure, which helps strengthening the capital formation process.

   Benefit to the GoN: The research benefits the GoN by providing policy recommendations to increase absorption of capital budget thereby contributing to capital formation.

3. **An analysis of gap between commitment and disbursement of foreign aid in Nepal: Role of government agencies and development partners.**
   Current Scenario: Foreign aid has been important source of meet the resource gaps in Nepal. However, because of low absorption capacity of government institutions Nepal has failed to consume committed aid cooperation. Development partners always blame government institutions for low disbursement rate and their studies raise finger against the GoN. This could be true, but no study has been conducted to examine the true causes of huge gap between aid commitment and disbursement.

   Relevance: This research analyzes the gap between aid commitment and disbursement as well as identifies the roles of the GoN and development partners. This helps MOF to initiate reform activities in aid management.

   Benefit to the GoN: As the GoN is struggling hard to realize committed aid fully, the findings and recommendations of this research provides useful prescription for managing development cooperation efficiently.

4. **Capital budget fragmentation: Hinderance for resource gap in game changing projects.**
   Current Scenario: Nepal's budgetary process has been suffered by the scattered resources in fragmented activities. This led to inadequacy of resources for game changing mega projects. As a result, the development outcomes are fragmented.

Relevance: Efficient resource management for capital formation ensures the timely results. Although tried different approaches, in the absence of systematic analysis, Nepal has not been able to avoid budget fragmentation in tiny projects. This research investigates the impact of capital budget fragmentation in resource adequacy for larger projects. This research is thus relevant for MOF, responsible agency for public finance management.

Benefit to the GoN: Based on the research findings, the GoN can overcome the problems of inefficient governance, ineffective expenditure management and failure to achieve the target.

5. **Fragility of Nepal's nascent capital market: How safe the investors are?**
   Current Scenario: It is believed that Nepal's capital market is yet be matured. While it has been nearly 5 decades practice, the capital market is not institutionalized. Investors are unaware of the variables contributing to volatility in capital markets and investment decision making is on random basis. Investors do not have the idea on the safety of their investment.

   Relevance: Strengthened and institutional capital market is a sign of investors' trust and credibility to markets. Therefore, it is rational to study the fragile nature of Nepal's capital market and find the solutions to fix it.

   Benefit to the GoN: Strengthening capital market is necessary to boost investors' morale and signaling safety of investment. The GoN, based on the findings of this research, can institutionalize the capital market to make it trustworthy and profitable.

6. **Growing gap on revenue target and realization: Is Nepal falling to serious resource crunch?**
   Current Scenario: Nepal was one of the best performing countries in realizing the revenue targets until few years ago. But the revenue targets are nor realized in the recent years. This has posed a serious threat to meeting expenditure needs. A comprehensive study is felt needed to analyze the causes behind the gap between revenue targets and realization.

   Relevance: As revenue being the largest source of government, its sufficiency to cover the expenditure is expected. This research analyzes the gap and reasons for growing gaps between revenue targets and realization. Further, this research finds the way forward to change the current scenario of resource crunch to the government.

   Benefit to the GoN: This research helps the GoN to take early policy measures to avoid the problem of revenue crunch.

7. **Nepal's fiscal space and risk of debt trap**
   Current Scenario: Nepal's debt to GDP ratio is increasing gradually. While this ratio was less than 25 percent before Covid-19 pandemic, this rose to nearly 45 percent recently. The debt servicing expenditure is ever increasing. Being a small economy, Nepal is in risk of falling in dept trap.

   Relevance: Nepal so far has manageable fiscal space. However, increasing trend of outstanding debt amount is alarming, given the slower pace of development with little prospect of revenue expansion. Hence this research is relevant to MOF in finding the solution for expanding its fiscal space without curtailing the necessary expenditure needs.

   Benefit to the GoN: The research will be proved beneficial to the GoN in formulating and updating the public debt policy in a regular basis.

8. **Relevancy of State-owned enterprises in the era of economic liberalization**
   Current Scenario: Nepal adopted economic liberalization policies in early 1990s. a number of state-owned enterprises (SOEs) were privatized. However, the GoN still owns nearly 40 SOEs, most of which are operating in loss. Liberalization and state led production do not go together, but the thorough examination has not been carried out to assess the relevance of SOEs in the current context.

   Relevance: Nepal has a good track record of implementing the core theory of economic liberalization. Most of SOEs are either privatized or reformed through change in management and divesting Gon shares. This research digs into the issue and suggests the GoN whether to continue or discontinue operating of SOEs.

