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PAF NEWSLETTER

Leevika

NOVEMBER 2006

## PAF reaches to 76,000 Poor Households

Poverty Alleviation Fund (PAF), established in 2004/05 to support 'Targeted Programme' - the third pillar of Tenth Plan/ PRSP, has reached out to 75,940 poor households of 447 VDCs in 42 districts as of mid-October 2006.

PAF programmes cover all the 25 districts identified by Central Bureau of Statistics/ National Planning Commission as the most deprived districts. Those include six initial districts, viz. Darchula, Mugu, Pyuthan, Kapilbastu, Ramechhap and Siraha, and special programme districts (added in the second year), namely Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Dolpa, Doti, Humla, Jajarkot, Jumla, Kalikot, Mahottari, Rasuwa, Rautahat, Rolpa, Rukum, Sarlahi and Sindhuli.

PAF is implementing programmes in the 19 other districts as well under the Innovative Window Programme to uplift living standard of poor and excluded communities.

### Community Partnership

As per its strategy, PAF is supporting poor community members to organize into community organizations (COs), and prepare, implement and manage development programmes with full decision making authority. It has already



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## Message from Executive Director



I am very pleased to release this inaugural issue of PAF Newsletter, which will be published on a trimester basis henceforth.

The Newsletter is one of the priority areas incorporated in PAF communication strategy to reach out to our wider audiences across the country and beyond.

This newsletter "Jeevika" has attempted to showcase and share the accomplishments of PAF till the first four months of the current fiscal year 2006/07. I am hopeful that it will be helpful to all concerned for sharing information on various dimensions of demand-led community development initiatives. The electronic version of the Newsletter will be available in our website [www.pafnepal.org.np](http://www.pafnepal.org.np).

As you all know, PAF is placing the poor in the driving seats in its anti-poverty campaign. What is unique in PAF is its bottom up approach of project planning and selection. It supports programmes, which targeted community finds best suited for themselves. By placing the target communities in the driving seat and supporting them, PAF has encouraged them to take initiatives to improve their livelihood, particularly bring them together into community organizations.

PAF is aware that anti-poverty campaign is not possible in isolation. Therefore, we are forging partnership and establishing network with other stakeholders as well to make our initiatives more sustainable and acceptable to all.

The publication of this newsletter is timely as we are in the third year of programme implementation in our initial six pilot districts. As we are also implementing programmes in 19 additional districts from the fiscal year 2005/06, I believe this newsletter will serve as an excellent platform to share ideas and innovations being implemented in these districts, aiming to reduce extreme poverty.

I am confident that the Newsletter will be instrumental in sharing PAF knowledge and experiences with the different strata of our targeted audiences. It will also help us in replicating good practices.

I am thankful to the editorial team and all professional staff of PAF who have made the publication of this Newsletter a success.

We look forward to receiving your comments on our effort and suggestions to make future issues more interesting and informative. Please e-mail your comments to [pafnepal@info.com.np](mailto:pafnepal@info.com.np).

Raj Babu Shrestha  
**Executive Director**  
**Poverty Alleviation Fund**

## PAF now Governed by an Act

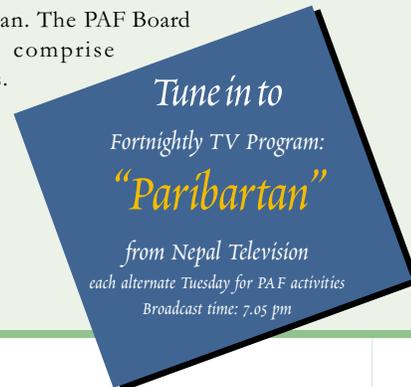
The government has enacted the Poverty Alleviation Fund Act 2006 in order to govern PAF by a law its own. Previously, PAF was governed by PAF Ordinance 2004.

The Act came into being after the Speaker of the House of Representatives on November 9, 2006 certified the Poverty Alleviation Fund Bill 2006 passed by the House of Representatives (HoR). Earlier, Minister for Law and Parliamentary Affairs Narendra B Nembang had tabled the bill at the HoR on August 14, 2006 for approval.

