

Nepali Society and Development

Relevance of the Nordic Model in Nepal



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Kathmandu University School of Education

Executive Summary

This paper discusses some salient features of Nepali society and its development practices as well as the key aspects of the Nordic model of development and draws from there some elements that could be relevant to Nepali context. The study was carried out mainly on the basis of literature study and wide consultations with Nepali and Nordic people.

While discussing the salient features regarding development of Nepali society, the paper draws on the recent positive changes and existence of positive aspects that could facilitate strong social and developmental transformation. Hence, the need is to utilize these positive changes as a resource for Nepal's development.

While exploring the literature on the Nordic model, the paper derived that it is a very dynamic approach for social development that relies on universal welfare, equality, social security, individual freedom, labor friendly policies and practices, open and free trade, and active state which is often described as having a delicate balance between capitalism and socialism. Despite its success, the model has been facing lots of challenges and problems owing to globalization, changing demographic context, and growing cultural diversities due to immigration in the Nordic countries. However, the most critical blame is that it is a

very costly project which is getting costlier. Owing to these challenges, there is a serious debate on whether the model can sustain further or not.

Nepal has its own model of development. However, the country can still learn from the experiences of other countries. There are several aspects of the Nordic model that Nepal can apply in its development efforts. Reforming agriculture and land, focusing on small scale enterprise development, inviting large scale investment, negotiating labor relations, changing the orientation of education, assuring social welfare, strengthening public sector efficiency, making the society just and inclusive, achieving pragmatic consensus, and building on trust and volunteerism are some of the measures the paper suggests for consideration.

In order to facilitate these processes, the paper suggests developing a Consortium between universities, government agencies, development partners, and research based NGOs. The paper also suggests establishing a Nordic Study Center under the Consortium. The Center would particularly focus on discussing and researching on the models of society and development as well as understanding aspects of the Nordic model with the purpose of contributing towards social and developmental transformation of Nepal.

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Introduction

Nepal has high socio-cultural diversity, resulting from influx of different groups of people in search of better livelihood and security during different time periods. There are 126 caste/ethnic groups speaking 123 different languages within 147181 square kilometers (Central Bureau of Statistics, 2011). Each ethnic group has a distinct cultural heritage. This, in turn, has given rise to different world views, values, and strategies of better livelihood. Interestingly, all of them are closely associated with nature and locally available resources. This nature-based life and livelihood approach began to change in a more comprehensive way during the second half of the 20th century.

By 1950s, Nepal entered into a new era of national as well as international relations. At the national level, political change of 1951 brought unprecedented changes of liberalization in Nepali society and politics. During this period, a new politics of developing global south began at the international level. Owing to such changes, Nepal began its development efforts during the 1950s with a planned approach with some foreign aid. Within the past seven decades of its efforts, the country has experienced various development models ranging from state-led development and neo-liberal and market led development to community-based participatory development (Pandey, 1999). However, despite some success, Nepal is still categorized as a Least Developed nation because of its low Human Development Index and low economic growth. Several reasons have led to the low developmental situation of the nation. On one hand, there is a commitment gap because of politicians, bureaucrats, and donors; and on the other, there is implementation gap resulting from poor implementation of programs and policies. Equally important is the cultural

gap resulting from cultural incompatibility within the design philosophy of development and its practice in Nepal.

While Nepal is struggling to find its developmental direction, on the other side of the globe, there are Nordic countries (Denmark, Finland, Iceland, Norway, and Sweden) which have attained high level of development in terms of socio-economic, governance, and human rights indicators. With high quality of life standard, the level of development achieved in the Nordic countries is often presented as an example for other countries, particularly for the global south (The Economist, 2013). The key values endorsed by the Nordic societies, such as freedom of expression, basic quality services, separation of powers, equality, social security, non-discrimination, and religious freedom have been taken as some of the key characteristics of the Nordic development (Østergård, 2013). Further, these countries are also hailed for their sound economic policies, cooperation in the labor market, and universal welfare systems (The Economist, 2013). In this paper, all these characteristics are integrated to describe, what is often called, 'the Nordic model of development'.

In this context, it is worthwhile to observe the lessons that the Nordic model can provide for the development of Nepal; or the lessons that Nepal could learn and/or de-learn from this model. It is, of course, true that Nepal or any other country/area should develop its own model of development based on its own experiences. It is because lasting change in any development sector is possible only when it is developed from within. Development based on any external model would eventually perpetuate dependency through hegemonic process

of cultural homogenization (Giadas, 2010). However, it is also important that Nepal learn from the successful experiences achieved elsewhere. In this respect, policies and practices of the Nordic countries could provide some important insights for Nepal's development endeavor in the present context where the nation is engaged in state building through socio-cultural, economic, and political transformation. It is possible for Nepal to benefit from the Nordic approaches and experiences although the social and cultural contexts, values and worldviews may vary between Nepal and the Nordic countries. Hence, it is important to study the relevance of the Nordic model of development in Nepali context. It is also expected that such study would contribute towards building a discourse for Nepal's development efforts and achieve success in economic and socio-cultural spheres. This paper is an effort in that direction.

This study is mainly based on the review of relevant literature and information collected through workshops, and from interviews with Nepali policymakers, professionals from development sector, and practitioners associated with development and social sciences. Furthermore, representatives of political groups, labor unions, employers, media and civil society were also consulted during the study process. Altogether, two workshops with 20 participants and six interviews were conducted focusing on the theme of society and development in Nepal and relevance and interest of the Nordic model in Nepal (see Annex). Likewise, interviews and group discussions were also conducted with six people in Oslo, Norway. Additionally, five Nordic (three from Norway, one from Denmark, and one from Finland) and one Estonian academics were consulted through

email. They shared their ideas on the Nordic model, its present situation, and its possible relevance to Nepal based on the questions that were sent to them. Thus, altogether 38 people were consulted while preparing this paper. All consultations were made between November 2014 and January 2015.

In the second section of this paper, some key aspects of society and development in Nepal are discussed focusing on some salient features of Nepali society, and how these features influence the development policies and practices in Nepal. Efforts were made to critically assess Nepal's development and to identify major challenges and shortcomings. The third section deals with salient features of the Nordic model, particularly focusing on exploring how these features are linked with broader societal or developmental context. It also explores into the challenges being experienced by the Nordic nations, and the strategies adopted to cope with those challenges. The fourth section can be construed as the outcome of the discussions from the previous sections – relevance of the Nordic model of development in Nepal. The focus is given on identifying aspects of the Nordic model that Nepal can embrace to fit its political, socio-cultural, and economic contexts. The final or the fifth section projects the way forward with the main purpose of supporting societal developmental process in Nepal. A proposal has been made to establish a consortium of representing universities, government agencies, development partners and research based NGOs in order to facilitate Nepal's development process. Establishing a Nordic Study Center under the consortium has also been proposed to carry out, lead, and coordinate the identified activities.

Society and Development in Nepal

There is a close interrelation between how development contributes to social change and how developmental priority changes with the changes that occur in the society. Historically, Nepali society was shaped by culture and religion (Sharma, 1983) but over time, it has been gradually changing (Rose, 1971; Stiller, 1972; Adhikari, 1984; Onta & Des Chene, 2004; Bhusal & Shahi, 2013). Mishra (2004) argues that the shifting livelihood of Nepali people is based on social transformations where the changes could be seen at individual, household, community and societal levels.

Nepali society is undergoing enormous social, cultural, political and economic transformation generated by the global change process and the domestic political process. Global factors like liberalization, advancement of information technology, consumerism, individualism, etc. are responsible for unprecedented changes and upheavals of Nepali society during the past few decades. Political upheavals of 1951, 1959, 1990, and 2006; the decade-long armed conflict (1996-2006); the Madhesh movement of 2007; and several other ethnic movements are major factors that have radically changed the nature of the Nepali society. These changes have greatly contributed to bring political empowerment to the marginalized, the excluded, and the poor (Pandey, Dhakal, Karki, Poudel, & Pradhan, 2011). These social dynamics are responsible for the political and societal openness, growing access to education, outmigration, changing demography, and economic opportunities in the non-agricultural sectors. These changes, in turn, have triggered further changes like growing competition, use of modern technology such as mobiles and internet, changing family structure and inter-personal relations, etc. Further, such changes have greatly challenged the existing power relations; hierarchical and

stratified caste, class, religious, (Matles, 1991; Sharma, 1983) and gender relations; and social pattern of interaction and behavior at individual and societal levels.

