



JULY 2008

# Teerika

PAF NEWSLETTER



## Information Exchange and Coordination Meeting

### Emphasis laid on coordination for higher returns

Chief Secretary of Government of Nepal Dr Bhoj Raj Ghimire has instructed local development offices not to compete with Poverty Alleviation Fund, but to engage in a productive dialogue and coordination to attain the goal of poverty reduction.

"..PAF has not undervalued the function of local bodies. Instead, the very Act that governs PAF makes involvement of local bodies necessary at the different stages of planning and monitoring activities," he stated.

The Chief Secretary said this while inaugurating a daylong interaction program on 'Information Exchange and Coordination between PAF and Local Bodies' organized jointly by Ministry of Local Development and PAF on July 27, 2008.

The program was organized with an aim to seek active engagement of District Development Committees and Village Development Committees in PAF programs run in various districts.

"Local development authority should understand that PAF plays a complementary role in the development of your area and districts," said Dr Ghimire, elaborating that better coordination between two development agencies was highly necessary to prevent duplication of program and help attain higher returns.

Addressing the local development officers, he also said effective information sharing did

not mean just a one-way flow of information from PAF to local bodies. "Local bodies should also inform PAF about the programs they are implementing in their respective districts and the villages," said he.

Senior government officials, including Finance Secretary and Local Development Secretary, attended the program. Local development officers from all the 75 districts, PAF board members, executive director and various department heads also participated in it.

Sharing their views on the occasion, participants stressed that effective information exchange and coordination would render the local development programs effective. The interaction proved instrumental in clearing away the doubts existing between the two institutions. It helped in building of confidence.

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# PAF's Coordination Endeavors

Raj Babu Shrestha  
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Poverty reduction simply cannot be attained with efforts of one organization alone. PAF is carrying out its programs with a view that broad based economic growth and social development should go hand in hand along with programs targeted to the poor. Poverty is a multi-dimensional issue. Needs and demands of the poor should be addressed holistically. Hence, PAF has always recognized the needs of coordinating and collaborating with other development partners to bring about a synergy and discernible impact in a considerably less time. It has built 'coordination and partnership' with all the stakeholders as one of the major strategies.

It has established information exchanges and linkages with the stakeholders in order to enhance effectiveness of the programs. PAF believes that its activities should support overall District Development Plan. Hence, it has been coordinating with District Development Committees (DDCs) and Village Development Committees (VDCs) from the very beginning. Partners Organizations (POs) were selected on the basis of local action audit and transparent criteria. DDCs/VDCs are also consulted in this process. Implementation of the programs proposed by the community is also subjected to on-site evaluation. PAF always verifies whether the proposed programs are already in DDC's long-term plan and whether VDC has proposed their inclusion in its programs.

PAF has made arrangements, whereby status report on the implementation of its programs are always submitted to DDCs at regular intervals. POs and other stakeholders meet every month to exchange information and encourage program monitoring with the involvement of the DDC/VDC officials and local political leaders.

In this regard, PAF, Ministry of Finance and Ministry of Local Development (MoLD) has also signed a memorandum of understanding (MoU) on exchange of information and coordination between PAF and local bodies in April 2008. Going by the MoU, PAF would submit its programs and indicative budget plan to DDC in the beginning of the fiscal year. DDCs have agreed to involve POs in their planning process. MoLD and DDCs have further agreed to avoid duplication and make investments in such a way that they complement PAF programs. PAF has agreed to furnish progress report of its programs to the respective DDCs in every four months. Likewise, the MoU mentions DDCs will also monitor the PAF programs. PAF has also taken initiatives to collaborate with Ministry of Education and Informal Education Center, Department of Livestock, Department of Agriculture, Department of Irrigation, Department of Forest, World Food Programme, UNICEF and USAID's Education for Income program.

There are numerous examples wherein PAF has collaborated with the line agencies, DDCs/VDCs and the development agencies working in the district to implement the community sub-projects. Likewise, PAF has signed agreements with South Asia Foundation, CTEVT to develop Auxiliary Nurse Mid-Wife (ANM), Rotary Club and Kavre Health Training Institute for Rotary ANM Scholarship and also with Alternative Energy Promotion Center. PAF has also entered into collaboration with Winrock International's Renewable Energy Project Support Office Nepal, ICIMOD and National Park and Wildlife Conservation Department to implement various poverty reduction programs. These collaborations and linkages at community level help to enhance capacity of poor community to put voices in local planning and mobilize local resources to meet their needs/demands holistically.