The Act has highlighted the necessity and importance of PAF in translating the government's targeted poverty reduction programmes into action.

It has established PAF as an autonomous and organized institution, entrusting it to implement income generating, skill development and employment creation programmes. The Act has also mandated it to implement supplementary programmes related to basic health services, literacy, technical education, youth employment training, small irrigation, small bridges, drinking water, sanitation, rural road, rural energy and environment, as and when needed.

The Act has provisioned the Prime Minister to Chair the Fund. Likewise, former vice chairman or members of National Planning Commission experienced in the field of poverty reduction, or poverty experts who have over seven years of experience in the related field would be nominated as its Vice Chairman. The PAF Board would now comprise 12 members.



.....contd. from page 1

built a pool of 2,417 COs eager to work for poverty reduction in respective communities.

Of those COs, PAF has signed community sub-project agreements with 1,812 COs so far, supporting them to run income generation and infrastructure sub-projects in respective communities. As per those agreements, COs are currently implementing 1,140 sub-projects in six initial districts, 492 sub-projects in special programme districts and 180 sub-projects in innovative window programme districts with participatory planning process.

### Reach Out to Poor, Excluded Community

PAF has adopted a social inclusion strategy to reach out to the poor, particularly poor women, *dalit* and *janjatis*. Its participatory community well-being ranking process has identified poor community members as primary beneficiaries of PAF programmes.

Currently, 66 percent households covered by PAF programmes are hardcore poor (i.e. food sufficiency less than 3 months, among others), 21 percent are medium poor (i.e. food sufficiency more than 3 months but less than 6 months, among others), 10 percent are poor (i.e. food sufficiency more than 6 months but less than a year, among others), and 3 percent are marginal non-poor.

Caste and ethnicity-wise, 46 percent of PAF covered households are *dalit*, 31

percent *janajatis*, and 23 percent are others (3 percent *Brahman*, 13 percent *Chettri*, 2 percent *Muslim* and 5 percent other ethnicity). Sixty-percent of CO members are female.

### Cost Sharing

PAF is financing 80 percent of the total sub-project cost at present, while community is bearing 18 percent (11 percent in kind and 7 percent in cash) and other organizations are contributing the remaining 2 percent.

As of mid-October, 2006, PAF has extended fund of Rs. 777,721,243 to support targeted community-led development initiatives. In the first quarter of the current fiscal year (mid-July - mid-October, 2006) alone, PAF signed agreements amounting to 64,797,802 with 147 additional COs. During the same period, Rs. 10,7473,744 has been disbursed to community non operating account and Rs. 12,76,39,004 has been disbursed to operating account of COs.

Likewise, 72 percent of PAF's total funding went in income generation sub-projects and 28 percent in infrastructure sub-projects.

### Partner Organizations Supporting Community

PAF has further mobilized 219 Partner Organizations (POs) to work with communities in order to facilitate COs implement community sub-projects in PAF districts. POs are mainly enabling the targeted communities to organize, build capacity, plan activities, carryout detailed survey design estimates and development

proposals. They are also extending technical assistance to community sub-projects in implementation.

### Innovative Programme Window

Under the innovative program window, 150 COs are currently implementing PAF programmes in 32 VDCs in 10 districts - Baglung, Dhading, Jumla, Kanchanpur, Makwanpur, Morang, Nawalparasi, Rasuwa, Sarlahi, Surkhet. They cover 6,129 households, and 10 POs are facilitating implementation of these innovative programmes.

PAF is also financing 12 award-winning innovative proposals of the World Bank Nepal Development Marketplace. Under the award, agreements of Rs. 14,758,416 have been signed with 12 POs to work in 22 VDCs of Kanchanpur, Kailali, Bajura, Myagdi, Syangja, Chitwan, Parsa, Kathmandu, Dolakha, Saptari, Morang, and Panchthar districts. They are serving about 8,634 poor households.

### Expenditure

In the first quarter of FY 2006/07, PAF has spent Rs. 15,11,49,543, which is 12.05 percent of its earmarked budget for the year. In FY 2005/06, PAF spent Rs. 493,505,927, which was 97.10 percent of its earmarked budget. Of that, 91.1 percent was spent in the implementation of programmes, 2.5 percent in monitoring, training, studies and other supportive activities, 1.9 percent was spent in capital investment and 4.5 percent in PAF operation as recurrent cost.



