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PAF gets USD 75 m in additional financing

Poverty Alleviation Fund (PAF) has received additional financing of US\$ 75 million (Rs 5.34 billion) for implementing the anti-poverty programs in rural Nepal under PAF II project.

terms. More than 15,600 households now have road access; 25,300 households enjoy irrigation and water supply; more than 32,000 households have bridges and sanitation.

The assistance comprises US\$ 65 million (Rs 4.62 billion) in grant from the International Development Association (IDA) of the World Bank and US\$ 10 million (Rs 712 million) in grant co-financing from the Global Food Price Response Program, a multi-donor trust fund.

Over 6,800 households have access to alternative sources of energy. Moreover, 383 new investments in irrigations systems is expected to further benefit 4,400 households within a year.

The additional financing will enable PAF to continue to strengthen positive impacts in more communities and more districts. Moreover, co-financing from the Global Food Price Response Program has added weight to PAF's goals to improving nutrition and food security. The additional financing, hence, will improve food security in response to drought and price fluctuations, particularly for the food insecure households who are most vulnerable to the spiraling food prices.

Investments of nearly 3,800 COs in vegetable farming have increased food availability, enabling the communities to earn more. Incidence of food insecurity in PAF assisted households has declined by 10 percentage points and impact is higher for Dalit and Janajati households.

Initiated by the Government of Nepal in 2004, PAF presently works in 40 poorest districts, supporting over 14,500 Community Organizations (COs) and benefiting nearly 530,000 households, of whom 57 percent are from the disadvantaged Dalit and Janajati communities.

PAF's support has increased school enrolment rate of children (6-15 years) by a net 7 percentage points and such increment for households receiving assistances for longer period stand at 12 percentage points. The program has increased access to services, thereby supporting women empowerment.

Studies have shown that average income for households receiving PAF support have increased over 80 percent in real

"The PAF has helped improve living conditions, livelihoods and empowerment among the rural poor," said Ellen Goldstein, World Bank Country Director for Nepal and Bangladesh. Lal Shankar Ghimire, Chief of Foreign Aid Coordination Division, Ministry of Finance and Andras Horvai, World Bank Acting Country Manager for Nepal had signed the assistance agreement on behalf of the respective institutions.

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Editorial Advisor
Raj Babu Shrestha

Editor
Shree RamSubedi

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Poverty Alleviation Fund (PAF)

Gya neshwor
P.O.Box 9985, Kathmandu, Nepal
Tel: +977-1-4410041
Fax: +977-1-4442450
Email: info@pafnepal.org.np

Nutrition, new focus of PAF

– Ram Prasad Dhakal, PAF

With incidence of poverty down from 41% in 1995 to 25% in 2010, Nepal has reduced poverty significantly over these years. Its performance on education and health related indicators such as net enrolment and child mortality is excellent as well. However, the country still lags behind on child malnutrition and maternal mortality. Data of Ministry of Health and Population (2007) shows, 41% of rural children in Nepal are underweight, 49% are stunted, and 13% are wasted. More girls than boys suffer from malnutrition and children in the mid and far-western regions are worst affected.

Hence, malnutrition today stands as one major challenge facing poverty reduction in Nepal. It poses threat over sustaining poverty reduction achievements and attaining millennium development goals (MDGs). Hence, there is a pressing need to integrate malnutrition in poverty reduction strategies and actions. After all, malnutrition is both causes and consequences of poverty. It pushes the poor to health related vulnerabilities, thereby hampering productivity and economic growth.

Realizing these facts, PAF has now taken initiatives to incorporate malnutrition as one of its core areas of focus. It has even developed a guidance note for its partner organizations (POs) and social mobilizers facilitating communities to design and implement demand-driven projects to focus on malnutrition. The guidance note suggests on how nutrition can be mainstreamed into PAF supported community projects.

Mainstreaming nutrition

As poverty reduction is multifaceted, nutritional intervention demands multi-sectorial convergence and synergy. Determinants of nutrition include (but are not limited to) health, agriculture, social protection, community empowerment and community driven income and infrastructure projects. Hence, partnerships and roles of line agencies are critical.

Nutrition in community projects

PAF understands that of poverty reduction programs should have adequate nutrition inputs so that increase in income translates into improvement in nutrition choices. But, those interventions should harmonize with

diverse cultures and behavioral patterns present among different communities.

Considering these facts, PAF has delineated number of actions for establishing nutrition linkage while designing interventions; such as assessment of agricultural production, food availability, food habits and nutritional status of the community. Making community people realize the importance of nutrition, counselling them on food habits and nutritional requirements of pregnant and lactating mothers and young children, promoting infant and young child feeding practices in collaboration with health professionals and encouraging them to invest on children are few among the suggested priority actions. POs and social mobilizers have been suggested to focus on poor families with more children and prioritize community projects that will enable beneficiaries enjoy more access to home produced nutritional food.

Under the new focus, PAF will link nutrition-related public services with the community projects and involve health professionals for counselling. While supporting infrastructure, it will analyze whether community projects will support agriculture/food production.

Implementation approach:

Collaboration and cooperation: As nutrition actions are multi-sectoral, the communities will be encouraged to establish linkages and collaborate with health and agricultural offices for nutrition awareness and food production.