# "PAF is the best program in the region", Sethi

A mission of the World Bank visited Nepal in July 2008 to review PAF programs. The leader of the mission was Geeta Sethi - a person who has been involved with PAF since its inception, in her capacity as the task-team leader for the project from the World Bank. *Jeevika* caught up Sethi to talk about initial days of PAF, its operations during conflict period, its programs and activities, and future challenges. Excerpts:



**Jeevika: During the conflict period, most of the projects run in Nepal were highly affected. What was PAF's experience during that period?**

**Sethi:** When we started the program in 2004, conflict in Nepal was at its height. Moreover, the districts we selected for PAF programs were grinding under poverty and also were at the height of conflict. Even then the PAF programs were allowed to continue. The Maoist outfit did take PAF staffs into their camps and questioned them, sometimes for 36 hours. They went through line by line of our documents and legal agreements. Ultimately, they understood that money was going directly to the community and PAF was putting people in the driver's seat, particularly marginalized and poor people who had not seen government officials for three generations.

**Jeevika: How did PAF came into being? How did the WB pick it up and went on with it?**

**Sethi:** Leaders of Nepal realized that inclusion was one of the major development challenges of Nepal. And only through the targeted programs could that get enough attention. Thus PAF as an instrument for implementing targeted programs was developed. We studied poverty program designs that have worked and then made something suitable for Nepal. When we came up with the first PAF program, we didn't know whether it will work. It was a 5 year program, but we finished all money in one and a half years, not because of leakages, but because 95 percent of it went into the

community accounts. Five percent went on training and meeting the overhead administrative costs in PAF.

**Jeevika: How were the disbursements made?**

**Sethi:** First PAF project in 2004 was of 15 million US dollar for six pilot districts. In 2006, an additional financing of 25 million dollar was pledged. Another 15 districts were added during this period. So, the program in 2006 had 40 million US dollar for 19 districts. In December 2007, additional 100 million dollar has been approved. Of the total amount, 45 million dollar has been committed, which means agreements with the communities have already been signed. But 39 million dollar has been actually disbursed.

**Jeevika: How to you assess the overall performance of PAF?**

**Sethi:** It is now three and a half years since the program and close to 2 million people have already benefited. And these are the people who belong to janajatis, dalits women or Madheshis. The beneficiaries are the people who could barely put food on their table. Today, these same people are forming cooperatives and federations and installing milk plants. They are connecting with some of the more prominent retail shops for organic vegetables and so on. People have bread on the table, and they are moving on to creating some kind of infrastructure and viable groups to link themselves up with the markets. It is not just us - the people involved in PAF - but institutions

like Auditor General's Office, which did a performance audit interviewing 435 families, have found amazing results from PAF.

**Jeevika: What were the major factors that helped PAF generate such a good success stories?**

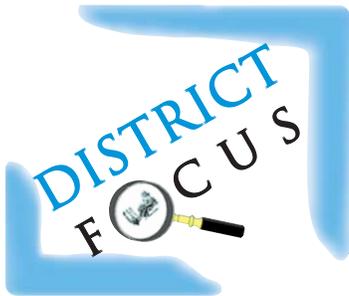
**Sethi:** Four things have contributed to its success. First is the way the poor were identified. The criterion adopted for identification was very simple, which took into account their status of food sufficiency only. Second factor is that the people put themselves together into groups on the basis of self-selection. Third thing is the way money flows. The money goes directly into the community accounts, of course, with all due check and balances. But the peer pressure is so intense and they are so eager to bring in changes in their lives that there is not even a single case where community has misbehaved with the money. The 4th factor is that the community groups themselves decided on what they would spend money on. Then of course the quality of leadership of PAF has been phenomenal. They have played on a good leadership roles despite skepticism.

**Jeevika: What's your suggestion to PAF management?**

**Sethi:** PAF needs to work much more on public relations and advocacy. It should work more on making the new members of parliament and people outside aware of the modality and the way PAF functions. Public infrastructure investments should be done with participation from all agencies at the local level.

**Jeevika: How does WB rate PAF?**

**Sethi:** It is a gem of a program. It is the best one in the region. There are a couple of well acclaimed program on poverty reduction. While they were into implementation since 14 years, PAF is relatively very young. Hence, PAF is the best youngest program of the WB.



# Dadeldhura



Tara Prasad Joshi  
Portfolio Manager, PAF

**D**adeldhura is one of the least developed districts of the Far Western Development Region. It is located in Mahakali Zone and stretched within latitude of 29002' - 29024' and longitude of 80012' - 80044'. The district lies in the hilly region, bordering Baitadi in the north, Kanchanpur in the south, Doti in the east and India in the west.

## PAF in the district

PAF programs began in Dadeldhura from May 2006. Since then, its reach has extended to 18 amount the 20 VDCs of the district. Nine Partner Organizations (POs) are facilitating the social mobilization process and providing technical support to the poor community.

As of the end of mid-July 2008, 223 COs have been registered with PAF. Of them, 216 COs are already implementing various community sub-projects.

PAF has agreed to provide a total of Rs 94.15 Million to the COs' accounts, of which Rs 75.07 million has been already been disbursed to Non Operating Account (NOA). Out of the total fund in NOA, Rs 66.85 million has already been disbursed to COs' operating accounts.