**D**archula district lies in the far-western Himali physio-graphic region of Nepal. It stretches along altitude range of 550 to 4,500 meters above the sea level. The district has a population of 121,913, of which 11 percent are *dalit*, 1.1 percent *janajatis* and rest are *Brabmins* and *ksbetris*. Only five of Darchula's 41 VDCs are connected with roads and even those are serviceable only in dry season. The district headquarter itself remains untouched by the road network. The district shares open border with India and is accessible through black topped roads constructed on the other side of the border.



Darchula is ranked 60th in development indicators among 75 districts of Nepal.

Darchula is included in PAF programme ever since the pilot phase. PAF programme was formally introduced in the district from October 2004. PAF has selected 14 local organizations, which showed interest to work with PAF, as partner organizations (POs). Currently, they are implementing PAF programmes in all 41 VDCs of the district.

So far, 235 community organizations (COs) have registered with PAF and 186 community development sub-projects are being implemented in the district.

These cover 4,118 households including 2,054 female and 2,064 male members. By caste and ethnicity, 1,439 household members are *dalit*, 332 members are *janajatis* and rests are of other castes.

PAF is supporting income generation and infrastructure development sub-projects in Darchula. Major activities run under PAF-supported income generation sub-projects are goat raising, yak raising, vegetable farming, carpet knitting, herbal nursery, tailoring, shoes making, and utensil manufacturing. Likewise, drinking water, irrigation and micro-hydroelectricity schemes are being implemented under infrastructure sub-projects. Some COs is implementing activities such as construction of school buildings, furnitures, improved water mills and toilet as well.

Till date, 58 different sub-projects have already been completed in Darchula. Those have contributed greatly in improving livelihood of the communities, enhancing their capacity and building their confidence. Thanks to the positive impact of these programs, communities are now confidently demanding more programmes they deem necessary for socio-economic advancement. The ongoing sub-projects are either at initial stage or in middle stage of their implementation.

Of the total 50 goat raising sub-projects run under income generation activities, 10 subprojects have been completed. Other income generation sub-projects completed in the district include yak raising (9), carpet knitting (2), vegetable farming (3), herbal nursery (6), ginger farming (4), shoes making (2), tailoring (2) and fruit juice extraction scheme (1). Two vegetable farming, 6 herbal nursery, 2 buffallo raising, 3 shoes making, 10 utensil manufacturing and 18 tailoring programmes are ongoing at present.

Under infrastructure development sub-projects, 3 micro-hydroelectricity schemes are at the implementation phase. Five drinking water supply schemes have been completed, whereas 26 similar schemes are ongoing. Of the 8 irrigation schemes, 3 have been completed. Likewise, one school building and 4 school furniture sub-projects have been completed. Seven toilet construction schemes are under implementation, while 5 similar sub-projects have already been completed. Two improved water mill construction schemes are currently into implementation.

In Darchula, PAF's funding has gone more in infrastructure development sub-projects than income generation subprojects. It has disbursed Rs 38.30 million for infrastructure development subprojects, which makes 66 percent of total funding made available in the district. Under income generation sub-projects, PAF has disbursed Rs 19.60 million.

Following the implementation of PAF programme, the poor and socially excluded rural people have started to organize themselves in organizations in Darchula. They are taking decisions related to their development needs on their own. This approach of PAF is highly appreciated at the community level. In some cases, COs are receiving support from other agencies as well. Five COs have received technical assistance from GTZ-supported Rural Community Infrastructure Project.

PAF has also taken initiatives to ensure transparency in the community. For the purpose, it has put public notice boards at displaying information on sub-project activities and budget of all COs for community people to see. Inspired by transparency and local ownership to subprojects, communities have expressed readiness to contribute in the programme as well.

# Women Lead Social Transformation

SUCCESS  
STORIES

SUMAN LUINTEL/SIRAHA  
PHOTO: JEEVAN PANDEY

**W**omen of Fulkahakatti VDC of Siraha have proved how they can transform lives of the community if provided with a meager support and opportunity.

