



# Linking Poor to the Market

## A CHILLING CENTRE BY THE POOR FOR THE POOR IN KAPILBASTU

In a step towards sustainability, 44 community Organizations from five VDCs of Kapilbastu recently joined hands to establish a federated organization that would serve the interest of hundreds of local milk producers. A chilling centre - Shivam Dugdha Utpadan Sanstha - with a capacity of 1200 liters in Ramnagar-9, Kapilvastu was an outcome of their joint efforts to manage productions after their milk produce exceeded local demand.

COs, formed under the aegis of PAF, say their initiative was intended at linking their produce to the market, so that they could get value added returns with the facility of storage, chilling and processing services.

For the construction of the plant, the community contributed Rs 300,000. PAF provided a financial support of Rs 2,450,500. The villagers are upbeat that it will fetch additional 7-10 rupees per liter of milk, thereby directly assisting them in their livelihood.

“Now I am selling milk at Rs 16 per liter. Once the plant comes into operation, I will get Rs 25,” says Dharma Raj Maurya, a member of Jhinha Community Organization. The additional profit would assist him to feed his 13-member family. The plant would benefit 357 farmers of five VDCS namely, Ramnagar, Bidhyanagar, Ganeshpur, Bhagawnpur and Sirsihawa.

Initially, the farmrs used to sell milk in local markets such as local teashops and to sweet shops etc. A large portion of the supply was used to prepare mohi (buttermilk), ghee (clarified butter) and milk for household consumption.

But as the production increased, the dairy farm livestock holders soon realized the need of milk chilling centre. There were other milk processing centers in the district, but those were located far off and the farmers found them virtually inaccessible. Chilling centers were thinly spread and that necessitated farmers to travel distance, creating problems in timely transfer and maintaining quality of milk.

“Chilling Center was necessary for building a sustainable linkage with the market. Its establishment has made a dream come true for us” says another farmer Rajendra, who is also a member of the 11-member

...cont. on page 3

MARCH 2008

**Teerika**  
PAF NEWSLETTER

INSIDE

- 3 WB, GoN ink agreement for 100m grant to PAF
- DISTRICT FOCUS: Ramechhap 4
- 5 SUCCESS STORIES: PAF support raises income of Tamrakar community
- GUEST ARTICLE: A time of opprtunity 6
- 8 PO/CO CORNER: Experience of Social Mobilizers
- SECTORAL FOCUS: Micro-hydro contributing to reduce rural poverty 9
- 10 TITBITS: Activities
- PAF IN BRIEF 12



A TRIMESTER NEWSLETTER OF PAF  
VOL 2, NUMBER 5, MARCH 2008

**Editorial Advisor**  
Raj Babu Shrestha

**Editor**  
Shree Ram Subedi

*Jeevika is published on trimester basis  
by the Poverty Alleviation Fund.*

*Readers are welcome to distribute and  
reproduce the contents of the Newsletter  
with the appropriate  
credits to Poverty Alleviation Fund*

**Poverty Alleviation Fund (PAF)**  
Gyaneshwor, Kathmandu  
P.O. Box 9985, Kathmandu, Nepal  
Tel: +977-1-4410041  
Fax: +977-1-4442450  
E-mail: info@pafnepal.org.np

For a broader range of  
resources and information  
about Poverty Alleviation Fund (PAF),  
please visit our website: [www.pafnepal.org.np](http://www.pafnepal.org.np)

# Linkage and Coordination

By Om Prasad Poudel  
CPM, Mugu

The importance of linkage and coordination to bring out synergetic efforts of different government agencies, development partners and civil society has been increasingly realized to pull the people out of the poverty trap. In the development framework, community demands are of diverse nature. Hence, collaborating efforts of different stakeholders become prerequisite to meet diverse demands of the community.

The different agencies have different goals, objectives, target groups and working modality irrespective of their focus on poverty reduction. PAF has a strategy to work in partnership with different institutions whose goal is to support poorest of the poor; poverty alleviation being the common objectives of all program/projects. There may be varied target groups, program sectors and implementation mechanism. But the collaboration and coordination can always happen when the interests of both the organizations match and they exhibit flexibility in their programs. PAF is a demand driven, community-targeted and direct funding program. It is maintaining a high level of transparency and making community responsible and accountable in planning, implementing, operating and managing sub-project activities.