   Benefit to the GoN: A clear recommendation on continuing or discontinuing the SOEs helps the GoN to redefine its privatization policy and finds the appropriate models of privatization in the context of economic liberalization.

9. **Role of Fiscal Monetary Policy measures in containing inflation in Nepal.**
   Current Scenario: Along with administrative measures he monetary policy contributes in containing inflation with various monetary instruments. The administrative proactiveness complements the monetary instruments in controlling inflation within desired limit. Nepal lacks a careful analysis of roles of monetary instruments and fiscal policy measures along with administrative coercing activities.

   Relevance: This study identifies the factors igniting inflation and the challenges of in containing inflation. Although a small rate of inflation is needed to incentivize the producers, this research provides recommendations to ensure complementarity of fiscal and monetary policies.

Benefit to the GoN: This research helps the GoN to creating a favorable environment for containing inflation through complementarity between fiscal and monetary measures.

10. **Future of Cryptocurrency in Nepal: What role for the Government of Nepal?**
    Current Scenario: Cryptocurrency is gaining popularity in the developed countries. Nepal is yet to introduce and legalize the transaction of cryptocurrencies. Nepal has not conducted any kind of studies on cryptocurrency. Since this is a complex and highly technical issue, there has to be enough studies before introducing it in the developing countries. Insufficient knowledge on the technology makes the use of cryptocurrency becomes vulnerable and may incur huge financial loss.

    Relevance: Nepal cannot stay back from the digital revolution in financial transactions and new mode of currency. This research thoroughly analyzes all dimensions of cryptocurrencies and recommends policy action to the MOF.

    Benefit to the GoN: As Nepal has to catch the pace of new technology in financial system, the GoN will be able to formulate a policy on cryptocurrency in Nepal.

11. **Insurance market in Nepal: Effectiveness and nationwide coverage.**
    Current Scenario: Despite having a long history, insurance market in Nepal is still urban centric. The remote areas are not covered by the insurance companies services. Further, there is lack of awareness among the large chunk of population. Even a large mass of urban population does not have enough knowledge about insurance.

    Relevance: As insurance acts as safety net against the risks, every single Nepali should be covered by the insurance market. This research assesses the effectiveness of insurance market in Nepal and suggests the measures to make it nationwide covering every single citizen.

    Benefit to the GoN: In the absence of insurance coverage against the loss of life and property, the GoN has been incurring huge financial cost in providing compensation. This research helps the GoN to formulate policies to make insurance market effective covering the whole population.

12. **Insurance for minimizing climate change risks**
    Current Scenario: Climate change vulnerability is increasing in Nepal. Development activities are suffering with climate risks. Nepal is yet to introduce insurance against the climate risks.

    Relevance: As Nepal is vulnerable to climate risks, it has to prepare to minimize the loss from it. Insurance could be one of many options. Therefore, this research is

relevant for MOF to prepare for insurance against climate risks and avoid financial loss due to compensation.

Benefit to the GoN: A thorough analysis of insurance to minimize the impact of climate risks provides the GoN a set of policy recommendations through this research.

13. **Potentiality of alternate finance instruments in Nepal: Room for policy reforms.**
Current Scenario: Resource insufficiency has been a problem for Nepal since long. The source of financing for the GoN is limited to revenue, foreign aid and domestic borrowing. These are not sufficient to cover the expenditure needs of the country. After adopting the federal governance system, the recurrent expenditure has significantly increased curtailing the resource allocation for development activities. Nepal does not have any policy on alternate financing, therefore cannot go to international market for commercial loans.

Relevance: Nepal is in process to devise a new policy on alternate finance instruments that allows MOF to explore commercial loans and to adopt blending finance mode. This research provides informed evidence to back such policies.

Benefit to the GoN: Introducing alternate financing instruments enable the GoN to find solution for meeting its resource gap.

14. **Investment and tax burden tradeoffs: Formulating investment friendly tax policies**
Current Scenario: Both internal and external investors complain that investing in Nepal is costlier than in other countries. The world bank study also found the cost of doing business in Nepal is high and Nepal is ranked nearly 100th in cost of doing business index. Tax is one of the reasons to increase the investment cost.

Relevance: Nepal needs large investment from private investors, both internal and external. Thus, Nepal needs to formulate investment friendly tax policies that results to increased investment and increased revenue from the externalities of investment. This research analyzes the tradeoffs between investment and tax burdens and provides solution to address this issue.