Limited to daily household chores until one and half years ago, women of Fulkahakatta these days are running an agriculture, irrigation and electrification scheme for income generation. They are holding regular meeting, raising monthly installments and taking stock of investments made within the group.

With support from PAF and active engagement of a Partner Organization (PO), Bhawani Integrated Development Center, poor and underprivileged women of the VDC have organized themselves in community organizations (COs) such as Kalyan Bhawani, Shiva-Parvati Bhawani, Jeevan-Jyoti Bhawani and Janaki Bhawani. The four COs have further formed an executive group named Prakash Bhawani Group under the leadership of Maya Devi Kushawaha to implement the model programme - agriculture, irrigation and electrification scheme.

The scheme, started in March 2005 and completed on 28 June 2006, has made irrigation facility accessible to all, says Kushawaha. "Being run by women, the scheme was implemented well and

smoothly," she states. The scheme has also enabled electrification of the village.

As a result of the initiative taken by women, 120 households, including ones not involved in the group as well, are enjoying electricity facility. This has freed the community members from burden of using kerosene lamps, enabled children to study till late and enabled household members to carryout their household chores till late. Thanks to the scheme, they are also watching television and listening to radio, remaining tuned to national and international events and affairs.

The scheme has facilitated 109 households enjoy irrigation facility. This has enabled them to pursue seasonal and off-season paddy and vegetable farming.

"Households that earlier used to cultivate mere 1 kattha of land due to the lack of irrigation facility have now started cultivating 4 katthas of land," said Ganga Ram Mahato, a local. Bringle and cauliflower are among the popular off season vegetable productions. Owing to transportation facility, the community members find no difficulty in transporting and selling those in the market.

For the implementation of the scheme, PAF provided Rs. 1,960,500 in grant, and locals contributed Rs. 315,416 in kind and Rs. 182,358 in cash.

Male members of the community also extended equal support in implementing the scheme. This has helped bridge gender gap. "In fact, people here have realized that involvement of women in activities beyond household chores reduces burden of male members by half," said Mahato. He added that the community has undergone a major social transformation following the implementation of PAF programme.

## PAF Eases Gaura dwellers life

**C**oncrete culvert and wide road network; Gaura village of Baskhor VDC-3, Kapilvastu has undergone a major facelift in last one and half years. Result: Gaura dwellers need not remain cut off from other parts of the district, neither they need to risk their lives while travelling in rainy season. Gaura dwellers need not remain excluded now. "Concrete culvert and fair



weathered road constructed under PAF programme has made the village easily accessible even during rainy season," says Hasmullah Musalman, former VDC Chairman. "Earlier, it used to be island." "We can sell our farm products in the market easily," says Ramjani Gupta, a local. Children face no problems to attend schools regularly, he adds. The district has undergone a substantial transformation in education and health services. Villagers now bring in vehicles as and when they need and prefer. They enjoy connectivity with major markets. Road infrastructure and culvert construction was the foremost programme Sita Community Organization (CO) demanded as soon as it was formed. Community members constructed a slab culvert and a Hume pipe culvert in May 2006 with financial support of Rs. 1.36 million from PAF and 20 percent contribution from CO.



## SNIPPETS



# Visits/Events/Activities

PAF carries out different trainings to partner organizations (PO), Community Organizations (CO) members and line agencies in its bid to develop their capacity to implement the targeted programme more efficiently and effectively. PAF also conduct regular visits to its project sites in order to interact with CO/PO members, monitor sub-projects' activities as well as to organize trainings like micro-enterprise development, account keeping and capacity building, among others. Here are some of the activities undertaken recently.

### Trainings

PAF organized separate Micro-Enterprise Development Trainings to POs in Sindhuli and Rautahat districts from September 10 to 25, 2006. The representatives of POs were imparted trainings so as to increase their capacity to promote micro-enterprise skill at the community level.