Mobilization of local groups and Media: Various channels, child clubs, schools, CHW, health professionals, and Media (radio) will be mobilized to enhance awareness and promote interpersonal counselling, among others.

POs will be suggested to mobilize local groups in awareness building and community campaign. Nutrition focused monitoring will be adopted. Though areas to be covered in monitoring the nutritional outcomes depend on project design and interventions, at least some basic monitoring indicators have been worked out like food habit, food sufficiency and increase in food production, breast feeding and complementary feeding, intake of vaccines and vitamin A, among others.

BIMSTEC members join hands to fight poverty

Seven member countries of Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), including Nepal, have vowed to enhance cooperation to end poverty, adopting Poverty Plan of Action (PPA).

The PPA was adopted when senior ministers from Bangladesh, Bhutan, India, Thailand, Myanmar, Nepal and Sri Lanka convened for the Second Ministerial meeting on Poverty Alleviation in Kathmandu in January, 2012.

Under the Kathmandu Statement on Poverty Alleviation that BIMSTEC member countries endorsed at the end of the meeting, they have committed to incorporate appropriate aspects of PPA in their respective plans and programs. The PPA includes, among others, increased cooperation on technology transfer, capacity building, sharing of best practices, promotion of trade and tourism and improved transportation and communications among member countries.

The regional bloc laid emphasis on environmental conservation, and agreed

to develop a common framework for assessing climate change and environmental services for poverty alleviation.

The member countries have also agreed to hold frequent consultations on issues of international trade and investment, specifically targeted to the poor and the vulnerable groups.

They have also agreed to introduce legal provisions and developmental programs to empower women and mainstream them in all development activities. The meeting decided to hold the third BIMSTEC ministerial meeting on poverty alleviation in Sri Lanka.

Earlier, inaugurating the meeting Deputy Prime Minister and Minister for Foreign Affairs Narayan Kaji Shrestha highlighted the importance of global fraternity for poverty alleviation and stressed the respective government to comply with the pledges they have made in the name of their citizens to address poverty.

U Tin Naing Thein, Myanmar's Union Minister, Ministry of National Planning



and Economic Development also suggested the member countries to develop national plans in line with the regional plans on poverty alleviation.

Vice Chairman of National Planning Commission Deependra Bahadur Kshetry exuded confidence that the PPA endorsed by the meeting would help to reduce poverty in the region through mutual efforts.

PAF Vice Chairman Janak Raj Joshi also expressed the belief that the outcome of the meeting would pave the way for a meaningful impact on the lives of the poor and the marginalized communities of the region.

Prior to the Ministerial, the senior officials of the BIMSTEC countries had shared respective countries' experience on poverty alleviation.

"Collaboration essential for Poverty Alleviation, Joshi"

PAF has got Janak Raj Joshi as the new Vice Chairman. VC Joshi who was appointed to the post by a Cabinet decision on January 12, 2012, assumed the office from January 18.

A career civil servant for almost 25 years, Joshi, 52, has served the government of Nepal as Secretary of Ministry of Peace and Reconstruction, Ministry of Physical Planning and Works, Ministry of Industry, Commerce and Supplies, and National Planning Commission.

Joshi also has experience of working as a Senior Adviser to UNDP and DFID on governance and conflict prevention. A

native of Tanahun district, Joshi holds master's degree in Zoology from Tribhuvan University and another master's degree in Public Administration from the University of the Philippines. Joshi is a Hubert H Humphrey Fellow in Public Administration and Economic Development. Joshi also holds bachelors' degree in Law.

Addressing a welcome program, Joshi appreciated the works of PAF and expressed his commitments for the cause of poverty alleviation. "I was involved in the task of formulating PAF Act. I believe it would be a real fun to work on such an autonomous and

poverty focused program," he said, requesting the PAF board members and staffs to join him on fulfilling the PAF mandate.

"Together, we should work for poverty alleviation through job creation," he said. He also stressed for fostering collaborations between PAF and other anti-poverty programs. "Poverty alleviation can not be done in isolation. We should work together with others to have a meaningful impact to the lives of the poor."



Baitadi

– Bal Krishna Bishwokarma, Portfolio Manager



Baitadi is located in Mahakali zone in the far-western region of Nepal. The district ranks 57th position in poverty ranking and has one municipality and 62 VDCs. PAF started targeted poverty reduction programs in the district during the second phase of its expansion.

PAF programs began in the district in 2005/06. Initially, the programs covered only 30 VDCs. But now it covers all the VDCs. Thirteen partner organization (POs) are facilitating the implementation of PAF programs in the district. So far, 668 community organizations (COs) have registered themselves with PAF, including 17,272 poor households, of which 4,711 are dalits.

These COs are presently implementing 635 subprojects, of which 109 are community physical infrastructure subprojects, while others are income generation subprojects.

Major income generation activities pursued by the poor and excluded communities include goats raising, cow and buffalo rearing and poultry farming along with seasonal and off-seasonal vegetable farming. Community members have also shown special preference to run horticulture, apiary and retail shops,

and also engaged in the productions of daily usable commodities from bamboo and nigala shoots. They are also engaged in the productions of steel and copper utensils, weaving clothes and carperts, and tailoring business.

PAF has invested Rs 219.7 million for implementing income generation sub-projects. Of that, the highest amount (Rs 140.6 million) has been used in livestock farming.