To fulfill the needs of poor people collaborating partners should work with complementary as well as supplementary approach. PAF is keen to work in collaboration with different organizations whenever the beneficiaries of the projects/programs are poor; when the projects are designed by the community members themselves in a participatory manner; when community is responsible for the implementation, operation and management of the sub-projects; and when there is a meaningful participation of excluded group in taking leadership and sharing benefits of the sub-projects.

PAF is flexible to provide complementary as well as supplementary support to thus operating communities. Such supports are usually project specific. There are different approaches being practiced to work with different organizations. For example, PAF has signed a memorandum of understanding with AEPC to support a revolving fund to be invested in micro-hydro projects. PAF is also working with different organizations in project cost sharing basis in almost all infrastructure works. In such collaboration, DDC/VDCs are making cash contribution and district-level line agencies are providing technical services to the communities.

Nine micro-hydro sub-projects have been supported in Pyuthan, Jumla, Dadeldhura, Darchula, Humla, Baglung and Mugu district in partnership with AEPC/REDP, Nepal Trust, GEF, CSP/DFID, UNDP/PCP and CARE Nepal. Similarly two lift irrigation projects have been supported in Pyuthan in partnership with LFP/BPC. Two drinking water supply projects have been supported in Mugu and Darchula in partnership with DDC and DFDP. A system of Rice Intensification program has been implemented in Siraha on technical support of District Agriculture Office. There are several examples of various micro-projects like wooden bridge, culvert construction, trail road /rural road construction being done in collaboration with DDC/VDCs. PAF has also laid emphasis on collaboration with the private sector and NGOs. Sub-projects run in partnership of Dabur Nepal and ANSAP are its example. Operation of communication centers in partnership with Winrock International in Bajang and rural electrification run in collaboration with NEA in Siraha and Kapilvastu are other examples.

PAF has always given priority to encourage and empower community to take services from the line agencies whenever they need. Functional groups like micro-hydro users group, irrigation user groups, and drinking water users groups have been formed to serve this purpose. □

.....cont. from page 1

## PAF investment in Livestock sub-sector by purpose (Kapilvastu)

Purpose	Beneficiaries HHs		Investment (NRs.)			
	No.	Share %	PAF	Share %	CO	Share%
Milk/Dairy	3,100	49.1	62,778,860	70.2	16,824,116	64.7
Meat	3,190	50.5	26,286,455	29.4	9,088,311	35.0
Other	24	0.4	343,700	0.4	73,010	0.3
<b>Total</b>	<b>6,314</b>	<b>100</b>	<b>89,409,014</b>	<b>100</b>	<b>25,985,437</b>	<b>100</b>

Source: MIS, PAF (As of March 2008)

Executive Committee overseeing the works of the plant. He says that the final preparation of installing the high voltage transformer was currently underway.

“We will operate the plant in a month” says Rajendra. The plant is located in Jhinhwa village that has a road access to Krishnanagar and Shripur Colony linked with Mahendra Highway.

Establishment of chilling center in Kapilvastu is just one of the many second generation demands PAF has received from the community. In Siraha district, assessment

process of the project for chilling centre is almost at the final stage. CO members from other PAF districts where the first generation project cycle is completed are also coming up with the second generation projects.

These cases speak volume about how PAF has contributed in transforming individual's life. These also provide answer to PAF about how communities are working for the sustainability of the projects.

In Kapilvastu, the livestock sub sector occupies the largest share in the total investment portfolio under IG activities.

Out of the total investment in IG sector, livestock has a share of 59.3 percent followed by the agricultural sub-sector at 7.3 percent.

Deeper analysis of the livestock sub sector shows that the majority of the investment has been in dairy farm livestock.

Similarly, the livestock sub sector is the largest portfolio in terms of overall PAF investment in IG component as well. Of the total investment in IG component, livestock sub sector has 72.5 percent followed by the trading sub sector. □

By Kanchan Tamang, RDO, PAF

## IFAD supports PAF to fight inequality

The United Nations rural development arm, International Fund for Agricultural Development (IFAD), has provided US\$ 4 million to PAF to tackle the exclusion of groups such as women, dalits and indigenous peoples in rural communities in Nepal.