During the trainings sessions, issues related to community owned revolving fund mechanism, market link of income generation activities and PAF's norms and procedures, among others, were discussed

Prior to that, PAF organized a similar training entitled "Start and Improve Your Business" for PO staffs in Mahottari from 12-15, August. The training was aimed at building capacity of POs to conduct similar type of trainings to COs. During the interaction, the PAF officials

responded to queries put forth by PO staff regarding PAF norms and procedures. They also discussed on issues and problems faced by POs at length. The team also worked on a plan so as to conduct similar type of trainings to COs in future.

Likewise, PAF also organized enterprise development training in Manthali, Ramechhap from May 17 - 23, 2006. PAF officials also interacted with line agencies and other development partners on the types of development programs being implemented in the communities. They also discussed on the areas to extend support to target communities in a collaborative way.

### Observation

In a similar visit to Siraha, held from July 9 to July 16, 2006, a PAF team related to the micro-enterprise development, observed and discussed with CO members various activities they were undertaking in the different communities in the district. The team visited Chhimek Jagriti Women and Chhimek Women Awareness, the two COs of Raghunathpur, Lahan Municipality - 4, and interacted with members of Dihibar Income Generating

CO. They also visited asparagus farms managed by Musahar CO members in Siswani-4 and also another asparagus farms in Siswani-1. Also, they visited local markets to identify agricultural produce sold there. The team further visited POs and discussed various problems they faced at the local level.

Similarly, training for trainers on "Start and Improve Your Business" was organized in Gamgadhi, Mugu. Besides conducting the trainings, participating PAF officials also reviewed the ongoing income generation and infrastructure development sub-projects, interact with COs members and Line agencies for collaboration and coordination from November 23 to December 1, 2005. PAF officials also visited Thini, Srinagar VDC-5, where it inspected ongoing subprojects on rain water harvesting, vegetable seedlings nurseries and poultry farming. The team interacted with vegetable farmers. The team observed poultry farming of Mahila Malika CO and the five green house nurseries in Karkibada VDC. The team visited sub-project sites in other parts of Srinagar and Karkibada VDCs as well.

Likewise, a World Bank Supervision Mission visited Mugu from June 9-19, 2006 to check quality of interviews conducted by the Tribhuvan University students for identifying the baseline of evaluation for the second phase of PAF programme in Bama village. The mission comprised Jeffrey Hammer, Lead Economist-Social



Development, The World Bank, Himani Pruthi, Programme Assistant, The World Bank, Kanchan Tamang, Research and Development Officer, PAF and Om P Poudel, Portfolio Manager, Mugu. The mission visited Bama, verifying the findings and observation of the interview.

The team also interacted with locals and CO members on the effective use of resources. A few random observations of PAF villages were also carried out.

*Tune in to  
Fortnightly Radio Program  
"Garibi Nibaran"  
from Radio Nepal  
Broadcast arrangement: 1st and 3rd Saturday  
of every Month according to Nepali Calendar  
Broadcast time: 8.15 to 8.30 pm*

## PAF Workshop on Monitoring and Evaluation

PAF organized an inhouse workshop on Monitoring and Evaluation in Hotel Himalaya in Lalitpur from July 27 to 30, 2006 with an aim to develop monitoring indicators in order to keep track of and streamline sub-projects run in different communities.

A total 45 participants including representatives from Prime Minister's Office, National Planning Commission, Ministry of Local Development, 37 PAF professionals and 5 POs representatives attended the workshop, during which they shared their experiences related to implementation and monitoring of PAF programmes. The workshop dealt at length on ways to keep track of and monitor poverty reduction activities, which communities demand.

The four-day workshop came up with a PAF Logframe (narrative summary) reflecting PAF mission, vision, goal and purpose, and Monitoring and Evaluation Framework with monitoring indicators.

## PAF Workshop on Poverty

PAF organized a national workshop on "Experience Sharing for Future Programming" from May 10 to 12, 2006. The workshop laid emphasis on the need to further strengthen community organizations for effective implementation of targeted programmes.

The workshop also recommended a set of Action Plan to address issues related to social mobilization and consolidation of linkages between local bodies and other stakeholders.

Grass root level representatives from six pilot districts, other innovative programme districts and representatives of Partner Organizations shared lessons learnt on programmes such as capacity building, income generation, social mobilization and community infrastructure during the 3-day deliberations.