The COs in the district are implementing various income generation activities like goat raising, buffalo raising, small retail

shops, bee keeping, vegetable farming, horse for transportation, indigenous activities, shoe making and other small businesses. A total of 6,275 households (HHs) of the 216 COs have benefited from these PAF activities.

Likewise, under the infrastructure sub-projects, One micro-hydro project of 15 KW was very recently completed in Kailpalmandu VDC. This scheme has contributed to the electrification of 100 households. A total of 34 different infrastructure related projects are also in pipeline. Most of them are related to school building construction, drinking water, irrigation and community hall development etc.

Most of poor Dalit women, whose husbands are in India, have been involved in COs. They are running small businesses

and livestock sub-projects. Personal capacity and entrepreneurship development has helped them feel secure, both socially, and economically secure.

PAF has also provided a number of capacity building, entrepreneurship, management and leadership related trainings to POs, COs and other community people.

## Linkages and Coordination

PAF programs have established proper linkages and coordination with all the stakeholders in the district. DDC teams and journalists monitor the PAF programs regularly and have reported them of making satisfactory progress in positively changing the people's lives. Coordination efforts have also been made with agencies like District Veterinary Office for conducting livestock training and management.

## Progress status till July end 2008:

Activities		Number (HHs)	Amount
Community Organizations (CO)	Registered	223	94.15 million
	Agreement	216	
Household covered	Dalit	3265	
	Janjati	367	
	Others	2643	
	Total	6275	
Member involved	Male	902	
	Female	5657	
	Total	6559	
Poor covered by Ranking	Hard core Poor (ka)	4395	
	medium Poor (Kha)	1668	
	Poor ( Ga)	496	
	Marginal Poor (Gha)	0	
	Total	6559	
PAF investment in CO	Total Amount Agreed		94.15m
	Deposited in NOA		75.07m.
	Transfer to OA		66.85m
Community contribution in Sub-project	In cash for Income Generation Activities.		8.27m
	In Kind		4.65m
	Others(DDC/VDC)		1.82m



# Furniture Business Changes Ram Jatan's life

SUCCESS  
STORIES

Suman Luintel  
Mahottari

**R**am Jatan Das of Damimadai, Mahottari, used to undertake smaller carpentry assignments in the village until two years ago. While subcontracted works used to fetch him lower income, he used to find it tough to fulfill obligations of daily life. But today, Ram Jatan has become a proprietor of his own furniture business. This success story of Ram Jatan is attributed to PAF.

Under the aegis of PAF, the local poor community has formed Garibi Uththan Community Organization (CO) in the village. Jana Uththan Organization, a NGO, is facilitating its operations. Affiliated to this CO, Ram Jatan acquired Rs 20,000 in loans and started a furniture business. Just over five months and he has already sold furniture worth Rs 135,000. The business is fetching him a net income of Rs 10,000 every month, Ram Jatan told *Jeevika*.

"Handsome income has made living easy for me. I can now fulfill all the requirements of my seven-member family without any problem," said he, recalling his difficult past.

Ram Janam prepares almost all furniture items, including chairs, tables, sofa, cupboards and beds. The establishment of the industry in the village has also prevented the locals from unnecessary hassles of traveling to the other villages for buying furniture. The demand for furniture is always high. "This has increase pressure on me to fulfilling the orders," said Ram Jatan. As a result, Ram Jatan, who himself used to knock doors of various job providers in the past, is presently employing five local youths in his industry. PAF initiative has helped create employment opportunities at the local level.

Ram Jatan is also actively involved in various networks of COs in the community. He is helping others in maintaining books of accounts and making positive contribution in addressing problems arising in the local community.



## Small Support Brings Numerous Benefits

Suman Luintel/Sarlahi

Som Maya Pakhrin, 50, of Sasapur, Sarlahi has proved that women can also lead an active life if provided with opportunities. Previously working in carpet factory for 16 years, she has started her own business at present.

Som Maya had left job at the carpet factory and migrated to the squatters' settlement in Sasapur after it failed to provide her enough money to sustain livelihood. In Sasapur also, her initial days were equally bad. She and her husband used to roam around the villages looking for jobs. Som Maya even brewed local liquor in a hope of making sustainable income.

During this period, PAF implemented its programs in the village. "It came as a boon of god in my life," recalled Som Maya. Under PAF's initiatives, Mohanpur Community Organization (CO) was formed in the village. Som Maya is a member of this CO. An NGO named Jagaran Abhiyan Nepal helped the poor to organize themselves in the CO.

With the onset of PAF program, Som Maya acquired Rs 6,000 in loans at soft interest rate and started rearing pigs. This investment has already generated a net profit of Rs 20,000 to Som Maya over last two years. "From the income I made from pigs rearing, I have also bought a small piece of land in my neighborhood spending Rs 5,000," Som Maya told *Jeevika*.

"Previously, I had no money to start any business. But I found a new meaning of living after PAF program came into the village," said she. "I am happy with the earning I make these days," she added.