The grant agreement to this effect was signed on May 9, 2008 in Rome by Lennart Båge, IFAD's President, and Krishna Gyawali, Joint Secretary of Ministry of Finance. The fund will be used to finance the second phase of PAF, which involves continuing the work from the pilot phase and expanding it to all 75 districts by the end of the year.

The fund would go to build roads and bridges, improve water supplies, sanitation, schools and health services, and develop community infrastructure such as small-scale irrigation. It would also help create opportunities for the poorest and most excluded people to earn an income.



“The Poverty Alleviation Fund is seen as a model because of its successful track record in effectively reaching poor communities and marginalized groups within them,” said Kati Manner, IFAD's country program manager for Nepal.

## WB, GoN ink agreement for 100m grant to PAF



The World Bank(WB) and Government of Nepal(GoN) have inked an agreement for providing grant assistance of US\$ 100 million to support Poverty Alleviation Fund (PAF) to extend its program across the country.

In the presence of vice president of the WB Praful Patel and finance minister Dr Ram Sharan Mahat on January 31, 2008, the WB country director Susan Goldmark and finance secretary Bidhydar Mallik signed the support package of 253m US dollar that includes support for basic and primary education, irrigation, improving living conditions livelihood and empowerment among the rural poor.

At the same time, the country director Goldmark and PAF vice chairman Dr Ram Prakash Yadav signed the US dollar 100m for Poverty Alleviation Project II (PAF II) project agreement related to PAF.

Under the grant assistance, the WB would support second phase of PAF (2008-2012) to implement community level income generation, capacity development and small infrastructure scheme. The project is expected to improve living conditions; livelihood and empowerment among the rural poor, with particular attention to group that have traditionally been excluded by reasons of gender, ethnicity, cast and location.

Beginning with six pilot districts in 2004 and currently implementing in 25 districts, PAF is planning to extend its program in all 75 districts.



# Ramechhap



By Nirmal Pant  
CPM, Ramechhap

**R**amechhap district lies in Janakpur zone of the central development region. It is one of the least developed districts, ranking 56<sup>th</sup> position in Human Development Index. The district is located in the mid-hills and shares border with Sindhuli in south, Dolakha in north, Okhulhunga and Solukhumbu in east and Kavre and Sinduli in West. Altitude varies from 369 to 6,969 meter above the mean sea level. Politically, the district is divided into 55 Village Development Committees. The district headquarter is Manthali.

The district was one of pilot districts of PAF, where it implemented targeted poverty reduction programs in 2005. PAF programs are currently implemented in 44 VDCs of the district. Going by the PAF strategy to support the poor community by bringing them on a driving seat to devise, own and operate poverty reduction programs, 556 Community Organizations (COs) incorporating 14,550 poor households have already been registered with PAF. This has extended PAF's reach to 75 percent of the poor households in the district. Nine Partner Organizations (POs) are facilitating these COs to get organized and implement their programs.

As per the demands placed by the communities, PAF has already signed agreements for implementing 504 Income Generation (IG) and 76 different Infrastructure related subprojects in the district. Major programs run under IG subprojects are vegetable farming, livestock (goat, buffalo and pig rearing), trade and business (retail shops, agricultural tools, tailoring, small hotel etc) and micro-enterprises (ginger candy production, noodles manufacturing, wooden and bamboo furniture production). Similarly micro-hydro, water supply for drinking and irrigation, schools, road, community

building and water harvesting tanks (both cement- and plastic-based) are being implemented as major Infrastructure sub-projects.

Till date, 125 IG and 38 infrastructure sub-project activities already have already been completed in the district, contributing greater transformation and improving livelihood of the poor households. POs have continuously facilitated community members to organize, design and implement projects to inch up the socio-economic ladder. Poor communities through the community organizations they formed are utilizing money from the revolving fund.

In Ramechhap, PAF has already extended financial support of Rs 192 Million to the signatory COs. Of that, Rs 156 million has been pledged for IG sub-projects, while remaining Rs 35 million has gone for different infrastructure sub-projects. Moreover, only Rs 86 million of this signed amount has been disbursed to the community operating account. This has been done following the community action plan. Likewise, beneficiary communities have also contributed about Rs 15 million in cash and Rs 7 million in kind to implement the different sub-projects.