PAF has supported the communities to implement small scale infrastructure development subprojects. These subprojects, like pure drinking water, small irrigation, schools, community buildings, improved mills, micro-hydroelectricity and suspension bridges, have brought in a sea change in living standard of the people.

As of fiscal year end of 2010/11, PAF supported implementation of 114 physical infrastructure sub-projects. Of them, 50 percent of the subprojects have already been completed. Together, they have benefited 7,247 households. PAF has invested Rs 87.5 million in those subprojects.

Going by its strategy, PAF has also been

running capacity development programs for the community members and COs in a bid to ensure sustainability of the anti-poverty programs. Under this, PAF has organized numerous trainings to the CO members to raise their managerial capacity, develop their skills, develop and promote enterprises, create employment, raise income and also provided other specialized trainings on various subjects.

Baitadi holds immense potential for socio-economic development. But the district direly needs rural roads, dairies, chilling centers, vegetables and other collection centers, school, health posts and small irrigation facilities.

Overall social mobilization undertaken under the initiative of PAF has added strength to communities' voice and demands. PAF support has raised confidence among the poor people. Communities are actively making contributions in income generation and physical infrastructure development subprojects voluntarily. Disclosure and transparency at all levels of subproject formulation, implementation and repair and maintenance has raised people's confidence towards community-based development endeavors.

Headings		Quantity and Amount				Remarks
		F/Y - 2067/068		Up to F/Y - 2067/068		
		Qty.	Amount	Qty.	Amount	
Community Organisations (CO)	CO Formation	100		958		
	CO Registration with PAF	100		668		
	CO Federation Registration	4		13		Community Contribution
PAF Investment in CO	Total Agreement	635			311,802,657.00	Total - 7,57,53,877.00
	Income Generation (IG)	90	68,373,570.00	437	231,839,900.00	Cash - 2,34,38,515.00
	Community Infrastructure	10	24,968,993.00	99	79,962,757.00	Kind - 2,39,02,411.00
Partner Organisations (PO)		13		13		Other - 3,02,12,951.00
Programme Implemented VDCs		62		62		1 Municipality & 62 VDCs
Total Beneficiary House Hold				Percentage		
Total		17,272			100%	
Poverty Ranking	Hardcore Poor (Ka)	12,284			71.12%	
	Medium Poor (Kha)	4,131			23.92%	
	Poor (Ga)	855			4.95%	
	Marginal Non-Poor (Gha)	0				
Gender Wise	Male	10,820			62.64%	
	Female	6,452			37.36%	
Ethnicity Wise	Dalit	4,711			27.28%	
	Janajati	19			0.11%	
	Others	12,542			72.61%	

Multidimensional Poverty Index and PAF

ARTICLE

- Raj Babu Shrestha, PAF

Multidimensional Poverty Index (MPI) developed by Oxford University and UNDP has incorporated with high priority various dimensions of livelihood, education and health for measuring poverty. The approach of Oxford University and UNDP, interestingly, matches with the process and strategy that PAF has adopted to measure and fight poverty. MPI has comprehensively dealt with poverty by measuring it on the basis of 10 indicators related with education, health and livelihood. In the same manner, PAF has been undertaking social analyses of the settlements where poverty prevalence is high in a bid to implement its programs. These analyses have shown that poverty in Nepal stands at around 57 percent. MPI, for its part, has shown poverty prevalence in Nepal at 64.7 percent.

Going by its strategy to address poverty in a multidimensional manner, PAF has been using 17 out of 28 multidimensional indicators while selecting the VDC. These include indicators like marginalized and excluded population, remoteness, economic condition, status of education and health, average life expectancy, drinking water and electricity, along with other infrastructure, food security and malnutrition.

While conducting social analysis at the settlement level, PAF has been focusing on the assessment of fixed assets of each household, food security, child mortality, educational level and structure of housing, among others. PAF also re-assesses these conditions after a specific time interval of initial social analysis as well. Hence, PAF can effectively incorporate the comprehensive and multidimensional indicators adopted by the MPI in its future studies and planning.

The very fact that PAF just within a span of 6 years of its establishment has reached over 400,000 community households, including 66 percent poor

that cannot even fulfill their food requirement for even three months and 25 percent medium poor that can just manage food requirement for 6 months, 73 percent women, 29 percent dalits and 28 percent ethnic groups, indicates that it has successfully reached the targeted communities. Likewise, going by its affirmative discrimination strategy has enabled 33 percent dalit, 30 percent ethnic groups and 62 percent women to hold the key posts of 17,000 PAF COs.

PAF has been facilitating the poor, women, dalit and ethnic groups along with other marginalized communities of the targeted districts to form their own COs through social mobilization. It has been facilitating them to formulate sub-projects based on their needs and providing direct fund in the COs' bank accounts to support them implement income generation and community physical infrastructure subprojects.

As poverty is multidimensional, it can be reduced only by properly addressing various aspects and causes of poverty. Therefore, PAF has been working on the basis of traditional supply-oriented concept. This has enabled the poor to access and utilize local resources and means to implement programs they need in a sustainable manner. Social mobilization has helped in raising their awareness, enabled them partner with agencies concerned with health and education and establish a revolving fund at the community level, thereby ensuring their constant access to capital. For supporting the income generation programs, PAF has been supporting the community to lay down necessary physical infrastructures like irrigation, rural roads, bridges, storage centers, electricity, drinking water, sanitation and other fundamental infrastructures.