They discussed the process and modality of mobilizing revolving fund at the community level, modality of livestock insurance and capacity building of local organizations, among others.

Addressing the Workshop, Dilip Parajuli, Economist, from the World Bank Washington lauded PAF for reaching out to the ultra poor even during the time of conflict. He stressed on the need to implement the recommendations of the workshop.

Executive Director of PAF, Raj Babu Shresha expressed his commitment to implement the suggestions.

Senior official of national NGOs, experts, members of PAF Board, representatives of the World Bank and National Planning Commission, among others, attended the workshop.

## WB approves additional financing of US \$ 25m to PAF

The World Bank has approved the additional financing of US \$ 25 million in grant to Poverty Alleviation Fund Nepal to improve community infrastructure and access to income-generating projects.

The additional financing was approved on November 14, 2006. "Against a difficult context of political uncertainty, and conflict, the PAF has proven to be very effective in getting resources to the poorest and most excluded groups," Ken Ohashi, World Bank Country Director for Nepal was quoted as saying in a statement issued by the World Bank.

"This additional financing is critical to ensure continuity of the Fund's activities at a vital juncture," said he.

It may be recalled that the World Bank provided US \$ 15 million in 2004 to the government for the establishment of PAF. The Fund is currently working in 25 programme districts and 19 additional districts with innovative programmes.

## WB Mission in Darchula, Dadeldhura and Kanchanpur

The World Bank and Poverty Alleviation Fund jointly organized a supervision mission in Darchula, Kanchanpur and Dadeldhura districts from July 18 to 27, 2006. The mission included Kiran Gauram from the World Bank, Shree Ram Subedi, PAF communications officer, Jay Raj Panta and Tara P Joshi, Portfolio Managers. The mission visited various project sites and interacted with POs and COs working in the three districts. The mission supervised the ongoing sub-projects and assessed the impact those sub-projects are having in respective communities. The mission also took stock of the problems faced by the POs and COs while implementing the sub-projects.

# Community Infrastructure

Community Infrastructure development is one of the four major programme components of PAF. PAF believes that small investments in infrastructure can make a substantial difference to poor communities as there is non-existence of such public infrastructure in remote villages.

As per the community demand, PAF is supporting the construction of physical infrastructures such as health center, rural water supply, small irrigation, rural road, trail, bridge and micro-hydro to provide services to the community and facilities to improve their livelihood, and socio-economic standards. One of the unique feature of PAF approach is that the community themselves identify, demand, take part in planning, implementation, operation and maintenance of such community infrastructures.

Till the end of the last fiscal year, the following is the overview of the completed community infrastructure works through PAF support. Regarding ongoing infrastructure related sub projects, the list goes long as it is currently being implemented in over 25 districts, including both regular and innovative districts. However, the nature of demands is similar to what has been mentioned in the completed lists.



## List of Completed Sub-Projects

District	Type	No.	Length	Benefited Population	HH
<b>Rural Road</b>					
Siraha	Gravel	4	13 KM		1176
<b>Trail Road</b>					
Mugu	Earthen	1	1.5 KM		69
<b>Bridge</b>					
Mugu	Wooden	2			102
<b>Culvert</b>					
Kapilvastu	RCC slab	2			41
<b>Irrigation</b>					
Kapilvastu	Dhiki Pump	6			24
Kapilvastu	Deep Boring	1			18
Darchula	Surface	2			88
Siraha	Dhiki Pump	7			156
Mugu	Water Harvest Tank	2			36
Mugu	Surface	1			60
<b>Drinking Water</b>					
Kapilvastu	Hand Pump	21			109
Darchula	Gravity	5			118
Mugu	Gravity	5			117
Siraha	Hand Pump	46			103
<b>Latrine</b>					
Kapilvastu	Pit	19			100
Darchula	Pit	82			82
<b>Building Construction</b>					
Siraha	Maintainance	14			273
<b>Innovative Drinking Water</b>					
Makawanpur	Gravity	6			114
<b>Irrigation</b>					
Makawanpur	Surface	3			131