The community people have joined hand for fulfilling their developmental requirements. CO network established in the VDC level are sharing their problems and working out solutions on the basis of their experiences. Function Groups of more than 2 COs have also been

formed to step up such interaction. In Gupteswor VDC, six COs have united to implement 2 micro-hydro sub-projects. In Rampur VDC also, COs have started to work through their network. Encouraged by the positive outcome of the PAF program, additional 125 sub-project have been devised by 90 COs.

Besides self-monitoring by the community members themselves, PAF programs are monitored by external institutions as well. Representatives from DDC/VDC, district line agencies, district political leaders, journalists, the WB, and government officials have also monitored the PAF programs in the district.

PAF has also organized various capacity building trainings intended at developing human resources for the long term sustainability of the COs and their sub-projects. Training on account keeping, utilization and management of revolving fund, enterprises development, CO management and leadership, animal rearing and other skill development programs have been organized in the district. □

## GENERAL DISTRICT INFORMATION

LOCATION	CENTRAL REGION
Area:	1,564 Sq KM
Altitude:	369 m to 6,969 m from Sea level
Political Division:	55 VDCs
Population:	212,408 (Female 53%)
Total Households:	40,386 (48% are poor)
Average Family Size:	5.26
Per Capita Income:	NRs 6,421
Ethnic Composition:	17,204 pop (8%) Dalit; 92,830 Pop (44%) Janajati
Pop Growth:	1.23 %
Economically Active Population:	54.5 %
Literacy rate:	39 % (64% male, 34% female)
Drinking Water Facility:	51%
School Enrollment Rate:	79.01% boys, 46.89% girls
Life Expectancy:	61 years
Rank in HDI:	56th (out of 75)

Source: CBS

# PAF support raises income of Tamrakar community

BY SUMAN LUINTEL

SUCCESS  
STORIES

Carving copper utensils is a traditional profession of Tamrakar community. Therefore, the community of 10 households residing in Bhuwamajh village of Achham busy themselves in preparing the dishes from early in the morning. This is the only way they win their breads. In the past they faced severe problems, mainly because they did not possess enough money to buy raw copper needed to produce utensils and expand the business. However, their businesses have improved a lot these days - thanks to the support of PAF.

Bhuwamajh village is located in Barada Devi VDC - 1 of Achham district. The majority of population living here belongs to Tamrakar community, who are socially categorized as Dalit. The community is poor. Under the aegis of PAF, women in the community organized to form Ugratara Community Organization (CO). Gangotri Rural Development Forum facilitated them to organize and devise a project to expand their businesses and running those at a commercial scale.

“Earlier we had no money to buy raw materials to fulfill even the local demand. But now PAF has pledged each of us a financial support of Rs 20,000. This has eased our position,” said Padam Bahadur Tamrakar, a local.

The capital formation has helped the community to reap more income today. “More raw materials meant we could produce more, and since the demand for utensils was already there, PAF’s investment has contributed immensely in realizing better returns,” Hikmat Tamrakar, another craftsman told *Jeevika*.

Copper utensils produced here do not have the problem of market. The products are easily sold in the villages and also in markets like Bayalpata, Mangalsen and Sanfebagar, according to Indira Tamrakar, chairman of the CO.

But the community still has not been able to reap benefits to the extent they would have liked. “Many of us are skilled craftsmen. We would do a lot better if we could develop it into an industry,” said Prakash tamrakar.

Tamrakars feel they could double their income from the present level if they shape their production activities into an industry. But they still face financial problems to

fulfill this dream. They said they are hopeful of PAF providing further financial support to them under second generation project cycle. □

## Buffalo rearing raises income of Dhan Bahadur



Dhan Bahadur Thami is a resident of Bhundiphor village, Mahadevsthan VDC - 6 in Sindhuli. He has a five-member family. Crop he harvests from about 15 kaththa of sloppy land does not meet his food requirements for even six months. During off seasons, he works as daily wage laborer in the village to make extra money to support living. But the labor barely used to generate enough money. It was common for his family to go to bed without any food. But thanks to PAF, it has become a story of the past.

With PAF’s financial support, Dhan Bahadur is presently rearing a buffalo. It gives about 3 liters of milk every day. From the milk, he prepares up to 3 pathi of ghee in a month, and its sales fetch him an income of about Rs 3,000 every month. This has improved the financial health of Dhan Bahadur family.