Som Maya said the arrival of new income opportunity in the village has freed her from knocking on the doors of others in a bid to seek works for winning bread every day. So, she along with other poor women has started to attend elderly classes regularly to learn how to read and write.

"PAF has helped us to learn and reap a sound income. My life has eased a lot compared to the past," Som Maya said.

# Coordination is the need of this hour

Dr Bhoj Raj Ghimire

Poverty Alleviation Fund (PAF), which was conceived during the end of the ninth plan and implemented in the tenth plan period, has completed three years of its operations. Over this period, both good and bad things have been said about PAF activities. But I am glad I was involved in the PAF movement and got an opportunity to observe PAF from up close.

PAF was envisaged to devolve authority and activities of the central government to the local governments and still down to the lowest tier. Its main aim is to directly deliver the targeted programs of the center to the communities. Its goal was also to avoid transfer of central government's bureaucracy to the local government's bureaucracy. When PAF was formed, people's representative institutions such as DDC Federation alleged it of ignoring the spirit of local bodies. They even demanded that PAF should not be operated in its form. But I would like to stress here: PAF has not undervalued the function of local bodies. The very Act that governs PAF clearly says that local bodies must be involved at its planning and monitoring process. This clause was incorporated with a sole motive to address concerns and questions, which were expressed during the interactions then. How much did we live by this spirit is a matter that needs introspection and self-analysis now. Otherwise, involvement of local body in PAF program extends from planning to monitoring stages.

Resources pledged to PAF programs must not be distributed through local bodies. The day we try such a change, the donors supporting PAF can raise question. PAF programs have been designed to deliver the money directly to the poor. The mechanism of fund handling has been devised accordingly.



PAF exists as a separate institution. Its line ministry is Prime Minister and Council of Ministers' Office (PMCMO). At one point, National Planning Commission (NPC) was its contact point. NPC itself could have implemented the targeted poverty reduction programs. Or it could have been implemented through PMCMO. It could have been operated as a government institution. Government's bureaucracy and its modus operandi could have been inducted into PAF. Why were all these options ruled out? Why did we create a separate institution of PAF, which is governed by its own law? The reason we created PAF was that we wanted an institution that is independent, people-centered and completely dedicated to the poor. The intention was to allow it operate professionally and also give it a flexibility needed to undertake its job.

When the executive board members of PAF were being selected, I was the Secretary of the NPC. We initially planned a seven-member executive board for PAF, including Secretaries from Ministry of Finance, NPC and Ministry of Local

Development, and 4 independent experts as remaining members. But we felt the presence of government officials and the PM as the PAF Chairman will surely pave way for the government intervention, and ultimately not allow the programs run in the independent way. If the programs were to be run freely, government's representation must be limited. Hence, we decided to include the NPC Secretary as the sole representative of the government in the PAF board. This special arrangement has enabled PAF to remain free from undue government interventions, despite it being a government program. It is purely professional and demand-based program. Hence, it operates differently than the conventional model.

Let me further divulge into the past. PAF has no district offices. Why is that? While pushing the program, it was proposed that PAF's administrative cost would not exceed 5 percent of its total budget. The objective behind it was to control administrative expenses as far as possible and transfer as much budget as possible

to the poor. Inspired by this motive, we did not approve the concept of establishing PAF district offices. PAF aims to operate with a small pool of staff and invest directly in the community organizations (COs), who are facilitated by partner organizations (POs). Therefore, PAF has no unnecessary administrative expenses. I believe that the efforts PAF has made so far in checking this expense is laudable and we must support it.

I do not say PAF is a perfect program in all way. There are ample scopes of its reforms. If it could select more local organizations as POs, it would do more good to the program. Contribution of locally based active organizations will always be more than the POs who exist in the district as a branch office of an organization opened in the center. This will create an environment of development. Therefore, I appeal PAF to give due considerations to the local level organizations while appointing a PO. After all, we do have adequate fund to enhance their capacity. It will be more productive to give capacity building training to the PO of local origin than the NGO of the center.

Furthermore, Local Development Officers (LDOs) should not take PAF programs as your competitor programs. PAF programs play a complementary role in development of your own area and district. The objective of PAF program is nothing but to develop your own district. Rather, I suggest you to inform PAF on time if you see programs already into your plan being duplicated there. I have laid emphasis on the need to enhance effectiveness of the mutual information exchange. That do not necessarily mean information must flow from PAF to local bodies alone. In fact, this one-way information traffic will not work as well. Local bodies should also inform PAF about the programs being run in different communities and parts of the district. Only such exchange of information can prevent duplication of programs. In the districts where PAF is operating its programs, I suggest local bodies to inform PAF about its programs before endorsing them. This should be followed to prevent duplication of programs. PAF

would not know what types of programs local bodies will approve for different communities and districts. Both the institutions must work together in close coordination for better outcomes.