Overtime, Nepali society is gradually transforming from its feudalistic, patriarchal, exclusionary, caste/clan based, and religious past to a more capitalistic, individualistic, mobile, secular, plural, open, and change-oriented society. Such kind of change has been more rapid since the new political order established in 1990. It has allowed Nepali people the freedom of organization and expression, increased access to and from international sphere, and strengthening of human and socio-political rights, that has accelerated the change in Nepali society. People have now become more aware of their rights and are in a position to voice their demands for more meaningful space in social, political, and economic processes (Rawal, 2008).

These changes in Nepali society have also greatly contributed in expanding economic opportunities for the people. Historically, economic opportunities were confined to the hands of a few, and economic relations were more exploitative and feudal. However, with the rapid progress of globalization and its effect on political openness, the situation has been gradually changing and more and more Nepali people are becoming able to access diverse economic opportunities. Despite uncertainties and political fragility arisen due to lack of the constitution, economic vibrancy has been on the rise. Many people, including the returnee migrant laborers, are investing in farm- or non-farm based enterprises creating economic opportunities for them as well as others. More and more Nepali people are now becoming entrepreneurial and contributing to create a new wave of hope, prosperity and a sense of well-

being. Likewise, more and more Nepali and international companies are investing in big infrastructure projects, and production and service oriented ventures. This shows the optimism of people towards a better future and it is a great development asset of Nepali society.

Another key emerging change that has been shaping people's behaviors is the need for social transformation. The influence of traditional structural institutions like religion, social norms and family traditions are weakening. Unlike in the past, individual, familial, or community relations are less guided by the rules and norms of religion or traditional practices. Socio-cultural harmony has been one of the unique characteristics of Nepali society. This gave rise to acceptance of the existence of other socio-cultural groups. Several authors (Regmi, 1965; Sharma, 1983; Aahuti, 2010; Shrestha, 2013; Bhandari, 2014) have vividly demonstrated that cultural mix is a unique characteristic of the Nepali society. Though the decade long armed conflict and its aftermath as well as the violence during Tarai-Madesh movement severely affected such harmony and solidarity, it is gradually recuperating now. Moreover, as an outcome of the people's movement, "Nepal presents a noteworthy case, especially in regard to the protection and promotion of the rights of minority groups, ethnic groups, and indigenous peoples at the domestic level in consonance with international laws related to the rights of self-determination" (Bhandari, 2014, p. 131).

Some sensitivity and awareness on different aspects like environment and ecology (e.g., tree planting, avoiding the use of plastic bags, or segregation of solid wastes, production/use of organic food, use of solar power, rain water harvesting, climate change, etc.), human rights and humanitarian sensitivity (raising voices against the human rights abuses, willingness to support the people affected by natural calamities and human made disasters), sensitivity in favor of animal rights (opposing the animal slaughtering), sensitivity towards voluntarism and social service, etc. are some important changes Nepali society has been experiencing at the present. However, Nepali people have

been practicing these sensitivities since generations in one form or the other. Earlier, traditional social institutions were took care of such activities and mobilized people but now modern organizations like youth clubs and professional network groups are developing and becoming active. Youths are particularly active in these areas.

Not all changes are positive. Along with modernization and liberalization, many political and social values are changing. Corruption, in all its forms, like political, social, economic, has now deepened in the society (Subedi, 2005; Kattel, 2009). Wealth has taken precedence as the ideal in the society instead of principles, ethics, and morals. Practices like *Chakari* (i.e., sycophancy) and *Afno Maanchhe* (i.e., nepotism) (Bista, 1991) has now become more ubiquitous- and more aggravatingly, even institutionalized. The idea of preaching about rights and benefits for themselves are increasingly becoming more commonplace with minimal consideration towards their duties, obligations and responsibilities. Neo-elites are emerging in the society within the caste, ethnic and religious system where they gain power and resources by using their knowledge, their personal networks, and the media (Upreti, 2014). In addition, the political parties' failure to draft a constitution for over six years has defaced the judiciary system of the nation. The political polarization based on ideologies and the failure to arrive at pragmatic consensus for development is an indicator of how strong the roots of conflict and power struggle are in the society.

Conflicts are observed within the family too. The influence of media and information technology has a direct effect on the children. The gap between the parents and the children is not only causing tension and disputes within the family, but also causing emotional distance as expectations of the neither side are met. Ever expanding intervention of socially alien cultures like fast food and modern lifestyle based on individualism, introduced by avant-garde consumerism culture, are causing economic and social disequilibrium in families, and ultimately introducing new problems and challenges.

Similarly, economic sector has also been facing challenges and problems. Traditionally, Nepal enjoyed an agro-based economy among the households. However, the changes in the society discussed above, have proved to be detrimental to agricultural practices. Such changes, coupled with land fragmentation, change in land holding status, low priority from the government, low input, lack of technology, and commercialization practices, have contributed to bring about agrarian change (Pyakuryal & Upreti, 2011) and change in the livelihood pattern. Agrarian change in Nepal is largely to be understood as deterioration of the sector and large outflow of people from the sector bringing fundamental transformation in the nature-based life pattern.

While we can still observe a seemingly unified form of Nepali society from the outside; as shown by the discussion above, there exist multiple, stratified, and hierarchical realities within. The discussion also illustrated the fact that despite having lots of contradictions and conflicts, Nepali society is change-oriented. Due to this nature, it has been accommodating changes in a positive manner, and this can be one of the most influential characteristics for a broad transformation of the country. The paper now turns to discuss developmental concerns of Nepali society.

Nepali Society and Efforts for Development

Development is a contested concept. It can be said that it is a process contributing to the capability and wellbeing of the people, and can be seen as the transformation of social, cultural, political, and economic contexts of a given country/area. These contexts greatly influence the development process, and in reciprocation, development also contributes to shape these contexts. There can be no doubt that development has greatly contributed to intensify the social change process in Nepal. It could, however, be debatable on the magnitude of such contribution in shaping the Nepali society.

Nepal began its state-induced planned efforts for development in the 1950s. Since then, a lot of investment has been made in development sector. Systems and

strategies have been devised; plans and policies have been formulated; and even international systems, resources, expertise, and worldviews have been adopted for developing this country. However, Nepal's development efforts have been consistently described as a failure (Caplan, 1970; Blaikie, Cameron, & Seddon, 1980; Ghimire, 1992; Shrestha, 1997; Pandey, 1999, 2009). It is, of course, true that a large number of Nepali people have experienced development in many sectors over the past 60 years. Development in health, education, water, social protection, communication, financial service, and infrastructure have greatly contributed to Nepal's social change (Upreti, 2010). Development statistics are consistently showing improvements- substantial improvements at times in some sectors or sub-sectors. However, it is also true that a large number of Nepali people are working as unskilled laborers in the deserts of Arab countries, in the severe war-zone of Iraq and Afghanistan, and even in the impoverished areas of countries like Niger and South Sudan. This has given rise to prevalent stories of empty villages, barren agricultural lands, and villages left with only the elderly and the children as the youths migrate to work abroad. All these depict different realities of Nepali development. It can be seen that Nepal has not adopted an inclusive development plan, and the existing plan is not designed for the majority apparent from the discussions raised in this paper.