Dhan Bahadur is happy with the change in life. “Sales of ghee has made life easier ..... Earning from works as a daily wage laborer used to be meager. Today, I get Rs 125 for about half kg of ghee,” said he. He thanked PAF for enabling him to rear buffalo.

Travel to Bhundiphor village takes three hours of walking along the earthen road from Sindhulimadi, the district headquarter, and additional 20 minutes of uphill trek. The village harbors Thami community, a community that is becoming fast extinct. Most of the residents of the village cannot feed themselves for more than six months from their regular harvest. PAF has implemented various programs in the village targeting these poor community members. Abhimukhi Sewa Community Organization has been formed by members such as Dhan Bahadur. A total of 41 households are incorporated in the CO. With PAF support, Dhan Bahadur has acquired Rs 18,000 in loans from the CO to buy the buffalo.

“.....I wished to rear buffalo since long, but had no money. Thanks to PAF, It has helped me fulfill this dream,” said Dhan Bahadur. Rural Development Service Nepal, a non-governmental organization, is extending facilitation services to Dhan Bahadur and other poor communities of the village. □

A TIME OF  
OPPORTUNITYBy Edward Bell  
International Alert

"If PAF funds go through the government then we will see only 5% of the money, not 100%."

This was the view of the chairman of a PAF community organisation in Jumla district. His settlement, compacted together on the barren hillside above the district headquarters, has long suffered from extreme poverty. Marginalised from government services and lacking income opportunities, the 161 Dalits living there have traditionally gone without food security, health treatment or education for their children...until the arrival of the PAF.

With a new government being formed and new dynamics likely in its relations with donors, this is a crucial time for the Poverty Alleviation Fund. This short article discusses how, given the evolving 'post-conflict' context, the programme might further improve its contribution to the country's long term peaceful development. Having outlined the ongoing debate amongst different stakeholders, it provides one researcher's view of the programme's current strengths and weaknesses. It closes with recommendations on how the benefits brought by PAF in the short to medium term might be better sustained over time.

Despite the evident socio-economic benefits brought to poor communities in many districts right across Nepal, PAF continues to be heavily debated between its main funder, the World Bank, and the Bank's western bilateral donor partners. Among Nepali stakeholders too, despite approval by the Prime Minister, the National Planning Commission and Parliament (by the PAF Act of November, 2006), the programme has taken time to win a consensus amongst all the parties and personalities of Nepal's post-peace



agreement government (now being reshaped following the Constituent Assembly elections). For the external agencies, the debate is largely fuelled by disagreement over the PAF's impact on Millennium Development Goal targets and whether it contradicts the formally agreed international orthodoxy on what makes aid 'effective'. For Nepal, the tension has been over control of millions of dollars of funds, the ability of the current State apparatus to deliver and the long term development of that capacity.

It remains much discussed whether recipients of PAF support are really the *very* poorest of the poor. However, it is clear that substantial numbers of severely poor people across Nepal feel strongly that the programme's community driven/direct-funding-to-recipients approach is helping them improve their quality of life. In the two districts that I visited in recent weeks, hundreds of households are saying that they are inching their way above the poverty line, are becoming stakeholders in society and are accessing local economic opportunities.

Kanchanpur in the flatlands of the far western Terai was the first of the two 'research' districts. Being a relatively well-off district according to national statistics, the PAF's assistance there is under its

special 'innovative window programme'. The 'standard' inputs of income generation support, capacity building and social mobilisation are targeted exclusively at 'Kamaiya' settlements. In the second district, Jumla, in the mountainous west, PAF activities are more widely allocated. Underway since PAF's first expansion beyond its pilot areas in November 2006, support is being provided in 21 of the 30 Village Development Committee areas (VDCs) in Jumla. In both districts, the large groups of people who assembled together to share their experiences were unequivocal about the positive changes PAF has brought to their socio-economic situation and about their marginalisation from public services.

A Dalit community in Chandannath VDC, Jumla, is a case in point. Their settlement of 125 households has long been neglected by government – there is only one water standpipe for the entire community; district officials working just minutes away do not visit; electricity wires pass directly overhead but no household can pay to connect to them. About 18 months ago, a PAF local partner organisation (PO), KASDA, one of 7 POs in the district, began to work with the community. With a social mobiliser assigned to all eligible households in that VDC, KASDA has taken on the labour-intensive task of helping largely illiterate, powerless people to group themselves into 'community organisations'. Households have taken decisions on their own levels of poverty and selected a chair, secretary and treasurer from the poorest among them, with a view also to empowering women. Together they are now reducing their poverty.