The objective of PAF is to implement programs targeting economic prosperity of the poor, women, dalit, ethnic groups, and excluded and marginalized groups. Unless economic prosperity of these groups is ensured, we cannot say that the country will not fall into another trap conflict. Conflict mainly arises from economic reasons. PAF is one special program that can resolve and avoid conflict. Hence, if you have information of some unwanted groups benefiting from PAF programs, I request you all to inform PAF about it. We cannot say that might not be happening, especially as the Fund needs to implement its programs through others. Another issue is; a news report was published in the past about the lack of implementation of a program even after the disbursement of fund. Situation like this must not be allowed to occur. Such circumstances might have cropped up due to conflict situation. But we all must be informed about it. I was asked about the incident in a radio program. I had no knowledge of it. This must not happen. PAF must give special emphasis on not letting such incident repeat in the future.

At the end, I would like to make special request to the LDOs that PAF is your own program. It is a special program announced by the central government to raise the living standard of the poor. Irrespective of the extent of

decentralization and devolution of authority, the central government can always introduce this type of special programs targeting the poor, women, dalit, janajatis and excluded groups. I am confident that my colleagues in the district will extend their full cooperation to the programs the central government will implement in the local level. I believe you all will actively involve into it and monitor whether the programs are being implemented properly. Decentralization is not just about devolution of authority to the districts. It is also about empowering the people lying down below. If administrative complexities, slackness and anomalies are transferred to the local level, it will not match with the spirit of decentralization. A true decentralization happens only when we can devolve every possible activity to the grass root level. We must empower communities by allowing them to do whatever they can do. VDCs should undertake activities at the village level while DDCs should remain focused on district-level activities. Clear cut demarcation of jobs giving opportunities to all is very necessary. Authority and power must be devolved accordingly if we are truly serious at creating New Nepal. People must be made powerful.

*(Based on inaugural speech Chief Secretary Dr Bhoj Raj Ghimire delivered at a daylong program on 'Information exchange and coordination between PAF and Local bodies' organized by Ministry of Local Development and PAF on July 27)*

### **Tune Into Weekly Radio Programme**

**"Garibi Nibaran"  
from Radio Nepal**

Broadcast arrangement: Every Thursday  
Broadcast time: 8.15 pm to 8.30 pm

### **Tune Into Weekly Radio Programme**

**"Asha Ke Kiran"  
from Radio Mithila**

Radio Mithila....100.8 MHz  
every Monday at 6.30 pm to 6.45 pm

# "This is our Karma, this is our religion"

*"We don't know what hunger is; but they live with it and are happy with whatever they get in life. It gives us immense pleasure when we manage to improve their food sufficiency for nine months from the previous one month."*

This is how Chhama Thedi Magar describes her experience of being a social mobilizer. Involved in Jhimruk Industrial Development Center, a community organization, in Pyuthan from two and a half years ago, she has been actively involved in encouraging the poor people to organize and work together to fight off their plights. Her experience is, "Being poor do not mean they have nothing. If everyone made small contributions, they can earn a decent living."

"We do not say people you are poor. They might be poor in monetary terms, but they are rich in courage and resources. Through awareness and capacity building we can help them utilize their inner potentials. This is the message we give to the community and the world."

Magar was previously working against girls trafficking in Rautahat. Now she is in-charge of social mobilization works and oversees PAF operations in Pakala VDC. It is not a desk work. It is a field work. There cannot be Saturdays and



Nrimala

public holidays. There cannot be festivals as well. It is her duty to rush to the doorsteps of the community people to guide them whenever they face problems.

"This is both our karma and religion," says Nirmala Pokharel, supervisor of Fulbari Integrated Rural Development Organization based in Khaira of Pyuthan. Involved in PAF since it started programs in the district, Pokharel has 15 long years of rich experiences in social works.

Her career had begun when she along with 5/6 other female friends opened a Women Group and started operating a small savings program. Soon afterwards, she took up a task of a motivator in Women Micro-Credit Project. She also has an experience of working with Micro-Enterprise Development Program of UNDP for five years.

For two years, Pokharel worked as social mobilizer in PAF program. She was promoted to supervisor one and a half years ago. "I look after programs in five VDCs and oversee books of accounts, monitor the management and remain alert to what the community people are saying and facing," she told *Jeevika*.

Dahakwadi, Khaira, Bijuli, Gothibang and Dhuwang are the VDCs where Pokharel performs her duty. She treks at least five hours up-and downhill a day and visit different villages. "Physical trouble is nothing compared to satisfaction we get when we chat with the people and help them overcome their problems," she says. "For me, this is both Karma and religion."



Chamathedi Magar

In her view, the fruit of this religion is social transformation and improvement in the life of the local community people. "PAF's endeavors have brought a sea change," says she. Officials at PAF, on the other hand, give credit of this sea change to contribution of the social mobilizers like Magar and Pokharel, and the community people's dedication to change.