Based on those multidimensional

indicators, PAF has also been conducting impact evaluation of its programs through its own staff and also through independent institutions. In 2010, CEDA of Tribhuvan University had conducted independent impact assessment of PAF programs in 200 villages of 6 districts, covering 3,000 households. The study had found that PAF programs were making significant positive impacts on consumption capacity of the poor, improving their food security, income level, social development, school enrollment of children, and women empowerment.

The study disclosed that households that received PAF's financial support for 6 to 19 months witnessed 44.4 percent rise in their consumption capacity. This rise in consumption was recorded by 30 percent in case of dalit and ethnic groups' households, and 16 percent in case of hard core poor. The study also revealed 10 percent rise in food sufficiency of the poor. School enrollment of children aged between 5 to 15 years rose by 10.15 percent, whereas such rise among dalit and ethnic groups was found still higher PAF programs also positively impacted the nutrition of child of 1 to 2 years. Likewise, assistance provided for the development of community physical infrastructure has ensured access of more than 49,000 households to such services.

Another study on social analysis has also shown that households that were affiliated with PAF for 3 years have witnessed 82.5 percent rise in their average income. Likewise, of the total Rs 680 billion invested to 15,556 community organizations for implementing income generation programs 88 percent still remains with the community as their revolving fund. 85.5 percent of the CO members have utilized the revolving fund and the revolving fund has recorded a growth (due to interest income) by 78 percent.

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Livestock insurance proving boon for community

- Umeed Bagchand

Just as sudden demise of household head pushes families in financial troubles, sudden death of livestock reared on loans taken from community revolving fund can also land the poor families into troubles. Realizing this risk, the poor and backward communities of Achham district these days are eagerly insuring their livestock. And their initiatives to safeguarding themselves from possible risks and losses has become exemplary for others as well.

In a place where people were facing difficulties to fulfill days end, buying insurance cover for livestock was not an easy task. But thanks to PAF's initiatives, community people are enjoying the facility with relative ease. PAF pushed for livestock insurance mainly because the prices of livestock were skyrocketing and any loss of such expensive wealth would only worsen the situation for the poor. Besides, as risks associated with livestock remained high in remote districts, many community people were disenchanted to pursue livestock rearing. But thanks to PAF's endeavor, community people decided to work for the introduction of this safety net, instead of turning away from the business. The credit of introduction of

this facility goes to the local network of community organizations though. In a bid to avoid the loss and safeguard community members during loss, the network organized trainings to the CO members. "Rama Roshan Development Society also supported us immensely in introducing livestock insurance," said Nain Bahadur BC, secretary of the CO network.

The network has mobilized respective communities involved in livestock rearing to insure their animals. For the cover, CO members sign an agreement with Livestock Insurance CO. PAF has facilitated them by laying down detail procedures on how livestock insurance should be implemented. The manual is pretty similar with norms of life insurance. Separate provisions have been put in place for insurance of big and smaller livestock. The initial cost incurred while registering for the livestock insurance is borne equally by the members and PAF.



The cost of renewal, however, needs to be shouldered by the livestock owners themselves.

If a livestock died due to natural reason, the insurer CO compensates to members 80 percent of its total cost price. "Insurance has been arranged considering the overall needs of the VDCs," said Pramod Joshi, PAF's Portfolio Manager for Achham district.

The introduction of the service has greatly relieved the farmers who used to suffer the most from loss of livestock. Many farmers are already enjoying the benefits from this financial cover.

Watch, Radio Shop Earn Livelihood

If you have skill and dedication, even a watch and radio shop will easily help you earn the livelihood. This is what Noj Bahadur Ghartimagar of Rajbara-9, Pyuthan has proven.

Four years ago, Ghartimagar had left for Malaysia spending Rs 100,000. He had hoped he will get good overseas job and earn handsome income. But that proved as mere a mirage. By the time he returned to village, he had barely managed to save anything. This broke his dreams of earning decent life through foreign employment. But as there existed

no job opportunities in the village, he decided to move to India in search of new job. However, before leaving for India, he chose to give one last try in the village itself and opened a watch and radio shop. That was in 2009.

"Thanks to PAF, I managed to get hold of Rs 18,000 in loans to start the shop. After that, I have never looked back or thought of leaving the country for job," said Noj Bahadur, he became a member of Dikhachuli CO when PAF started the program in his VDC. Ghartimagar learned the repair skills only after starting

the business. Day-to-day familiarization with the equipments helped his sharpen his skill. In case of complex problems, he takes help of repair specialists working in Thulabesi and Bijjuwar. "The business is doing good. It is fetching me Rs 12,000 to Rs 15,000 every month," he beams with smile. The demand for radio has increased in Rajbara and nearby villages after new FM radio stations came into operations.

His shop - NB Watch and Radio Repair Center - always remains crowded with people visiting the VDC office and local

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Soap factory in Gokuleshwor

Implementation of PAF programs in Gokuleshwor has reached 5 years. Even while majority of the CO members in the village remained happy pursuing traditional means of income generation like livestock rearing and animal husbandry, some of the members of Siddhanath CO chose to implement manufacturing enterprise.

Given that demand of soap always remained high the village and nearby markets and there were no producers in the locality to make the supply, some of the members of 23-member Siddhanath CO of Gokuleshwor-9 decided to tap this market potential by establishing a soap factory.