For 18 months, dozens of households in the VDC have begun to access the community revolving fund (90% financed



by PAF and 10% by community contribution). For a myriad of socio-political reasons, progress is slow, erratic and fragile but, with income now coming from tailoring, livestock-raising, hotellery etc., these formerly marginalised people can now afford to meet the costs of schooling and of health treatment. They do not need to take out loans at extortionate, crippling rates with richer, higher caste locals. Above all perhaps, most striking is the vibe of increased confidence in the community that comes from the economic activities and collective decision-making, not least among women. This atmosphere - of a brighter future ahead - is not measurable with statistics but it is a critical.

In this context, the dilemma for the Bank, donors and Nepal's government relates to sustainability (given the inevitability of 'life after PAF') and the international orthodoxy that 'effective aid' is 'state-building' aid. Enshrined in the 'Paris Declaration' of March 2005, this agenda commits international actors to increase the 'alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities (para 3.ii) - objectives which remain difficult to define (whose priorities? whose capacities?) and even harder to implement, particularly in the aftermath of a country-wide civil war.

The dilemma is accentuated, in the short to medium term, not only by the global consensus on the Millennium Development Goals but also, in Nepal, by the agreement among governing political parties that "special emphasis will be given to...small participatory projects" and that "priority will be given to projects providing more employment to women, Dalits, Adibasi Janajatis, youths and the Madhesi communities, immediately" (3 Year Interim Plan, page 27). On these counts,

the PAF is delivering. However, despite recent moves towards greater information sharing, it does remain too distant from central and district level government. Also the quality of the social mobilisation work can be better ensured. These issues need to be addressed so that PAF's legacy after the closure of the World Bank project is protected and built upon.

The challenge for Nepal's Government, the World Bank and the PAF going forward is twofold: (i) to ensure that the PAF reaches the poorest of the poor (including through careful selection and monitoring of Pos and social mobilisers), and (ii) to show how its modalities - on budget and mandated by the Prime Minister but only loosely connected to line ministry procedures - can drive forward a stronger interaction between executive government, the civil service and ordinary people. As already recognised by its management and funders, the PAF can do more to develop capacity in the public administration and promote "active involvement" by citizens in how services are provided. This needs patience and it certainly will take more time than bilateral donors and Ministry of Local Development officials have so far seemed willing to allow. The World Bank too will likely need to be very flexible about current project timelines so that more households can begin to benefit from community funds and improve their socio-economic status.

The way forward requires commitment from government and PAF, in particular.



The former should provide incentives and apply pressure on district civil servants and visiting central government officials to travel outside district headquarters, to visit PAF-supported settlements and to provide joint services with PAF (in crop cultivation, animal raising, irrigation, sanitation, water supply etc.) to beneficiaries traditionally excluded from government assistance in these areas. This should be recorded and made publicly available. For its part, PAF should implement the same approach with regards to its partner organisations and their social mobilisers. PAF district portfolio managers should collate PO reports for relevant ministries, district councils, the PAF Board and the Bank on the extent to which the same technical services supported by PAF are ensuring collaboration with government district officers and funds. Areas covered should include collaboration in district planning processes as well as joint community consultations, training and perhaps financing) Such activities are already beginning in Jumla and elsewhere, and a better understanding is now being built in the capital. If this progress can be embedded and multiplied country-wide, then Nepal's poor as well as its government will be the winners.

*Edward Bell is a Senior Programme Officer in International Alert's London-based Peacebuilding Issues Programme. His work currently focuses on the World Bank's activities in conflict-affected countries, including in Nepal and through the Poverty Alleviation Fund.*

# Testimony to Social Transformation

*All credit of the success that the Poverty Alleviation Fund (PAF) has achieved in social and economic transformation of local communities goes to sincere and industrious social mobilizers. They carry responsibility on their shoulder of mobilizing the local residents to implement the fund's programs and concepts in local level by working from dawn to dusk.*

*In this column of Jeevika, we are aiming to entail and share experience of these social mobilizers.*

There has been a far-reaching economic and social changes in Dharampaniya VDC in Kapilvastu district. The credit goes to Ram Kusum Chaudhary, a social mobilizer of Kalika Self-sufficient Social Center. When he joined this center in BS 2063, the number of children going to the school was too low. Villagers were installing a sense of untouchable while child-marriage, though legally prohibited, was rampant in the villages.