It is because of the efforts of social mobilizers, the community people that used to shy away from expressing their feelings are sharing their views openly, identifying their needs and placing demands, and leading the change. They are engaging in income generation activities and are becoming economically independent. Their efforts have also gradually helped end ill practices like untouchables, child marriages etc. People are readily sending their children to the schools and are conscious at improving sanitation and personal hygiene.

"PAF has brought not only economic opportunities but also led changes in social behavior," says Pokharel, who adds that PAF programs have won people's heart. "People say this is our program. We must sustain it ourselves for the betterment of coming generations," Pokharel related her experiences at the field.

# PAF support in Irrigation



Jaya Raj Panta  
Coordinating PM, Darchula

"We are planting potato, garlic and vegetables. Increased yield is helping us to feed our families and to buy daily necessities," this is a collective voice of Khar villagers, living 30 km away from the district headquarter of Darchula. The community has installed irrigation system with the help of PAF. A recent study has shown, the scheme has contributed to increase the overall crop yield by 30 percent and have really helped to make their ends meet.

This is just one of about 500 irrigation schemes that PAF is supporting community organizations to implement in the 13 different program districts. A total of 6,789 households are taking benefits from these schemes.

PAF has laid emphasis on small community infrastructure in order to help the people of poor communities to improve their livelihood. PAF support has enabled the poor people having a small piece of land to install irrigation facilities, which in turn have made larger contribution in their life by increasing the productivity of the land.

It is well known that poverty is related to the production. Lesser the production, higher will be the poverty level. Famine and hunger are the extreme form of poverty, which are the results of lower food grain productions. Unavailability of sufficient water on time hits productions,

consequently erupting famine and serious food insecurity. Adequate irrigation facilities, on the contrary, can enhance the yield of the crops by a large extent.

The economy of rural area Nepal is dependent mainly on the agricultural productions. Some two-third population of Nepal is still involved in the agricultural sector to earn their livelihood. Rapid growth in population and subsequent human encroachments has caused a steady decline of arable land. Consequently, per capita agricultural production of the country has declined. In such a situation, priority should be given to increase production from the existing farmlands. Intensive irrigation along with application of modern farm technology and adequate use of agro-inputs and fertilizers are major ingredients for attaining higher productions.

Poor people live with only a marginal stretch of land with no access to irrigation facilities. Hence, construction of appropriate irrigation system along with other inputs and technologies can play a paramount role to eject them out of the poverty trap. Different surveys have proved that river basins with traditional irrigation system are comparatively prosperous than upland areas. Unpredictable and erratic rain fall pattern of Nepal epitomizes the earnest

attention the country must give for installing larger irrigation system.

Water right out of the downstream river is seldom considered in most of the development agencies implemented irrigation schemes. Many of such schemes have failed due mainly to dispute of water uses. But, this issue is properly addressed in PAF supported schemes since communities are involvement in them from the planning phase to the implementation. Open menu for technical option has also facilitated the people to choose their user friendly and familiar system.

Canal irrigation, pipe irrigation, pond irrigation and pumps for groundwater irrigation are most widely used options; however sprinkler and drip irrigation schemes are also implemented in some of the communities. In case of PAF, 96 percent of the investment has gone into installing canal irrigation system, followed by lift system with 2 percent and plastic pond at 1 percent.

## Irrigation sub Project status in different Districts

District	Scheme number	Beneficiary (households)
Kapilbastu	297	3138
Rautahat	100	585
Siraha	38	143
Darchula	15	400
Mugu	13	439
Bajhang	8	224
Makawanpur	7	198
Pyuthan	7	273
Morang	3	32
Bajura	3	251
Doti	2	67
Surkhet	1	655
Rasuwa	1	384
Total	495	6789

Irrigation system	Investment	Percent Of Investment
Canal	37770606.94	96.80%
Boring Pump + Dhikipump	173228	0.44%
Plastic pond	401265.2	1.03%
Lift system	674350	1.73%
	39019450.14	100.00%

## Community Livestock Insurance Guidelines issued

PAF has introduced community livestock insurance guidelines with an aim to cushion farmers from financial losses they could otherwise suffer in case their livestock died due to diseases and other catastrophe. Under the PAF program, local poor communities are taking loans for raising chicken, goats, pigs, buffaloes and other livestock. But studies have shown that some 10 percent of farmers plunge into the debt due to the death of their livestock property. Hence, PAF devised and implemented this program in order to safeguard farmers from this risk.

Going by PAF design, the insurance also covers death of livestock even after their timely vaccination, medication and treatments. PAF can provide seed money for establishing the insurance fund. In case of insurance schemes that could come into operation within this fiscal year, PAF has provisioned to provide seed money of Rs 50,000 to the insurance committee covering large and small animals. To the committees insuring large animals only, it can provide Rs 40,000 as seed money and for those providing insurance coverage to smaller animals only, seed money of Rs 25,000 can be provided. PAF will make some contribution on insurance premium as well. The committees will have to raise insurance premium worth 10 percent of insured sum in case of small livestock and 6 percent in case of large animals. Of this premium, PAF will provide half the premium amount (5 percent for small livestock and 3 percent for large animals) in the first year. Farmers will have to bear the remaining cost. The committees will be provided with trainings to operate insurance schemes, manage finances and

maintain books of accounts, among others.