Benefit to the GoN: Investment friendly tax policies help both the GoN and investors in maximizing their revenue.

15. **An empirical analysis of revenue projection practices in Nepal: Measures needed to zero the gaps between target and realization**

    Current Scenario: As revenue is the major source of financing for the GoN, meeting the target of projected revenue is a must. However, in the recent years, the revenue collection has failed to meet the target. Further, critics opine that Nepal's revenue projection practice is not scientific and bases are not realistic. No study has been conducted so far to find the reasons for this gap between revenue target and realization.

    Relevance: This research is relevant to the MOF in many ways – (i) to find the appropriate revenue projection techniques, (ii) to assess the reasons behind the growing gap of revenue target and realization, and (iii) to take necessary steps to solve the problem.

    Benefit to the GoN: Meeting the revenue target with scientific method of revenue projection makes the GoN comfortable in managing the resources to finance its expenditure needs.

16. **Reforming tax policy in Nepal: Tax concession or tax expenditure?**

    Current Scenario: Nepal is yet to introduce tax expenditure policy which has advantages over tax concessions. With tax concessions practice, on one hand Nepal is unable to assess its revenue potential and on the other hand, MOF is unable to identify the exact revenue loss. Although this issue has been in debate for long time, still MOF is reluctant to introduce tax expenditure option. Lack of sufficient comparative studies is one of the reasons for this reluctance.

    Relevance: This research is relevant to MOF as it conducts the comparative study of tax expenditure and tax concession policies and suggests option to adopt.

    Benefit to the GoN: Efficient utilization of resources through informed evidence is crucial for the GoN. This research suggests the GoN the reform areas for tax policies in Nepal.

17. **Informal economy in Nepal: Causes and implication to the formal economy**

    Current Scenario: It is said that Nepal has a large existence of informal economy. But the country lacks systematic studies on this. Because of the informal economy, the country has not been able to identify its resource potential. Conversion from informality to formality is a must to strengthen the economy.

    Relevance: A thorough study on informal economy and its implication to the formal economy is helpful to MOF as it is facing multifaceted challenges due to prevalent informal economy in the country.

Benefit to the GoN: Finding solutions to minimize the informal economy increases the confidence of taxpayers and investors, that benefits the GoN to finance its development needs.

18. **Broadening tax base: Any room left for Nepal?**
Current Scenario: Nepal has been adopting expansionary fiscal policy, such that tax net is increased rather than increasing tax rate. However, large part of economic activities is still outside the tax net. Assessing the areas of increasing tax net is crucial for the country.

Relevance: Reducing tax burden to economic actors and broadening revenue base for the government is one objective of tax policy. This research is thus relevant to MOF, which formulates the fiscal policy every year to make revenue environment efficient.

Benefit to the GoN: A systematic investigation of areas to broaden the tax base provides the GoN basis for policy reform in the coming years.

19. **Financing the mega projects: Possibility and preparedness for EPCF procurement model in Nepal.**
Current Scenario: Nepal is yet to introduce EPCF (Engineering, Procurement, Construction and Financing) policy in its procurement policies. In the absence of this policy, minimum room is left for financing the mega projects. EPCF may be beneficial to the country to complete the large projects on time.

Relevance: Although talked for long, still the EPCF has not been introduced in the procurement policies of Nepal. This research is relevant for the MOF as it assesses the possibility of introducing EPCF and suggests the measures for preparedness.

Benefit to the GoN: Finding alternate source of funding mega projects through EPCF and completing on time will be a big win for the GoN. This research helps with the prescription of such policy.

20. **Financing PPP projects: Challenges to ensure the resources.**
Current Scenario: Nepal adopted Public Private Partnership in developing the projects for more than. Still only a few projects are labeled successful. One of the major causes for this is the lack of resources to PPP projects. The GoN is struggling to find the solution to overcome this problem and ensure the resources to the PPP projects.

Relevance: This research is relevant to the GoN as it analyzes the challenges of PPP mode of investment and finds the measures to ensure sufficient resources to complete these projects on time with intended output/outcome.

Benefit to the GoN: Completing PPP projects on time with intended output is not only helpful to the ongoing projects, but also to build confidence of future investors. With the findings of this research, the GoN may be able to solve the problems of PPP mode of investment.