Following the release of the first installment from PAF, the CO organized 12-day training on how to produce washing soaps. The trainings were attended by the 19 community members, including 6 members of Siddhanath CO, 6 members of Janashakti CO and 7 members of Devati CO. After the training,

however, the members realized they need huge investment to materialize their plan. If they failed to compete, they will suffer a huge loss. This risk prompted many to drop the idea.

However, Kalpana Nath and Ram Nath, chairman and treasurer of Siddhanath CO respectively adhered with the plan. They committed themselves to set up the factory and even registered 'Chaulani Soap Industry' at the Office of the Cottage and Small Industries Development Committee (OoCSIDC) in Baitadi and inaugurated the industry on February 23, 2011.

"We had planned to start the industry by taking loans of Rs 15,000 each from the CO. But procurement of fixed assets alone has crossed over Rs 275,000, said Kalpana Nath.

Thankfully, PAF contributed Rs 120,000 in this process and the members acquired raw materials investing Rs 125,000. Still good news was; contrary



to initial skepticism, they have not yet faced any problems over finding the market. "We were not even required to send soaps in the market. Retailers come directly in the factory and take away their orders," said Ram Nath, another promoter of the soap factory.

The factory has set wholesale price of soap (each weighing in a range of 170 grams to 180 grams) at Rs 9 per piece and traders are happily retailing it at Rs 10. "We required huge initial investment because we needed to source the raw materials from Bareilly and Pilibhiti of India. Otherwise, we are enjoying pretty good business and sound return," said Ram Nath.

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school. Thanks to the business, he has enrolled his 2 children, including a daughter, in a school. "I have no problem in fulfilling all basic family needs now," he stated.

Ghartimagar has already cleared the loans he took to start the business. He is planning to take fresh loans, eyeing to expand the size of the business. "I want to add new watches, radio and mobile phone sets in my shop," he said. Noj Bahadur has proven that even the people who failed to earn much in overseas job can make decent earning and lead a decent life in the village itself. His service has also enabled the locally to get the repair works (of watch and radio) done in the village itself. Previously, they were required to walk at least three hours to

fix their watches and radios. "This has eased us greatly," said Dilip Buda, a local.

That is not all. Noj Bahadur is regarded as skilled manpower and an innovator in the village. "His business stands quite apart from what other CO members are doing. And still good thing is, he is among those members are earning the most in the village," said Sane Ranamaga, chairman of Dikhachuli CO. As a result, locals treat Noj Bahadur with high respect. He invariably takes active part in the CO meeting and inspires the fellow members that they too can end their poverty if they committed themselves to income generation activities.

(Courtesy: Publications of POs in Pyuthan district)

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Communities of the districts where PAF initiated its programs have got together and formed multipurpose, single-purpose cooperatives and even formed COs networks at the district level. So far, 481 COs have formed federations and 53 cooperatives have been established. More are in the process of formation. This indicates poor are gradually gaining capacity to implement their programs in a sustainable manner. PAF, for its part, has been supporting in the capacity development of the COs and helping them to build strong relationships with the financial and other necessary institutions, thereby contributing them to be self-sufficient. PAF has also been coordinating and collaborating with other agencies as well for incorporating multiple dimensions of poverty in reducing poverty endeavors and achieving rapid positive results. These steps were taken as a part of special priority laid by the PAF to foster coordination and build partnerships with various agencies for legal utilization of resources and means required for fulfilling the multidimensional needs of the poor community.

Given these situations, there is a need to include PAF programs and its achievements in the poverty measurement procedure of National Planning Commission and evaluate poverty on the basis of multidimensional poverty measurement index. This will help in the formulation of poverty reduction plan as well

Change Loving Rijhan

Rijhan Karnataki, a resident of Jhatiyahi VDC, is a social mobilizer at District Development Committee, Dhanusha and has been applying himself day and night to facilitate the poor, excluded and deprived communities in Majhijhitkaiya VDC, a village which has conditions similar to his own VDC, to improve their socio-economic conditions.

As a dedicated social mobilizer, he has mainly been facilitating seven community organizations that poor formed in Majhijhitkaiya, motivating the poor and underprivileged people to undertake various income generation and community infrastructure development activities- something which could enable them raise income and access basic services and opportunities.

His works has benefited members of Jay Maa Bhagawati CO, Puja Women CO, Jay Maa Janaki CO, Sundarpur Women CO, Ram-Janaki Women CO, Jay Maa Laxmi CO and Shiva Baba CO. He has been facilitating them to hold monthly meetings of COs regularly, encouraging their members to speak out their needs and perception to affairs happening in the social and development sphere, supporting them to formulate subprojects, maintain book keeping (records of financial transactions) and enhance their capacity to monitor and evaluate the income generation and community infrastructure subprojects run by them, among others.

"Though shy in the beginning, the poor people by virtue of their needs and circumstances remain eager to learn and create opportunities to get out of poverty trap," says Rijhan. People discuss with him their aspirations and subprojects they wish to pursue, and also share with him their very personal family matters, like children's education and health. Such sharings have enabled him build a strong rapport and bond with the poor communities.