POs will make the stakeholders aware about the importance, need and modus operandi of the livestock insurance. They will also facilitate COs to monitor the scheme regularly, implement insurance program and submit progress reports on trimester basis. Community livestock insurance institutions will collect premium to a tune of 5 percent of the livestock's worth in case of smaller livestock and 3 percent of the worth in case of large animals. PAF will make equal contribution to the livestock sub-projects being implemented in its support. Generally, the insurance coverage will remain valid for a year. For the next year, it will have to be renewed by paying required premium sum. Under the coverage, farmers will be compensated up to 80 percent of livestock's worth in case they died. In case of limbs damages, farmers will received up to 40 percent of the insured sum.

PAF has implemented the livestock insurance program in 9 pilot districts to start with. The districts include Sarlahi, Rautahat, Mahottari, Siraha, Ramechhap, Kapilvastu, Pyuthan, Mugu and Darchula. The program will be expanded in the other districts as well on the basis of experiences and lessons learnt.

## Poverty Outlook published

PAF has started publication of a Poverty Outlook from July 2008 in order to understand various dimensions of poverty. In the first series of the Outlook, PAF has analyzed in length the relationship between literacy and poverty. Authored by the Vice Chairman of PAF Dr Ram Prakash Yadav, the first series of the Outlook has conducted a practical



analysis of poverty and literacy rate. It has also done a comparative analysis of literacy rate in different districts. Disparity between male and female literacy rate and geographical dimension of poverty and literacy has also been covered in the publication.

The publication has unveiled that poverty rate is highest (at 42 percent) among the non-literate community. Higher the literacy rate, lower drops the poverty rate. For example, in the community educated till primary level, poverty rate is 28 percent, whereas those educated till secondary level has 8.5 percent and higher education has 1.6 percent poverty rate. In Karnali, which is the remotest zone and has more than half of the population living below the poverty line, the literacy rate is very poor as well. Its total literacy rate is 33 percent. Of that, women literacy rate is mere 16 percent.

The publication has evaluated the interrelationship between poverty and literacy and shown that the objective of sustainable reduction of poverty will not be achieved unless illiteracy is uprooted completely. It has also laid emphasis for high prioritization of women literacy.

## PAF Listeners Club formed

PAF has started a process to form Listeners Club with an aim to make its radio, FM

and television programs more participatory and give impetus to wider dissemination/broadcasting of its activities and messages. In the first phase, PAF will organize training on development journalism and formation of Listeners Club to the social mobilizers, program coordinators and representatives of POs of six districts, namely Darchula, Mugu, Pyuthan, Kapilvastu, Siraha and Ramechhap. It will be gradually extended to other PAF districts based on the effectiveness of and demand for the scheme.

Club would encourage all the CO members to listen to the poverty related programs PAF broadcasts through Radio Nepal and other media. They would be facilitated to identify the lessons learnt from the broadcasted programs and also place demand of the things they wish to hear and learn in the future. There must be at least 11 members to form a Listeners Club. Forty percent of them should be female participants. They must inform the formation of the Club to PAF as soon as possible. PAF will give them registration certification and also supply to them various PAF publications regularly. It will not provide any financial support though.

## PAF PO bags Hashimoto Award

Manahari Bikas Samstha Nepal (MBSN) has won Hashimoto Award 2008 for contributions it made on environmental improvement and poverty reduction. It has been implementing various poverty reduction and income generation programs in different poor ethnic communities of Manahari, Hadikhola, Kankada and Raksirang VDCs in coordination of the UN Global Environment Fund.

The award having a cash prize of US dollar 20,000 was set up in memory of former Japanese Prime Minister Riyutaro Hashimoto in 2001. It is conferred to social the organizations of Asia and the Pacific every year. Program Coordinator of MBSN Khop Narayan Shrestha thanked the Hashimoto Award

Committee for honoring it with the award. He also praised PAF, DANIDA, Food and Agricultural Organization, GTZ, World Food Programme, District Committee Makawanpur and VDCs for supporting it in implementing the programs.

## WB Mission Visits PAF

A mission of the World Bank (WB) visited Nepal in June/July 2008 to review PAF program. The four member mission was headed by Geeta Sethi, the task-team leader for the project from the World Bank(WB). The review meeting was concluded on July 7, 2008.

As PAF programs have completed four years of operation, it was high time to review its overall performances and output, PAF Vice Chairman Dr Ram Prakash Yadav said, welcoming the WB mission. Sethi, said that she has developed a family relationship with PAF. "When we talk about PAF, we speak as its Ambassador - may that be in Kathmandu or in Washington," said she.