Post 1950 governments in Nepal have prioritized development as a strategy to legitimize their power position (Nepal South Asia Center, 1998; Shrestha, 1997). That is, from the onset of development initiatives in Nepal, it was carried out with some implicit objectives. While explicit objectives of the development were, as noted in policy documents, well-being of the people; the implicit objectives were to retain power and maximize resource exploitation, and eventually control the whole governance process. The works of Regmi (1976, 1978) has shown how the land, a fundamental component of production, was controlled by the state and the elites. Obviously then, the developmental needs of the poor, the marginalized, and the remote area dwellers were deprioritized in Nepali development policy and practice.

As development was politicized in favor of benefitting the nexus of traditional and neo-power elites, at all levels from the center to the local; their priority was towards their own implicit objectives –power and wealth – and not towards comprehensive development (Nepal South Asia Center, 1998; Shrestha, 1997). No one seemed really committed for development – neither the development decision makers, planners, and donors at the central level nor the development implementers at the local level. Likewise, the implementation of the development programs were also ineffective whether they were large programs at the national level or small programs at the local level. Conditions required for effective implementation of the programs were not properly addressed and decision-making and resource-allocation was highly centralized. More critically, the monitoring systems regarding development interventions were either non-existent or non-functional. All these contributed towards the failure of development interventions.

Development is not a new venture for Nepal and the Nepali people. They have been practicing and experiencing development since historical times. These practices were nature based, sustainable, participatory, contextualized, and were designed and implemented as per the needs of the local people. However, when the state-brokered development process began in the 1950s,

it became an external exercise disconnected from the contextual reality. The design philosophy, approach, and process, all were external agency driven and borrowed from donor countries. Neither the donors and national leaders considered the need for collaborating with the local development actors, institutions and processes; nor was it thought necessary to contextualize the borrowed development ideology as per the local context adhering to the needs of the local people.

Existence of such developmental problems during the time when the state was more autocratic is understandable. However, these problems still exist even when the state is said to be moving towards pluralistic democracy. This indicates the continued presence of elite interests in controlling the state resources and the governance process. As discussed earlier, Nepali society is largely change-oriented. The contradiction here is that the orientation for change is more for power, control and wealth rather than broad developmental realization. Comprehension of such reality is thus, important while planning development for Nepal.

After this analysis of development process in the Nepali society, the paper concerns with discussion on some of the key characteristics of the Nordic model of development with the purpose of finding its relevance in Nepali context.

Overview of the Nordic Model

The model of development adopted by the Nordic countries has often been appreciated globally for its appropriateness and effectiveness. In the 2013 February issue of *The Economist*, the Nordic model was presented as a “supermodel” for development policy referring to its social security, health, education, insurance and political aspects. Jieru (2013) argues that the Nordic model has been able to “balance the economic and social needs of the society” (p. 2). Moreover, stable and sustained economic, political, social and environmental aspects in these countries have offered a blueprint to other countries on how to reform the public sector (The Economist, 2013) while making the state more efficient and competent.

The Nordic countries often figure at or near the top of international rankings in areas such as equal distribution of income, competitiveness, innovation, employment, equality, gender equality and environmental stewardship (Norden, 2013, p. 9). From this vantage point, the Nordic welfare states present an example of great progress in terms of living and working conditions. Public health, life expectancy and social security improved enormously over a short period of time as the welfare model was adopted and developed during the last century (Wahl, 2007, p. 1).

At the core of the Nordic model lies the soul of ‘sustainable development’ and its three pillars, namely, environmental sustainability, social sustainability and economic sustainability (World Bank, 2012). In order to understand the Nordic model more comprehensively, this paper has assessed the situation in the Nordic countries within these aspects. Also, in order to emphasize the role of politics in social and developmental transformation, the paper has added politics as an additional dimension to understand

the Nordic model. Discussion on four different aspects of the Nordic model of development is presented below.

Environmental Perspective

The Nordic countries are sometimes referred to as the “pioneers of environmental policy-making” (Midttun & Olsson, 2011, p. 10) because they have been active in international environmental initiatives and UN Conference on the Human Environment (1972) since a long time back. Apart from this, the Nordic countries are also active in working together “to reduce emissions of greenhouse gases, to protect seas, to strengthen the ecosystem services, to create a non-toxic everyday environment and to focus on a green economy combining stringent environmental requirements and economic growth” (Nordic Council of Ministers, 2013, p. 13). The data show that the Nordic countries have reduced fossil greenhouse gas emissions by 9% between 1990 and 2011, while GDP has increased by 55% over the same period (Nordic Council of Ministers, 2014, p. 9).

Through these and numerous other initiatives, the Nordic nations have set a path to champion environmental sustainability as a global agenda. Norwegian Ministry of Environment, established in 1972, is one of the early Nordic initiatives in this direction. The Nordic countries are striving to ensure that their raw material consumption is on a par with their growth (Nordic Ecolabel, 2012, 2013). However, the Nordic ecological practice has also been criticized for ecological footprint. According to Midttun and Olsson (2011), “The Nordics have been far less successful in diminishing their ecological footprint on the globe. Topping global welfare indexes, they also rank as significant consumers of the world’s scarce resources” (p. 10).

One of the key characteristics of the Nordic model is the engagement of public. More importantly, for gearing up efforts towards environmental sustainability, the Nordic countries are using a systemic approach to implement environmental education system (Talero, 2004, p. 3). For example, Finland established environmental education as one of the educational goals from 1985 and Norway took a systemic approach regarding the issue of environmental education and claimed itself as a vanguard of education for sustainable education. Likewise, Sweden shifted its attention from environmental education to education for sustainable development (Education for Sustainability, 2012). These evidences show that the Nordic countries are making some systematic inroads into up-streaming education for sustainable development.

The World Energy Council prepares Environmental Sustainability Index by considering supply and demand-side energy efficiencies and energy supply from renewable and other low-carbon sources. The index for 2013 ranked Sweden, Norway, Denmark, Iceland, and Finland as 6th, 8th, 10th, 41st, and 45th respectively; whereas, Nepal stood 46th (World Energy Council, 2013). The data illustrates two important indicators— all Nordic countries do not hold very high position regarding environmental sustainability, and that there are variations within the Nordic countries. Interestingly, Finland and Nepal hold 45th and 46th positions respectively in this index. That is, “highly developed” Finland and “least developed” Nepal are together in terms of environmental sustainability. This raises a question on “exemplary” status of the Nordic model from an environmental perspective.

The Nordic countries are working for green growth or green economy which has been defined as an entity “that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive” (United Nations Environment Programme, n.d.). As mentioned in the website of Nordic Innovation (2012), Iceland wanted to

be a role model for green economy by investing 25 million Euros during the period of 2013-15. However, it has been claimed that the idea of green economy is a growth-based approach which has already failed and seeing everything – natural resources and biodiversity – from a monetary vantage point invites corporate control: grabbing the local resource from many and giving to a few which disrupts the whole pattern of livelihood and culture (Schniedewind, Santarius, & Humburg, 2013).

The discussion above shows that there are questions and concerns on environmental approaches of the Nordic countries which need to be answered. Recent rise of environment activist movement has added challenges to the Nordic states. There are now many legal constraints, and moreover, sensitivity towards environment is on the rise. There are divided notions among the Nordic citizens, and some environmental activists are protesting the exploitation of natural resources. The rise of conservation movement in Europe has added further constraints. At the time when the Nordic model was developed, there was less environmental sensitivity and they could extract bountiful natural resources, especially gas and oil. Oil refineries in Norway made such massive extraction in the past that it even impacted Canada. Now, this is not possible because of strict international regulatory provisions. This demands that the Nordic states have to work in accordance with international agreements and targets and maintain the resilience of the Nordic ecosystems (Nordon, 2013, p. 34).

Social Perspective

Social aspect of the Nordic model has been of great interest to researchers and planners across the globe because of its success in positioning the Nordic countries as top ranking nations on world social and human development indices. The universalism of quality social services and opportunities to the entire population (Hilson, 2008; Persson, 2012) is the uniqueness of the Nordic model, making the member countries successful welfare states where no one is seriously afflicted by poverty, poor education, bad health, or market fluctuations; and where there are evidences of poverty reduction, full employment, gender equality,

and rule of law (Brandal, Bratberg, & Thorsen, 2013). The Nordic welfare states provide basic social security to all its citizens – irrespective of their social class. “They are targeted neither at specific vulnerable groups nor are they exclusive benefits for privileged occupational groups” (Kangas & Kvist, 2013, p. 150). According to L. Hasle¹, (personal communication, November 30, 2014) “Not only that health and education and other public services are free, more importantly, 99% people are using the free health and education.”