"This makes social mobilization not just a 'task or duty', but much more than that. The bond developed in the process makes you attached with the poor and motives you think like: how could I contribute more for uplifting their socio-economic conditions," he adds. Such formal and informal interactions enable Rijhan to get feedback and suggestions to the programs being implemented in the communities. "This job is very pious; it gives meaning to your living, adds value to your being in the society," he states.

"social mobilization not mere a job for me. If I managed to contribute in creating an environment whereby children could attend schools and fulfill their educational goals, it will be a great achievement in itself."

Rijhan started working as a social mobilizer in PAF programs only since 2009, but he was not new in the profession though. He was interested and actively participating in various programs with a motive to bring about socio-economic transformations in the lives of the poor and deprived communities since about 15 years. "My education background, insterstingly, is completely different. In fact, the very circumstances which disabled me from pursuing tertiary level education drove me into the field of social mobilization," he relates to Jeevika, disclosing that following the completion of school level education, he had joined I. Sc. in Rara Multiple Campus in Janakpur, aspiring to be a doctor or engineer.

However, he had failed to continue education even though he passed out I.Sc. with a good grade due to poor financial conditions of the family. "I could not study more despite being a good student. My parents were eager, but we had no money to finance further education," Rijhan says. This deprivation fundamentally lighted a fire in him to work for larger social cause. "Hence,



social mobilization not mere a job for me," he says. "I feel if managed to contribute in creating an environment whereby children could attend schools and fulfill their educational goals, it will be a great achievement in itself."

Rijhan believes that socio-economic transformation can be achieved in the communities by placing locals on a driver's seat. The confidence that PAF beneficiaries have managed to win over the two years of its program has only bolstered his belief. "It feels pretty good to watch women, earlier limiting themselves behind the veil, participating in public debate, expressing their opinions," he states.

Moreover, community members that used to rely heavily on local lenders are now becoming self-sufficient, utilizing CO revolving fund to start various income generation activities, making cash and kind contributions themselves and pushing the concerned service providers to serve them in a better way and in a manner they deem necessary. "PAF programs have significantly empowered the community. Though communities still have distance to travel achieve the ultimate goal of poverty-free society, the transformation seen in them have raised confidence that the goal will be achieved one day," Rijhan says.

Legalization of CO and User Groups

SECTORIAL
FOCUS

- Tara Prasad Joshi

As provisioned in the Poverty Alleviation Fund Act, 2006, PAF has been implementing the targeted poverty reduction programs through social mobilization. Poor have been identified in all 49 districts wherein PAF is implementing its programs and community organizations have been formed, organizing poor into groups of 15 to 35 members each. The number of such COs presently stands at 18,500.

These COs have already mobilized a total of around Rs 6.60 billion in their revolving fund in the form of PAF-provided grants and their own savings. Most of these COs have built capacity to stand on their own. These COs and groups are functioning as per their own rules, creating wealth and protecting them in their own way. This has raised chances of duplication of programs and unhealthy competitions among COs.

If their rules are not made uniform and institutional capacities are not strengthened, such huge investments made in the COs could land into risk. This risk has arisen mainly because existing law of the country has not provisioned any responsible authority to register these COs and monitor and regulate their operations in order to ensure their effectiveness.

Present Status of CO and Groups

For the implementation of PAF Act, PAF has formed COs involving poor households in thousands of settlements in 49 districts. Likewise, going by the Forest Act and Irrigation Act, COs have been established in the form of Users Groups to implement the forest resources and irrigation sub-projects. Some of these COs and Users Groups working under certain specific Acts have been recognized as formal legal institutions. However, the majority of them still exist as informal groups without any legal status. Owing to this lack of legality, these COs not independently establish affiliations with formal financial

institutions and the government, take loans and file a case against others or dragged in the court of law. Furthermore, in the absence of uniform rule among banks and financial institutions or government agencies, they have been facing problems to garner financial and technical assistances directly. COs themselves lack standard and uniform rules to ensure financial transparency, auditing, corruption control and good governance in them, something which are considered important in public institutions. As a result, questions can be raised over whether these institutions would be able to sustain the structures, resources and capital for a long run. What will be their fate once PAF exit from the scene?

These questions clearly indicate that the COs should either be converted into cooperatives or companies or trusts so that they do not succumb to the risk of disintegration. In the absence of legal recognition, chances of establishing them as sustainable autonomous institutions appear slim.

Hence, there must be a law to grant legality to these COs. This is important in order to make communities more accountable and transparent, make them resourceful by enabling them coordinate with the local bodies and transact with the banks and financial institutions and strengthen basic democratic values.

Structures to be included in law

The law should mention method of COs formation, their registration procedures, their responsibilities and functions. It should also define agency (local level) with which COs should be registered. It should have provisions on governance, financial transparency, auditing, social auditing, a c c o u n t a b i l i t y ,

inclusiveness, participatory decision making process and structures to be formed for effective operation.

The law should provide them autonomy, allow them to possess separate seal and logo, make provisions whereby CO can be challenged in the court of law and recognize them as completely independent institutions. It should lay down well defined authority and responsibilities on financial resources management, ensure that their legal status and provisions do not contravene with other Acts and Regulations so that they could easily fulfill their objectives of community development, and also define their interrelationship with the parent organization.

There should be n provisions on assets, define rights over private, community and public property and their relationship with local bodies and other agencies. It should also deal with issues like roles and responsibility of the parent organization, local bodies, government agencies, donor agencies and INGOs for the strengthening the COs.