21. **Increasing debt servicing: Prudent way to manage the resources.**
Current Scenario: Nepal relies heavily on the internal and external loans for deficit financing. The volume of outstanding debt is increasing day by day. As a result, the MOF is facing huge challenges of resource management for debt servicing. A large chunk of annual budget is being allocated to debt servicing.

Relevance: Allocating large chunk of budget for debt servicing narrows the room for capital expenditure. This may lead to extra borrowing to finance debt servicing. This leads to the risk of falling into debt trap in the future. Hence this timely research helps the MOF with find the prudent measures to manage the resources efficiently.

Benefit to the GoN: Addressing the debt servicing challenge and managing the resources efficiently helps the GoN to systematically improve country's financial health.

22. **Startups in Nepal: Urgency of effective incentivizing measures**
Current Scenario: Startup businesses have significant roles in the socio-economic development of the country. In Nepal, the startups are growing in number every year. However, the GoN is unable to incentivize them to flourish. Despite many attempts to promote the startups, the workable policies are yet to come into practice.

Relevance: MOF allocates some resources for promotion of startups. But allocated resources are hardly disbursed because of ambiguous policy, cumbersome procedures and selection bias. Hence this research is highly relevant to the MOF to reform the procedures and policies to incentivize the startups in Nepal.

Benefit to the GoN: This research provides implementable recommendations to the GoN to promote startups and get benefitted by involving them in development process.

23. **Green financing: Scope and absorption capacity of development actors in Nepal**
Current Scenario: Vulnerability to climate risk can be mitigated through green financing. As almost all development activities impact the climate change, minimizing those impacts by adopting green financing practice is crucial measure.

Relevance: Nepal is slowly moving towards green financing. Yet the development actors find their weakness on absorption capacity and readiness towards adopting

green financing. This research helps MOF to broaden green finance by improving the development actors' absorption capacity and readiness to adoption. This also helps the MOF to increased access to global climate finance options.

Benefit to the GoN: Green financing measures help the GoN to minimize climate change vulnerability and enables to access to global climate finance.

24. **Foreign employment: Blessings or curse for economic development? Analyzing tradeoffs between remittance and labor shortage in Nepal.**
   Current Scenario: Every year, a huge youth population migrate to abroad for employment. The foreign employment significantly increased the remittance inflow in the country. However, the country is facing shortage of labor in many areas of economic activities. As a result, the foreign nationals are filling this gap. These workers send the remittances to their country from Nepal. Therefore, the country does not have sufficient information on net remittance (inflow minus outflow).

   Relevance: Assessing the net remittance in the country is a crucial agenda of research. This research not only investigates the trend of net remittance in the country, but also find the details of labor dynamics in development activities. Thus, this research helps the MOF to design the policy in such a way that Nepal gets reasonable amount of remittance and side by side solve the labor shortage problems.

   Benefit to the GoN: Managing financial and human resources with an appropriate policy on foreign employment is important for the GoN. With the findings of this research, the GoN will be having ideas on the areas to reform on foreign employment policy.

25. **Empirical analysis of privatized SOEs in Nepal: Lessons to improvise privatization models for the future.**

   Current Scenario: Nepal privatized several state-owned enterprises in the 1990s and early 2000s. The privatization process has always faced criticisms from different angles. Nepal has a Privatization Act, which was enacted more than 30 years ago, which might not be effective in the present context. There are still more than 3 dozen SOEs, most of them with operating loss.

   Relevance: Nepal needs to reform its privatization policy by learning the lessons from past privatization experiences. This research is thus relevant to the MOF to improve the privatization models through reformed policies.

   Benefit to the GoN: This research helps the GoN to review and reform the privatization policies based on the lessons from past practices.

4.2.6 Nepal Rastra Bank

Nepal Rastra Bank (NRB), the Central Bank of Nepal, was established to discharge the central banking responsibilities including guiding the development of the embryonic domestic financial sector. Since establishment, there has been significant growth in both the number and the activities of the domestic financial institutions in the country. Under the prevailing legal framework, the objectives of the Bank are to (1) formulate necessary monetary and foreign exchange policies in order to maintain the stability of price and balance of payment for economic stability and sustainable development of economy, and manage it; (2) increase the access of the financial service and increase the public confidence towards the banking and financial system by maintaining stability of the banking and financial sectors, and (3) develop a secure, healthy and efficient system of payment;

For the achievement of the above objectives in the present dynamic environment, NRB is pursuing sustained progress and continued reform of the financial sector is of utmost importance. In this regard, NRB is pursuing various policies, strategies and actions, all of which are conveyed in the Banks annual monetary policy.