One of the notions of the Nordic welfare is *stateness* in which the relationship between the state and people is close, and thus, people have high confidence on the system and the rule of law. Nordic people have relatively high trust and confidence on the public services, people, and institutions; and that they value individual freedom highly (Andersen, Holmström, Honkapohja, Korkman, Söderström, & Vartiainen, 2007). Moreover, since they are largely homogenous in terms of population composition, they have closer social ties. These aspects provide important social base for successful functioning of the state and society and explain the advancement of the Nordic model.

Persistent effort has been made to strengthen social security and labor market policies in the Nordic countries. Social insurance and contributory pension schemes and trade unions both at the workplace and national policymaking levels are some examples of social security

status. The Nordic countries have a notion of social citizenship in which the interests of people and their access to state services are given priority (Kettunen, 2012). The gender equality is highly valued both at social and political levels. It means all women and men are given opportunities to develop and to take responsibilities and challenges on prevailing norms and structures. Parenting fathers are common in the Nordic countries. They get salaried parental leave and take active roles in caring for their children.

Education in the Nordic countries is free for all in public educational institutions discouraging the demand for private education (Alestalo et al., 2009). All people have equal right to go to free general and/or vocational education of their interest and choice. Each girl and boy student has equal opportunity to develop her/his potential without experiencing discrimination or bias in any form. Lately, some Nordic countries have begun to charge education fees for the migrant students. This shows that the Nordic countries are facing strong financial challenges in maintaining their system and the feeling of crisis is slowly seeping in. It is also true that private schooling is on the rise in the Nordic countries raising a doubt on the state supported public schooling system which has one of the highest per student cost in the world.

Nordic education has been accused of moving away from its historical/ideological roots derived from ‘*læreplan*’ (curriculum) and *bildung*², and now is under heavy influence from standardized Anglo-Saxon tradition, promoted by Organization for Economic Cooperation and Development (OECD) (H. Eikeland³, personal email communication, December 2, 2014) (see also, Autio, 2012). Eikeland has further noted that probably Finland is the only Nordic country following the *bildung* tradition till now. The other nations are more aligned to standardized model that focuses on student achievement score. This indicates that the aspects of *bildung*-based Nordic education model embracing collaboration, personalization, trust-based responsibility, equity, and education as human right are now turned into competition, standardization, test-based accountability, school choice, and education as industry

¹ Expressed in a Consultative Meeting organized to discuss the characteristics of Nepali society and relevance of the Nordic model in Nepali context. Lena Hasle is Education Counsellor in Royal Norwegian Embassy in Kathmandu, Nepal.

² *Bildung* is a German concept which can be understood as education for life. It is a process of self-realization or maturation, and a process of human development. A person with *bildung* has political and cultural orientation; interacts with the society in a dialectical manner; and critiques the society. The educational value of *bildung* prepares the students for life by developing maturity and critical capability in them, not just standard learning or just learning for employment.

³ Helen Eikeland is a PhD scholar from Norway.

(Sahlberg, 2013). It shows that the Nordic values have largely been eroded, at least in the context of education, in the Nordic countries, except Finland. This raises a question as to the assumed strength of the Nordic values in other social, cultural, and political contexts.

Owing to their economic prosperity and social security, the Nordic countries have been attracting large influx of migrants from different countries, particularly from the developing ones. Obviously, these migrants are coming with their own cultures and worldviews that are not compatible with the Nordic traditions. As such, the Nordic countries are facing unprecedented diversities in the past few decades, which had largely been homogenous historically. More critically, these diversities are causing social conflicts in different forms (see, Booth, 2014). Maybe because of this reason, some of the Nordic countries are becoming more restrictive towards immigrants and such restrictive policies are not favored even by some Nordic people (U. Madsen⁴, personal email communication, November 28, 2014). Social crisis in any society is not the outcome of external reasons only. Internal factors are also largely responsible for social problems of any society. This is true in case of the Nordic societies as well (see, Booth, 2014).

Political Perspective

Political stability, regular election, and consensual politics are some of the key characteristics of the Nordic countries. One interesting aspect of the Nordic politics is that there is a strong social and political support towards social welfare policy though at the beginning, there was some opposition against such policy. The history of political debates and compromises are often found revolving around the welfare issues. The Danish pension law of 1891, which established the principle of a universal, tax-financed pension system was the result of a political compromise (Hilson, 2008, p. 92). The same applied to other countries as well where social welfare schemes were gradually introduced as part

of the political compromises made by the opposing political parties and alliances. Despite the rise of neo-liberalism since the 1970s, there still is a strong political support for the welfare model. Everything seems to suggest that the welfare model now, more than ever, is an integral part of national identity (Hilson, 2008, p. 88).

The Nordic countries could achieve their present political form through a long process of conflicts and wars between the then empires. Particularly, the Great Northern Wars during the early 18th century played key roles in the Nordic history and state formation process (Frost, 2000). However, the realignment of boundaries and formation of union and separation from the union during the latter part of the 18th century and also in the 19th century was largely a peaceful process (Hilson, 2008). The separation of Norway both from Denmark and Sweden, independence of Finland from Russia, and independence of Iceland, all were largely peaceful processes resulting in harmonious relation between people and countries (Østergård, 2013).

Consensual politics or consensus democracy has been one of the key characteristics of the Nordic politics. Consensus democracy has been defined as sharing and dispersing of power in a number of ways and is characterized by inclusiveness, bargaining, and negotiation (Lijphart, 1999). Consensus in decision making process at all levels of national and local politics, as well as between and among political parties and interest groups like labor unions and employers, peasantry and capitalists, has been the thrust of the Nordic culture (Alestalo et al., 2009). Because of the proportional election system in these countries as against the simple majority system of election, minority or coalition governments are the norms of the Nordic countries since the mid-1930s, and particularly since 1945. This has made constant dialogue between parties and groups necessary to arrive at some decision and has made the Nordic democracy a participatory democracy.

⁴ Ulla Madsen is an Associate Professor at Roskilde University, Denmark.

The Nordic countries are often described as women friendly given their high representation in political and social landscape. Women in these countries are said to be heading “from a small to a large minority” where their representation in national parliaments were, in average, 30 per cent (Dahlerup, 1988). Currently, this has further increased to over 40 per cent women parliamentarians and they have 47.5 per cent women in ministerial position. Norway and Finland have over 50 per cent women in their parliament (Bergman, 2014). Behind this promising picture, there is also a distinct gendered division of labor both in public and private sectors and differences in salary. Women tend to work more in public sector which provides more family friendly leave and benefits while men tend to work in private sector which pays higher (Bergman, 2014). While gender equality has been achieved in politics, male dominance is still persistent in all other fields of elite social positions including business, public administration, media, military, local politics, and in church indicating a situation of the Nordic paradox (Fiig, 2009). One more critical reality of the Nordic model of women representation is that it is “relatively color-blind” (Fiig, 2009). That is, the favorable women representation refers only to women of majority group and that of the minorities – the local Nordic minorities and the immigrants – are underrepresented. The ethnic minority Sami group in the Northern Norway, Sweden, and Finland had to face, as late as the 1950s, the severe policy of assimilation in the mainstream Nordic society (Hilson, 2008). Concerns have also been raised on cultural racism in the Nordic countries that question the Nordic self-image of solidarity and social justice and contribute to the identity crisis (Hilson, 2008).

Concerns have also been raised on possible ‘crises of democracy’ in the Nordic countries given the reality of declining voter turnout, declining membership of political parties and trade unions, and declining trust in politicians (Arter, 2006). In a different article, Arter also notes that though known for open and transparent governance, the Nordic parliaments (in terms of parliamentary committees) are relatively closed and the general public do not have access to it to share their opinion (2004).