PAF Executive Director, Raj Babu Shrestha, informed the mission about the activities and achievements PAF achieved so far. He said PAF has already covered 54 percent of the 412,000 poor households existing in the 25 PAF districts. Of the total beneficiaries, 67.9 percent are ultra poor, 36 percent are dalit and 29 percent are janajatis, he informed the mission.

## Workshop with POs

PAF has been organizing various program review and experience sharing workshops with its POs at the regional level. In this series, it organized an interaction program with POs of Far-Western Development Region on August 20-21, 2008 in Dhangadi. Representatives of POs from Darchula, Achham, Dadeldhura, Baitadi, Doti, Bajura, Bajhang and Kanchanpur took part in the program, in which PAF executive Director Raj Babu Shrestha, Departmental Chiefs, Portfolio Managers and Consultants were also



present. Participants discussed the challenges they faced while implementing PAF programs and shared how they overcame those challenges. Experience sharing programs like this has been instrumental in building capacity and confidence of PO representatives. They also contribute a lot in understanding region-specific problems and experiences.

## Presentation on Micro-finance

Development and Financial Studies Center made a presentation on "Micro-finance in Nepal" at the PAF office, Gyaneshwor, on June 2, 2008. Executive Chairman of the Center Bijaya Raj Mathema, making the presentation, informed the PAF staff that the cooperatives were the foremost institutions mobilizing fund and issuing loans in rural Nepal. "There are 3,392 savings and credit cooperatives, 2,532 multipurpose cooperatives and 1,564 dairy cooperatives in Nepal," said Mathema. Moreover, cooperatives institutions are present in 42 districts of the country and they have mobilized rural fund of Rs 1.66 billion, he added.

## PAF in ICIMOD Newsletter

International Center for Integrated Mountain Development (ICIMOD) has featured PAF in its latest newsletter. Published under the headlines of "PAF: Working to End Extreme Poverty of Nepal", the write up highlights the objectives, principles and strategies of PAF. It also incorporates details of activities being undertaken under PAF programs, their implementation process and achievements PAF has made so far.

# PAF In Brief

As of 15 July 2008



## Why PAF?

PAF was created to implement the targeted programs, which is one of the four pillars of Tenth Five Year Plan in Poverty Reduction Strategy Paper (PRSP). “Poverty Alleviation Fund Act 2063” was issued to guide the structure and activities of PAF.

## Governing Board

Twelve members governing board is chaired by the Prime Minister. The Vice

Chairperson and five members are appointed by the government from the professional. Other five members of the board are ex-officio - Secretary, National Planning Commission; Chairperson, Association of District Development Committee Nepal; Chairperson, Association of Village Development Committee Nepal; Chairperson, Nepal Women Commission; Chairperson, Nepal Dalit Commission.

## Goal

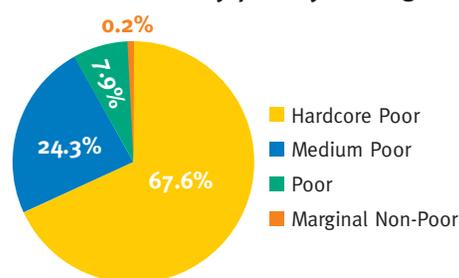
The Goal of PAF is to help the poor find their way on a sustained path out of poverty.

## Guiding Principles

- Antodaya: Prosperity of poor and disadvantaged at the lower end of economic ladder. The last is the first for PAF.
- Social Inclusion: Dalit, Janajati, Women and other disadvantage groups below poverty level.
- Transparency at all levels
- Demand Driven: Programs are designed based on the needs and demand of the people.
- Direct payment to community organization (CO)

HEADING		NUMBER	AMOUNT (MILLION NRS.)
Community Organizations	Registered with PAF	8,290	
	Agreement	7,693	3,535,289,572.06
PAF Investment in CO	Income Generating Activities	7,510	2,982,931,634.96
	Community Infrastructure	1,445	552,357,937.10
<b>Partner Organizations</b>		242	
Districts Covered	Total	45	
	Initial 6 Districts	6	
	Additional 19 Districts	19	
	Innovative Window Districts	10	
	NDM-World Bank	8	
VDC Covered	POs Working	857	
	COs Program Activity	697	
<b>Percentage</b>			
<b>CO Member HH</b>	<b>Total</b>	235,270	
	Poverty		
	Hardcore	158,977	67.6%
	Poor (Ka)		
	Ranking		
	Medium	57,095	24.3%
	Poor (Kha)		
	Poor (Ga)	18,679	7.9%
	Marginal	518	0.2%
	Non-Poor (Gha)		
Gender	Male	73,537	31%
	Female	161,733	69%
Ethnicity	Dalit	83,583	36%
	Janajati	67,590	29%
	Others	84,034	35%
<b>Total Beneficiary HH</b>		<b>279,416</b>	

CO Member HH by poverty ranking



CO Member HH by Ethnicity