The potential research topics are suggested that relates to NRB's scope and the functions it carries out.

1. **Establishing a strong complementarity between fiscal policy and monetary policy: Evidence from the efforts put by NRB.**
   Current Scenario: The crux of economic policy is the strong tie up between fiscal and monetary policy. While the government formulates fiscal policy, the monetary policy formulated by central bank contributes to fiscal policy targets. In Nepal, MOF announces the fiscal policy through annual budget and NRB devises monetary policy to complement with fiscal policy. Nevertheless, the extent of complementarity between these policies has not been studied extensively.

   Relevance: This study analyzes this complementarity between fiscal and monetary policy and suggests the ways to improve it in the future. This helps NRB to establish a strong link with GoN policies.

   Benefit to the GoN: Policy recommendations for a well-developed economic policy helps the GoN achieving its target.

2. **Containing inflation through monetary policy: Challenges to address by the central bank.**
   Current Scenario: It is believed that the sole objective of monetary policy is to contain inflation through various monetary instruments. But in practice, monetary

policy alone may not be able to contain the inflation. The reasons behind this have not been studied so far.

Relevance: This study identifies the factors igniting inflation and the challenges of Nepal's monetary policy in containing inflation. Being an authority for monetary policy and introducing various monetary instruments, the NRB will be able to find the informed evidence on inflation containing measures.

Benefit to the GoN: As monetary policy alone is not sufficient to contain the inflation, the GoN gets recommendation for fiscal policy and other market related policies, through this research.

3. **Maintaining balance between deposits and credit by banks and financial institutions: The impact of central bank's policy**
   Current Scenario: NRB's policy plays crucial role in strengthening Banks and Financial Institutions (BFIs). Balancing deposits and credits is a major challenge for BFIs in Nepal. The financial health of BFIs is determined by this balance. NRB identifies and implement the measures to help strengthened financial health of BFIs through its policies.

   Relevance: This research finds out the effectiveness of NRB policy in balancing deposits and credits by BFIs to improve their financial health and suggests policy options in this area.

   Benefit to the GoN: Having strong financial sector with good financial health helps the GoN to manage the national resource better for overall economic development.

4. **Contrasting relation between broad money supply and inflation control: Challenge for monetary policy outcomes**
   Current Scenario: GoN adopts expansionary fiscal policy and aims for higher economic growth. Monetary policy sets out the target of broad money supply to contribute to achieving the growth target set by the GoN. Increased broad money supply on one hand supports government's growth target but on other hand it may trigger the inflation. As Nepal needs higher economic growth with lower inflation, the monetary policy faces various challenges in balancing these two issues.

   Relevance: This research is expected to suggest the innovative ideas on balancing between fiscal policy expectations and the risks associated with large amount of broad money supply. Thus, this research is highly relevant to NRB.

Benefit to the GoN: With a proper bases for determining the amount of broad money supply, the GoN can reorient its fiscal policy to meet the development aspirations of the country.

5. **Acceptance of digital currency in Nepal: Role of NRB and impact on traditional banking.**
   Current Scenario: Use of digital currency is gradually increasing worldwide. Nepal is yet to adopt digital currency, but the country cannot stay away from the global trend. NRB does not have the policy on digital currency and yet to think on it.

   Relevance: This research is expected to find ways to prepare NRB and Nepal's banking sector for digital currency. This helps NRB to develop an effective policy for applicability of digital currency in Nepal.

   Benefit to the GoN: The policy recommendations provided by this research not only helps the NRB, but also the GoN. The GoN will be able to reshape its fiscal policy and financial as well as trade relations with external partners.

6. **Digital banking: Threat or opportunity to traditional banking?**
   Current Scenario: Digital banking is becoming popular among the banking customers. This banking system creates opportunities and has challenges too. Converting the traditional banking to digital banking is another challenge. Some traditional bankers feel threat of displacement by the digital banks.

   Relevance: This research aims to identify the threats and opportunities for the traditional banks created by digital banking. This helps NRB to strengthen the banking system through policies and directives. Further, this helps the banks to identify the strengths and opportunities created by digital banking.

   Benefit to the GoN: As the GoN is promoting digital transactions, the recommendation of this research further helps it on expanding its efforts to make a seamless and faceless transactions.