Economic Perspective

Development of a strong, family-based peasantry, and the gradual decline of landlords and aristocracy during the 19th century provided a strong base for later industrial expansion in the Nordic countries. Thus, the family farms, and not the big corporate farms, are the characteristics of the Nordic agriculture (Alestalo et al., 2009). The emphasis on individual ownership of the farm was greatly supported by their commercialization, marketing, and adoption of new farming system and technology. This agrarian base provided a strong impetus for the industrial expansion of the 20th century, which in turn, provided a strong drive to initiate and expand universal welfare in the Nordic countries.

Nordic economies is the blend of capitalism and socialism (Lindgren, 2011) and despite the differences, economies of the Nordic countries share some common characteristics. They are welfare economies relying on open market, competitiveness and efficient market regulations (Midttun & Witoszek, 2011). This has put them in a paradoxical position– demanding efficiency, and welfare and equality at the same time. There could be debates on how or whether the Nordic countries are able to manage these demanding situations. But the key concern here is that the welfare provisions are becoming more and more difficult to manage given the changing environmental, socio-cultural, economic, and political realities of the Nordic countries themselves, and of the international context.

“The Nordic model is based on the principle of progressive taxation: the more people earn, the more tax they are supposed to pay” (U. Madsen, personal email communication, November 28, 2014). She also noted that without the tax-system and a kind of solidarity among people, the model wouldn’t exist. Therefore, taxation is the foundation for providing free education for all – including university education, free health-care, pensions and unemployment-support. Businesses which cannot pay the set tax are not supported and thus cannot sustain. The Nordic economy is also a technology based economy. Because of high tax and high competitiveness, enterprises

are required to adopt advanced technology which has greatly supported the Nordic economies to stay in the competition.

Strong labor policy is one hallmark of the Nordic model. The Nordic work conditions are very much labor friendly with several facilitating provisions like minimum pay scale, benefits, pension, etc. In case of unemployment, people receive unemployment benefits under welfare provision. Labor unions in the Nordic countries are powerful and can exert wide political influence, but their work-ethics is such that they do not go against the agreed and established provisions, and do not obstruct introduction of new technologies and systems that would contribute to productivity improvement and overall efficiency of the organization, sometimes resulting in labor layoffs (Andersen et al., 2007). Like labor unions, employers associations are also very active in the Nordic countries. Naturally, they also seek profit maximization through efficiency. Nordic policy has also accepted this need. They have been able to provide high social security for the laborers, and at the same time, maintained profit maximization and ease of hiring and firing for the employers.

This seems to be a paradoxical situation where the labor policies could be beneficial both for the labor groups and the investors alike, but the Nordics have been able to manage this through self regulations, bargaining, and negotiations where state agencies play an active role. This tripartite relationship has been the crux of the Nordic labor policies and presents an excellent example of negotiated cooperation mechanism. Under this tripartite cooperation, conflicts are addressed as per the jointly agreed principles (Jokinen, 2012). Jokinen further notes that the strong position of the state mediator, along with the labor court and compulsory arbitration help settle the conflict in a cooperative manner. Moene (2008) noted that despite the challenges of small wage differences, high tax rate, large public sectors, generous welfare states and strong unions, the Nordic countries have maintained their economic position well and this could be realized due to the equilibrium of institutions. Good relationship among

the policies, institutions and behaviors has helped them strengthen each other.

New challenges, however, are emerging in such traditional norms of trust-based relationship. The challenges are coming in the form of globalization; increasing movement of labor and capital; demographic changes- particularly the ageing population; immigration and growing cultural diversity; concerns on social cohesion and commitment to the Nordic values; and rising competitive economies elsewhere in the world (e.g. Asia, Latin America). With about employment of 30 per cent of the working population, the Nordic public sector is considered big compared to international standard (Alestalo et al., 2009). This has, on one hand, contributed to raise employment opportunity, particularly to women, but on the other hand, raised the cost of public spending as well as the cost of welfare. While the provision of welfare is one of the fundamental features of the Nordic model, its high cost has been a challenge to sustain the system. This challenge can be illustrated at two levels. At one level, the rise in income is not high in accordance with the increasing demand of welfare services; and at another level, welfare services are also becoming costly. This situation of rising production costs of welfare service because of increasing demand and rising production cost tend to go higher than the rise in GDP of the Nordic countries (Andersen et al., 2007). This implies that the sustainability of the Nordic welfare depends upon successful address of these challenges.

The Nordic Model: Its Effectiveness and Sustainability

While the Nordic welfare model is often presented as a dream coming true, or utopia; it is also presented as a dystopia that needs to be discarded. The debate is not on its effectiveness, but rather on its sustainability? (Kangas & Kvist, 2013). Various literature consulted do not necessarily raise questions on how effective the model is, but they question its longevity. This implies that the model could be of little relevance to other areas, particularly to the countries of the global south. The argument is that, as the model is failing in its own place of origin, it cannot function

properly in the context of developing countries (ideas expressed by Nordic academics in group discussions held in Oslo and Stockholm, 23 and 25 November 2014).

The main concern often raised against the model is that it is a very costly project (Gupta, Smith, & Verner, 2006; Becker, 2007) and demands a particular culture for its functioning and effectiveness. Becker (2007), however, also notes that the model could be financed if tied to a highly productive market sector. It has also been noted that the Nordic welfare has already passed its “golden years” (1950s to 1990s) (T. Takala⁵, personal email communication, 17 December 2014). Takala has noted that the welfare system has been eroding and that “as a society we cannot continue to live on borrowed money”. It has also been argued that the universality of the Nordic welfare system now is less universal, less generous, and more conditional than it used to be twenty years ago (Kangas & Kvist, 2013).

The Nordic welfare system promotes equality through redistribution of resources in the form of pensions and other benefits. Equality, in a broader sense, should also include fairness, justice, equal treatment, cohesion, etc. However, because of the growing trend of immigration into the Nordic countries, a feeling of ‘others’ has crept in among Nordic people. These ‘others’ are seen as ‘burden’

to already burdened public sector. Growing popularity of the political parties that are openly against the immigrants, particularly in Denmark and Norway, indicates towards the paradoxical nature of Nordic equality (Alestalo et al., 2009). Another concern that questions the equality claimed in the Nordic model is the increasing economic inequality that has resulted from growing poverty, and increasing privatization in sectors like education and healthcare. This situation has prompted to question the very basic value of universalism, social cohesion, and trust over the state and its institutions which might lead to social, economic, and political segregation and alienation (Trägårdh, 2011). This seriously questions the integrity of exemplary Nordic model and its sustainability.

Despite some questions, weaknesses and challenges, it has also been argued that the Nordic model is based on solid ground and will continue to function and grow (Moene, 2008). The argument is that “the Nordic Model is resilient and strong enough to survive that challenge, as it has so far shown adaptability in the face of challenges. Thus, it can present itself as a model for adoption and adaptation in developing countries” (Joly & Olsen, 2011, p. 9). With this understanding of characteristics of the Nordic model that might be helpful for other developing countries, the paper now discusses its relevance in development of Nepali society.

⁵ TuomasTakala is a Professor in Tampere University, Tampere, Finland.

Development of Nepali Society and the Nordic Model

The Nordic model can offer some examples for Nepal to adapt its development process in a contextualized manner associating with our longstanding values of co-existence and mutual learning among different communities. Some of the key features of Nordic development, such as trust in the system, solidarity, democracy, inclusion, equality, and respect to nature are likely to be relevant for Nepal. Furthermore, Nepal can consider economic policies, social welfare, and land and labor policy in the process of enriching the nation's evolving development model. Under these circumstances, this section of the paper is devoted for discussion on some key areas of relevance of Nordic development model in terms of Nepal's development process. The ideas expressed here are influenced by the interaction that the research team carried out with several individuals from Nordic countries and Nepal. While developing this section, we were also aware that efforts to transform Nepal should be integrated within and grounded in its socio-cultural, political, and economic contexts. At the same time, it is also important that efforts are made to change the existing context for overall benefit. Only then social transformation can be achieved and sustained. As discussed above, Nepali society does have some strong positive features and there is a need to recognize and highlight them and make them the bases of our policy and practice. Nepal needs to realize that it needs to look for its own meanings and processes of development deriving from its own strengths and characteristics. Of course, experiences from the Nordic or other countries could provide meaningful support in its efforts towards a just and sustainable society.