Undue competition among COs can be avoided if the law made it mandatory for the development agencies to implement the community-level subprojects of same or similar nature through the registered COs. This provision is necessary to foster the coordinated community development endeavors.



Activities

PAF wins outstanding financial management award



Poverty Alleviation Fund has received the 'best organization' award for settling almost all financial arrears in the fiscal year 2010/11. During the year, PAF had settled 84.18 percent of the outstanding financial accounts. Office of the Prime Minister and Council of Ministers conferred the award to the PAF. "This award is an important achievement for us," said Raj Babu Shrestha, executive director of PAF. "It has encouraged us to continue the good works," he stated, adding that the PAF was committed to bring down its arrears to zero in the nearest future.

PAF, Staff College sign MoU

Poverty Alleviation Fund has signed a memorandum of understanding (MoU) with the Administrative Staff College aiming to enhance professional capacity of its staff. Under the MoU, the Staff College has committed to support PAF for human resources development so that it could carry out its activities more effectively and efficiently.

For the implementation of the MoU, PAF will first identify the trainings and capacity development needs of its staff, and place

demands with the College for organizing the necessary trainings and human resource orientations for its staff. The Staff College has committed to design and develop capacity development tools, programs and curriculum as per the PAF needs and provide trainings accordingly.

Resource persons for the trainings will be arranged by the Staff College. It will also manage logistics and materials for conducting onsite and practical exercises. The College will also be responsible to evaluate the overall training programs. The cost of trainings, however, will be borne by the PAF. The MOU will remain effective for two years and can be renewed as well, said PAF Executive Director Raj Babu Shrestha, signing the agreement. Executive Director of the Staff College Punya Prasad Neupane had signed the agreement on behalf of the Administrative Staff College.

PAF gets new board members

The government has appointed Durga Neupane (Bhattarai), Basanta Talor, Kamala Rai, Kul Bahadur Rokaya and Akhilesh Das as new board members of the Poverty Alleviation Fund. The appointment decision was taken by a meeting of Council of Ministers held on Kartik 17. Following the decision, PAF the then Vice Chairman Vidhyadhar Mallik administered the oath of the office and secrecy to the newly appointed board members.

PAF participates in 3rd National Trade Fair

PAF participated in the 3rd National Trade Fair and Seminar on Herbs, Herbal Products, Essential oils and Spices that was held successfully in the mid-western city of Nepalgunj from December 8 to 12, 2011. PAF had booked three stalls in the fair through which 11 representatives of 11 PAF community organizations from Bajhang, Bajura, Taplejung, Jumla and Rolpa showcased their productions. Together,

these COs had showcased more than 150 different varieties of herbs and herbal products in the stalls and managed to lure more than 350 visitors' attention. The COs enjoyed business of more than Rs 10,000. The participation also played important role in establishing direct business ties between the CO members, herbs processors and traders. The fair was organized by Herbs Entrepreneurs Association and PAF had shouldered all the cost of stalls and COs participation.

Joint learning on pro poor growth

Poverty Alleviation Fund and National Planning Commission in support of Ministry of Local Development and German Development Corporation (GIZ Nepal) organized a three-day high level joint learning event on pro poor growth in June 2011. Senior government officials, experts and representatives from private sector, civil societies, donor agencies and community-based organizations participated in the event.

The event provided excellent forum for discussing how specific sectoral policies could be designed to ensure economic growth involves and benefits the poor people. The participants and experts dwelled on pro-poor growth policy issues and instruments and constraints and drivers of pro-poor growth in key areas of economy including infrastructure, agriculture, private sector, and trade and practical policy instruments to address them.

Special sessions were held on the political economy of pro-poor growth, strengthening participation of the rural poor in market-oriented growth, urbanisation, urban poverty and pro-poor growth, among others.

The event also explored options on how donor community could support and engage in analysis and policy formulation processes at the country level to develop national capacities for achieving poverty reduction through pro-poor growth processes.

PAF join forces with Heifer, Practical Action and LFLP

Poverty Alleviation Fund has joined forces with Practical Action Nepal, Heifer International Nepal - two international non-governmental organizations - and Leasehold Forestry Livestock Programme, a national program of Department of Forest aiming to establish synergies in poverty alleviation efforts at the grassroot level and ensure increased opportunities for the poor and disadvantaged people.

Under this initiative, Practical Action, Heifer International and Department of Forest, Leasehold Forestry and Livestock Programme (LFLP) have agreed to work together with PAF in fighting poverty in common working districts.

"Building on their respective competencies, these organizations and programme will collaborate with PAF in realizing the common objective of poverty alleviation," Vidyadhar Mallik, Vice Chairperson of PAF.

Under the memorandum of understanding (MoU) signed with PAF, LFLP has committed to support PAF community organizations to access leasehold forestry, while PAF also agreed to accommodate leasehold forestry users groups in its community organizations, provided members of those users groups qualified PAF's poverty ranking criteria. Also, both the programs have agreed not to form separate community organizations in the new working areas.

The MoU has formed a 7- member Central Coordination Committee under the leadership of PAF Vice Chairperson and a 12-member district level coordination committee headed by the District Development Committee (DDC) Chairperson to implement the MoU.