Reforming Agriculture and Land

Agriculture has traditionally been the backbone of Nepali economy and probably will remain so for the foreseeable future. Though its contribution to the GDP has drastically declined from 68% in 1971 to 37% in 2011 (Gyanwali, 2014), it still provides the livelihood for majority of Nepali people. According to the National Population and Housing Census, 2011, nearly two third of economically active population are involved in agriculture (Suwal & Dahal, 2014). The proportion of women in agriculture is still higher (women – 77%, men – 55%). This indicates that any effort to transform Nepali society cannot ignore the transformation of the agriculture sector. It is also important to note that any investment in agriculture reaches the largest segment of the population, mainly in rural areas and to the socio-culturally, economically, and politically deprived groups, including women. Besides, agricultural activities are related to many other aspects like climate change, environmental hazards, ecological balance, food security and sovereignty, maintaining natural and socio-cultural diversity, etc. However, the agriculture sector in Nepal has been facing serious challenges because of the lack of interest of the youths who rather prefer to go abroad as unskilled laborers.

Nineteenth century Nordic communities were largely agrarian and impoverished. However, they could bring about comprehensive change through a series of agrarian reforms which were both state sponsored and farmer brokered (Hilson, 2008). Further, due to high importance given to the sector and other socio-cultural factors like education, greatly contributed in enhancing agrarian

reform to the present scale. Actually, similar practices are being implemented in Nepal as well. But Nepal has not been able to attain the level of enhancement enjoyed by the Nordic countries, perhaps, because of the meager scale and intensity of the implementation process adopted. So, the need now is to carry out all these activities with fresh initiatives. More important is the commitment from all sides, particularly from political and bureaucratic levels.

Focusing on Small Scale Enterprises Development

As illustrated by the Nordic examples, Nepal also needs to focus on entrepreneurship and enterprise development. This is important because the development efforts the country has been adopting, along with its international development partners, have largely failed (Pandey, 2009). Nepal, apparently adopted the externally-designed model of development that could not address the need of subsistence-based agriculture and transform it towards enterprising development. Market based neo-liberal economy might have its strengths, but Nepal needs to focus on individual or family managed small scale enterprises. Cooperatives or community groups could also manage these enterprises, but as the sustained commitment is very important for these enterprises, probably individual or family based investment/management would be more viable in Nepal. Such enterprises could be agro-based farms, service based or industry based business, which may require intensive labor but not at the cost of efficiency. Labor intensity, would of course, create employment which is beneficial for national or local economy. From the perspective of the enterprise itself, production efficiency should be the key concern. Only then an enterprise can achieve competitiveness to stay in the market and make profit. Production or management efficiency should be the norms for supporting such enterprises.

Government or other supporting agencies should work to motivate/attract people towards investment/work in small scale enterprises. A massive but concerted, coordinated, and multi-sectoral program is needed to educate and motivate people towards entrepreneurship and supporting

them in all technical, financial, and managerial aspects that are required for successful management of such enterprises. These enterprises could be based mainly upon local products, could be targeted to local as well as external markets, and consider product or market diversification. Based upon the nature of the enterprise, focus should be provided on promoting the use of simple and local technology; or go for advanced technology or remain labor focused. There should be some agencies that focus on carrying out research and development in all aspects of small enterprise sector.

Inviting Large Scale Investment

Examples from Nordic countries show that development of any country also depends upon investments in big projects, particularly focusing on primary, secondary, and tertiary sectors. It includes developing physical (e.g., transport, communication) and service (e.g., banking, financial) related infrastructures, manufacturing industries, and service sectors. These industries would greatly contribute to create employment and would also contribute to national and local economy by paying taxes under different headings and by creating forward and backward linkages or interdependence. Operating an industry, be it in primary, secondary or service sector, would require many other supporting or allied activities, thus contributing to develop several other industrial activities in the country. These industries need to be environment friendly and use green and efficient energy sources. Production efficiency and technological orientation should be the norms of such industries.

Government can either promote the private sector or adopt the policy of public-private partnership for making such industrial investment. Or, going further, the government could go for public-private-public-partnership (PPPP). Here, the third 'p' is very important in terms of making the private enterprises accountable to the public, a feature that is reflected in several private enterprises on different spheres of politico-economic life of people in Nordic societies. In any case, the government should play a strong regulatory role to make the private sector socially

responsible. The experience of public-private partnership has not been very effective in Nepal. Overtly profit oriented private sector and inefficient and corrupt public sector are mostly responsible for the lack of positive result in Nepal.

Whatever the mode of investment – public, private, public-private, or even foreign – a strong state mechanism is essential to plan and regulate the investment for expanding and strengthening industrial activities in the country. The Nordic model has shown how important the role of the state is in negotiating and leading the industrial sector. Its role is instrumental for strengthening the industrial sector while maintaining equity and social justice, and at the same time, enhancing quality and efficiency.

Negotiating Labor relations

Industrial expansion in any country demands a positive environment, particularly in the context of labor relations. Nepal's political change in 1990 made it possible to enact the Labor Act 1992, the Trade Union Act 1992, and the Labor Rules 1993 along with some other related legal arrangements. The Labor Act 1992 provided the laborers the legal ground to make demands and organize lawful strikes in case of non-fulfillment of their demands and the 1999 amendment of the Trade Union Act provided the right to form union for all types of laborers, including those in agriculture and informal sectors. One important outcome of these provisions is the realization of the importance of collective bargaining and its legitimacy. However, labor relations are highly politicized in Nepal as the labor unions function as sister organizations of the mainstream political parties, and thus, they carry the political agendas of their mother party. Besides, the rivalry between the labor unions to establish themselves as the most powerful agency within an industrial sector has greatly and negatively influenced the labor relations in Nepal.

The decade long armed conflict (1996-2006), and some years turmoil after the political change in 2006 were turbulent from the perspective of labor relations. Labor unions acted like militants and strikes were commonplace. Demands were high, and at times, beyond the limit of an

enterprise or unrelated to the labor context. Employers' side was also non cooperative to resolve the situation. This situation forced many industries to closedown forever. The situation is now somewhat changed and positive. Of course, challenges are still there but the radical and obstinate stances that the concerned sides took previously have now largely subsided, illustrating that labor relations in Nepal can be negotiated and improved if honest efforts are made. Acharya and Bhattarai (2012) argue that the trade unions and industries in Nepal are moving towards the right direction which are indicative of sustainable relations. Interaction with the laborer and employer representatives while preparing this paper indicated reservation and distrust with each other and both blamed the government for not being active mediator, and for not introducing and enforcing strict regulatory mechanism.

The situation thus demands honest efforts to develop effective mechanism that would bring disputing sides into negotiation. Nepal could learn from the Nordic model in negotiating labor relations where a tripartite mechanism has been developed to settle the labor disputes. In Nepal, there is a need to convince the disputing sides that they can maximize their gains only by accepting the needs of the other side and that there are also societal and national needs which needs to be considered. As in the Nordic countries, Nepal Government should also play a powerful mediating role in bringing the disputing sides into negotiations and create a conducive atmosphere for both parties to accept and understand each other's needs. Considering the context of Nepal, probably a fourth side – a consortium of independent people/group in managing the labor relations – can be introduced to form a quadripartite arrangement. However, this needs to be discussed widely if there really is a need of the fourth side. Nevertheless, be it tripartite or quadripartite mechanism of negotiating labor relations, considerations should also be given to protect the interests of actors in informal sector.

Changing the Orientation of Education

Education is the key for bringing any change in the society. Nepal began its modernized mass schooling only in the

1950s. Immediately after the political change of 1950, there began a wave of establishing modern schools in the country. Post 1950 governments emphasized schooling as a strategy towards modernization and development of the country. While doing so, the country rejected the traditional forms of education and relied completely on Western education constructs and values (see, Pandey, K. C., & Wood, 1956). Besides, schooling in Nepal was basically designed as a means to legitimize the monopoly of elites in resources and in the governance process (Shrestha, 1997; Dixit, 2002). This made the whole project of schooling as an externally-induced and centralized endeavor, and thus, not aligned with the broader contexts at the local level as well as not in line with the everyday needs of the large majority of deprived groups of people (Parajuli, 2014). This resulted in a system of education where many youths see no meaning in staying at school as they perceive that schooling will have little role in shaping their future livelihood. Hence, they leave school and enter the labor market under aged and without any specific skill.

Thus, there is a need to change the orientation of the schooling system in Nepal and focus on the learning needs of the populace by supporting them in their sociocultural, economic, and political needs. Here, Nepal can learn from the Nordic education system in re-focusing the education processes towards active citizenry, thereby, enabling learners to develop a host of innovative abilities (e.g., problem solving, envisioning, creating, designing) who could satisfy their own knowledge needs as well as that of the society and the country. It is also important that the new educational orientation prepare the populace to face the existing as well as emerging challenges like climate change and hazards, social disharmony, violence and conflicts, etc. Furthermore, it is also important that the newly designed education system builds on local context and values and focuses on aspects like negotiation and collaboration, trust, relationships, equity and inclusion, sustainability, and ethics, and sees education as a human right.

It is also important that the emerging Nepali education system instills work culture in its learners where they

are motivated to work. Present system of schooling has contributed to detach Nepali youths from jobs that are labor intensive (e.g., agriculture) and they seek salaried office job. Nepal also needs to look for ways in which the system of technical education is emphasized which can respond to the market demand of skilled workers. Such education can prepare the students to be aware of the resources available among themselves and around them, and can identify the available production potentials and work accordingly.

Assuring Social Welfare

Historically, Nepali economy evolved through the community-driven practice where the support system to people was developed and run by non-state institutions, e.g., families, *Guthis* (trusts), temples and other cultural and religious institutions. Embedded in the cosmology of co-existence and co-living, people had managed their life and economy on their own and were in line with the available natural context. State presence was minimum except for raising taxes and for law and order (Stiller & Yadav, 1979). When state interventions began in 1950s, the state was neither able to provide welfare services to the people nor it thought necessary to do so. However, it needs to be noted that though at a very small scale, the state had provided welfare support to its people. Some services like health and education were either free or were provided at subsidized rate. This was true in case of pre-1950 days as well.

Probably the first universal welfare scheme initiated in Nepal in 1975 was the free primary education (grades 1-3). Since then, the government has been increasing the scope of free education. At present, basic education is free for all along with free text books. Besides, there are various scholarship programs targeting specific groups like girls, differently abled children, and children from remote and underprivileged groups, etc. For the first time in 1995, the government began the cash distribution scheme to all old age people above 75 years of age. Allowance for helpless widows (60+ years) and for differently abled people were also initiated after few years. Though the allowance is very

small, what matters is the realization of the need for such welfare. There is also pension scheme for public sector employees and teachers of public schools.

The need or the desirability of universal or targeted welfare scheme is a matter of discussion in Nepal. This debate was amply illustrated during the discussion sessions held by the study team with Nepali and Nordic experts. The argument was that while Nordic countries themselves were facing challenges and shrinking their welfare schemes, how a country like Nepal can employ such a costly project. However, Nepali participants also highlighted the need for some form of welfare. It can probably be argued that the importance of welfare approach could be seen as a strategy for resource redistribution and for providing basic social services and security at least to those who are deprived, and as a strategy for ensuring social justice. The idea that emerged was that Nepal needs to initiate social welfare as per the need of the people. Nevertheless, it could be said that the whole issue of social welfare needs to be discussed at a wider level, and more researches need to be carried out as research based information on aspects of social welfare hardly exist. Also, if Nepal is to increase the scope of its welfare scheme, the sources of funding for such a costly scheme needs to be identified.

Strengthening Public Sector Efficiency and Good Governance

Nepali public sector and the services it has been providing are often described as slow, inefficient, costly, and often of low quality (Panta, 2007; Shakya, 2009; Pokharel, 2013). This probably explains the low development index of the country – poor governance and weak public sector. There is an urgent need to strengthen the public sector and governance and Nepal can learn from the experiences of the Nordic countries. As noted earlier, the Nordic public service is comparatively large- providing about 30 per cent of the total employment. Though this big size has raised the public expenditure, this has also contributed to raise the employment opportunity in those countries, and at the same time, has contributed in raising the efficiency of public services and providing good governance.

However, just making the public sector large might not be the solution for unemployment problems, poor services and weak governance Nepal has been facing for a long time. There could be other options that Nepal needs to try out and this should be supported through public debates and necessary researches. Nevertheless, it is also true that social justice cannot be achieved through the neo-liberal policy of market efficiency. Due to its basic characteristic of profit maximization, private sector cannot fully play this role, so some functions should remain with the state to ensure social justice. For this, the government should take care of basic services like education, health, social security, and so on. Thus, there can be little debate on the need for a public sector for ensuring social justice and good governance. Taking examples from the Nordic model and on the basis of Nepal's own experience, the state can, of course, invite other non-state actors like the private sector to make its functions and services more efficient and relevant. A strong Nepali public sector will provide a strong impetus for the growth of the private sector. As the public sector expenditure increases, the private sector investment would also increase because the government expenditure would contribute to create a favorable environment for private sector investment through good governance and effective services to the private sector. When the private and the public sectors complement each other, it would contribute to enhance public sector efficiency and good governance.

Making the Society Just and Inclusive

Social transformation of any society is possible only when it provides justifiable space within its sociocultural, political and economic processes to all people irrespective of their backgrounds. As discussed above, Nepali society has been suffering from exclusion, discrimination, and unfair social hierarchy. People from disadvantaged castes and ethnic groups, the poor, and the women are particularly suffering from such exclusion. Hence, changing such a situation is essential to implement an overall broad-based social transformation. Unlike Nepali society, Nordic society is highly inclusive. Women in Nordic society enjoy high presence in family, society, and other public domains. Such

inclusive form of representation of both genders might explain the high development index of the Nordic countries.

Nepal needs to focus on promoting its traditional values of living together by making the social structure more inclusive and just. Several short-term and long-term strategies need to be developed for this purpose which should include affirmative actions, such as providing additional support to those who have been excluded; creating more opportunities for those people active in political, economic, and sociocultural spheres; and developing a sense of social cohesion, cooperation, and living together. These activities need to be carried out in a legal and institutional frame that can boost the sustainability of such strategies.

Education needs to play a vital role here. But education itself needs to be re-oriented in order to be able to play such a role and should be designed in the manner that it honors and promotes the values of all social and cultural groups and is aligned with the local sociocultural context. Likewise, it is also important that education contributes to prepare all learners – women and men, poor and rich, low and high caste members– and make them aware on the need for promoting a just and inclusive society and remain active towards this direction. Such objectives could be achieved only when education design and governance processes are carried out in an open, transparent, and participatory manner.

Achieving Pragmatic Consensus in Politics

Making a just society also depends upon the culture of giving space to others' voice. Often explained as a tradition, the Nordic nations have a strong culture of consensual decision making (Østergård, 2013). This practice is found not only in politics but also in other areas where two or more disputing parties debate upon, bargain, and finally arrive at some consensus by gaining something and giving up something. This could be realized in the Nordic countries because of their longstanding traditions and sociocultural homogeneity. This culture of consensus is exemplary for countries like Nepal where political parties or disputing groups often find it very difficult to arrive at consensus

and many times get stuck in a stalemate. Hierarchical socio-economic structure of the society has largely been responsible for lack of proper consensual culture in Nepali politics. This does not mean that consensual culture does not exist in Nepali society at all. A functional and thriving Nepali society exists because of ethno-religious consensus leading to harmonious co-existence of the varied ethnic communities and religious sects. It is the political arena that has been finding it difficult to embrace the importance of consensus and act accordingly.