Likewise, signing a separate MoU, PAF and Practical Action have committed to work together to improve the agricultural income by enhancing the production and linking the produces with with the market outlets.

The alliance with Heifer, on the other hand, entails joint planning to identify poverty-ridden clusters, feasible production clusters, seek support from the related government ministries and achieve national priorities.

Consultations with WB, IFAD

Poverty Alleviation Fund reviewed the performance of its programs being implemented under PAF II. In this connection, PAF held a consultation meeting with the representatives of the World Bank, IFAD, senior government officials and other stakeholders from December 5 to 16, 2011. The main objective of the meeting was to finalize the grant assistance being provided by the Japan Social Development Fund (JSDF) for the Skill-based Livelihood Promotion Project designed by the government to target poor and conflict-hit communities. The participants in the meeting discussed on results achieved by PAF programs, ways of increasing accountability of the COs, enhancing coordination between PAF and various governmental agencies, among others.

PAF holds 38th board meeting

PAF held the 38th meeting of its board of directors on Mangsir 1, 2068 under the chairmanship of Prime Minister Dr Baburam Bhattarai.

Speaking on the occasion, Prime Minister Dr Bhattarai underscored the importance of poverty reduction for attaining sustainable peace and stressed for deepening and expanding Poverty Alleviation Fund (PAF) programs in all 75 districts of the country.

"If there is any thing that challenges sustainable peace it is poverty. Hence, there is a need to deepen PAF's presence in the districts where it is already present and expand its programs to the districts from where it has remained absent so far," said Dr Bhattarai, addressing the meet.

He also committed support from the government for the expansion of PAF programs. PAF, implementing targeted anti-poverty program, is currently supporting income generating and infrastructure development programs in 40 districts. So far, it has provided direct

grant assistance to 544,000 poor families through community organizations.

The government has announced of further expanding its programs in 15 new districts by the end of this fiscal year. PM Bhattarai also asked the fund to implement its programs in coordination with related government agencies to avoid both duplication of program and to secure and empower the poor by providing them various technical supports.

"Fundamentally, PAF should serve as umbrella agency for implementing anti-poverty programs," he said, urging the fund management to make efforts for transforming rural economy, job creation and linking rural agro-pockets with markets. Dr Bhattarai also asked PAF to bring conflict-hit and displaced people in Tarai and landless poor within its programs' net.

During the meeting PAF senior officials presented achievements of the fund so far. Referring to the findings of independent studies, the then PAF Vice

Chairman Vidhyadhar Mallik said that households that received PAF support from 6 to 19 months have witnessed rise in their consumption by 49 percent. PAF programs have increased food availability by 10 percent in the poorest communities, he stated. "Likewise, households that are associated with PAF programs for three years have witnessed an average rise in their income by 82.5 percent," said Mallik.

Established with the financial support of the World Bank, PAF has received US\$ 140 million in grant assistance from the bank. The bank has also pledged additional support of US\$ 75 million for expanding its programs. Department for International Development and government have also been providing financial support to the fund.

Laying emphasis on the need to sustain the achievements made by the community organizations, Mallik also stressed on the need to formulate a separate law to recognize, regulate, coordinate and provide institutional support to the COs.

PAF In Brief

As of 30 December 2011

Why PAF?

PAF was created to address the targeted programme which is one of the four pillars of Tenth Five Year Plan in Poverty Reduction Strategy Paper (PRSP) and major focus of following Three Year Plans. "Poverty Alleviation Fund ordinance 2060" and subsequently "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

- Targeted to Poor--Antodaya: Prosperity of poor and disadvantaged at the lower end of economic ladder. The last is the first for PAF. Participatory well being ranking and self selecting process to identify poor.
- Social Inclusion: Dalit, Janajati, Women and other disadvantage groups below poverty level. Demand Driven: Programmes are designed based on the needs and demand of the people. Participatory
- Community planning Direct payment to community organization (CO). Community implementation and management Community institutional development to sustain the efforts
- Transparency at all levels



Heading		Number	Amount (NRs.)	
Community Organisations (CO)	Registered with PAF	18,516		
	CO Federation Registration Agreement	579		
	Income Generating (IG)	17,537		
PAF Investment in CO	Community Infrastructure (INFRA)	17,296	7,590,363,084.79	
	Total	3,150	2,061,660,007.79	
	Total	19,502	9,652,421,346.60	
Partner Organisations (PO)	Total	369		
Districts Covered	Total	59		
	Regular PAF Districts	40		
	Phase I (6 Districts)	6		
	Phase II (19 Districts)	19		
	Phase III (15 Districts)	15		
	Innovative Programme + NDM	19	additional districts	
VDC Covered	POs Working	1,680		
	COs Programme Activity	1544		
			Percentage	
CO Member House Holds (HH)	Total	490,813		
	Poverty Ranking	Hardcore Poor (Ka)	322,358	65.61%
		Medium Poor (Kha)	124,732	25.41%
		Marginal Non-Poor	42,689	8.70%
		Poor (Ga)	1,033	0.215%
	Gender	Male	124,584	25.38%
		Female	366,228	74.62%
	Ethnicity	Dalit	143,668	29.27%
		Janajati	140,368	28.60%
		Others	206,777	42.13%
Total Beneficiary HH including Infrastructure	Total	553,916		
	Ethnicity	Dalit	158,672	
		Janajati	149,254	
	Others	245,990		