However, it is now impertinent that fresh efforts be made to promote the idea of consensus as a powerful tool to settle disputes and differences in politics and in other sectors (e.g. in labor relations) both at the national and local levels. The first condition in order to promote consensus in Nepali politics and in other sectors is commitment – commitment from politicians and all other actors where a continuous effort is maintained through public discourse. The civil society can play a very active role here.

Considering the disputes Nepal has been experiencing at the present, it can be argued that consensus is not always possible because of varying contextual and temporal realities. Looking the sociocultural diversity of the country, and the ongoing discourse for identity and space in national and local processes by the ethnic communities, this argument is worth considering. Within all these realities, a pragmatic consensus could be an alternative approach where differences in ideas are accepted and a working solution is sought.

Building on Trust and Volunteerism

Achieving consensus demands trust. Trust should exist between disputing parties and there should be trust towards the state institutions. This fundamental prerequisite for social transformation is somehow missing among Nepali politicians and leaders. However, Nepali people have repeatedly shown their trust towards the state institutions by widely participating in elections for Constituent Assembly and in local elections. By participating in the elections, people have expressed their right to expect a

responsive public service mechanism developed through a democratic political system. But Nepali politicians and bureaucrats have largely failed to institutionalize and strengthen the service mechanism as per the expectation of the people. This could be an explanation for Nepal's failure in achieving comprehensive development.

Along with trust, volunteerism is also another key aspect that Nepali development efforts need to embrace. Volunteerism here could be taken as giving one's time, skills, and knowledge for the betterment of the community and the society without expecting any immediate personal benefits in return. Voluntarism is important because it complements the trust factor discussed above and contributes to enhance one another. It is fortunate that Nepal has a strong cultural heritage of voluntarism (see, Devkota, 2001). But the modernization ushered in by the neo-liberal marketization has caused the volunteerism in Nepali society to decline.

The Nordic countries, as discussed above, are well-known for their high level of trust towards the state institutions and towards each other. Likewise, Nordic societies also present a high rate of voluntary participation (Grizzle, 2015). Nepal needs to enhance both trust and volunteerism in its development efforts by considering examples from the Nordic nations. First, the nation requires a strong political commitment. Likewise, there should be a strong monitoring mechanism for developing an effective, transparent, and accountable public system. Furthermore, strategies like ensuring participatory approaches, and promoting community-driven organizations, could greatly contribute to promote trust and volunteerism in Nepal. Educating the concerned stakeholders towards creating trust and volunteerism probably is instrumental for Nepal's developmental process.

Some initiations are necessary to find out how different aspects of the Nordic model of development can be relevant to Nepal. The following section presents on how these initiatives can be progressed and how the national and international development actors can support the endeavor.

Way Forward

Carrying out these broader objectives require a perspective, a vision, and a concerted effort and is to be seen as an ongoing process along with a strong commitment from the people at all fronts and levels. Developing such a visionary perspective in itself demands an intensive preparation along with debates, argumentation, negotiations, and understanding from all levels. However, it should also be realized that having such a common visionary perspective may not be feasible as different groups of people may have different visions. Depending upon the social, cultural, physical, political, and economic diversities of Nepal, it is quite natural that there are multiple perspectives. Nepali people have to work amidst these multiple perspectives and find their way forward learning from available local practices as well as from the knowledge and experiences from elsewhere.

Nevertheless, it is important that efforts towards comprehensive development process begin by developing some visionary perspectives as well as by looking into the existing policy, regulatory frameworks, infrastructures and networks, and resources and capabilities. Policy context provides a broad direction on realizing what achievements are intended. It is important to make an assessment on what is available, what needs to be improved and strengthened, and what needs to be developed anew. Likewise, regulatory frameworks or norms, standards and mechanisms need to be developed or be examined. Similarly, in order to implement the identified activities,

organizational structures and networks need to be identified and institutionalized or restructured. Furthermore, it is important to assess the availability of resources – both financial and human resources in order to support the implementation of such activities. This would also include identifying different sources and alternative sources of financing. Assessing available capabilities and identifying the required capacity enhancement is another equally important activity during this process.

It is also important that, wherever applicable, the relevant activities are carried out at decentralized levels as well. The local political bodies, government and different non-state organizations, and community organizations can actively participate in this process. Wherever applicable, families and individuals can also be made partners and decision makers.

In order to carry out the activities mentioned above, this paper proposes to establish a consortium including universities, government agencies, development partners, and research based NGOs. A discussion session can be organized to identify appropriate agencies for this purpose. It is also proposed that this consortium establishes and runs a Nordic Study Center (NSC) that could focus on carrying out activities discussed above. Kathmandu University is willing to coordinate such a consortium and house and lead the NSC. The main purpose of the NSC will be to perform the roles of:

- depository of literature on Nordic model and other relevant literature on societal development;
- think tank by providing its analysis and perspectives to the government, development partners and other social and developmental actors;
- forum for interaction, debate and discussion not only among the experts but also among the general populace (publication, lecture series, dialogue session);
- forum for researching and discussing on Nordic and other models of society and development, and their relevance and applicability in Nepal (publication, lecture series, dialogue session);
- research agency focusing on researching aspects of society and development (publication, lecture series, dialogue session);
- development agency for researching and developing systems, policy proposals, frameworks and guidelines, (publication, lecture series, dialogue session); and
- capacity enhancement agency (academic programs post-doc, doctorate, MPhil, and Master level programs and also short term training).

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Annex

List of people consulted

Consultation in Nepal

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3. Bhola Prasad Dahal, PhD, Governance Advisor, Norwegian Embassy
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5. Gopi Krishna Khanal; Joint Secretary, Ministry of Federal Affairs and Local Dev
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7. Hari Lamsal, PhD, Joint Secretary, Ministry of Education
8. Jitendra Jonchhe, Member GEFONT
9. Kanak Dixit, Senior Journalist, Himal South Asia
10. Kedar Bahadur Adhikari; Joint Secretary, Ministry of Health & Population Management
11. Khem Lal Devkota, former-member, Constituent Assembly
12. Kiran Rupakheti, PhD, Under Secretary, Ministry of Women, Children and Social Welfare
13. Lal Bahadur Khatri, Under Secretary, Ministry of Finance
14. Lava Deo Awasthi, PhD, Director General, Department of Education
15. Prof. Laya Uprety, PhD, Tribhuvan University
16. Lena Hasle, Counsellor (Education), Norwegian Embassy
17. Prof. Mana Prasad Wagley, PhD, Kathmandu University
18. Meena Uprety, PhD, Tribhuvan University
19. Narottam Aryal, Principal, Kings College
20. Nirmal Hari Adhikari, Under Secretary, Ministry of Finance
21. Prof. Om Gurung, PhD, Tribhuvan University
22. Sisheer Kumar Bhatta, Chair, BB Airways and Liberty College
23. Tarak Dhital, Executive Director, Central Child Welfare Board
24. Tirtha Koirala, Senior Journalist, Kantipur Television
25. Uddhab Pyakurel, PhD, Kathmandu University
26. Yamuna Ghale, Senior Advisor, Swiss Development Cooperation

Consultation with Nordic people (in Nordic countries)

27. Ashild Kolas, Norway
28. Epen Skran, Norway
29. Halge Holtermann, Norway
30. Helen Eikeland, Norway
31. Ingunn Elisabeth Stray, Norway
32. Marit Bakke, Norway
33. Odivar Leine, Norway
34. Tero Autio, Estonia
35. Tobias Werler, Norway
36. Tuomas Takala, Finland
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