Chaudhary recalled that the villagers did not drink water touched by dalits. However, Shree Parvati Community Primary School, opened with help of the PAF, played a key role in bringing in changes in this traditional



Suryaman kurmi

thinking. "We hired a dalit as a peon of the school," he said, sharing the role played by the PAF in social transformation. "Then, all began drinking water touched by him in the school. Now, this change is visible in the entire village."

In the same vein, he shared the contribution made by the PAF in eliminating the tradition of child marriage. "Our one member of Saraswati Women Saving Group was preparing to marry her 14 or 15 year old daughter. However, all of us approached her, persuaded and stopped her effort. And, we made her participate in social awareness and women economic empowerment program," he said. "She is working very actively now. She is advocating and educating others about stopping child-marriage. Her daughter is not still married." "Is this only a simple change?" he asked.

He said women involving in the income-generating programs of the PAF have become not only financially-empowered, but many have turned to become literate. "In the initial days of drawing loans, they put fingerprint on the paper. But, now, they can sign," he said. A 26-member of Sarasawati Women Saving Group had demanded informal education program with the PAF and regularly participated in the program. Of them, 24 can now read and write well.

Suryaman Kurmi, a social mobilizer of 'Mount Everest', a social organization based in Sirsihawa in Kapilbastu district has the similar story to share. "I feel economic improvement is a secondary matter. The most important factor is the changes coming in the social behavior," he said, who has been working in the organization since BS 2062. According to him, women prior to involving in the social organizations, used t o take caution and



Ram Kisun Chaudhary

get afraid to speak outsider men. "Ghunghat Partha" had deep-root in the society. The locals used to hide the heads inside a cloth like burqa due to shame in fronts of unknown men. The same women today reach Bhairahawa and Butwal to sell and buy goods. They regularly take part in the group's meeting. They do not hesitate to share their problems, to demand development program needed for economic improvement. This is also same with the men. "Those men who got afraid to enter the government offices now raise voices in their interest in the village assembly," said Kurmi. "As we have given a special priority to poor, marginalized, backward, dalit and indigenous community while forming committees, social awareness has spread fast," he said.

He said after the implementation of the fund program, there have been drastic and unconceivable changes in the economic and social level of the community.

"We only can achieve the target of poverty alleviation in the real sense only through economic reform and social awareness," he said. "Economic empowerment without awareness can not be sustainable," he said. "The fund-run programs have given equal importance to both aspects."



# Micro-hydro contributing to reduce rural poverty

BY MANOJ KUMAR GUPTA | PORTFOLIO MANAGER, PAF



1,137 households. Three others with generation capacity of 182KW in hilly region have benefited 907 households.

The establishment of micro-hydro plants illuminates the faces of poor rural people and their homes. It also assists the people in improving their traditional technology and in operating small industries. Micro-hydro plants can be set up at low costs. Since such plants can be established in a short duration, rural electrification can be done with minimum transmission cost and loss. Such power plants not only help in meeting the increasing demand of power, but also help in flood control and in enhancing various income generating activities.

Nepal has one of the world's lowest per capita energy consumptions (14.6 GJ) and the lowest per capita commercial energy utilization (1GJ). Energy is prerequisite for meeting both basic requirements of life support system and developmental works. The energy consumption pattern in the rural sector in Nepal is highly unsustainable due to the increased fuel wood dependency. This has led to the emergence of various socio-economic as well as environmental problems. In this context, micro-finance is regarded as one of the solutions to the problem.

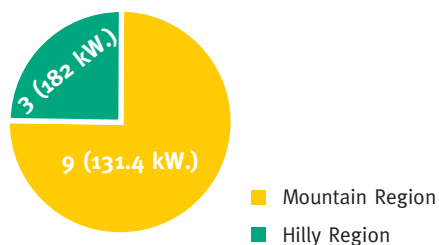
As micro-hydro operations are considered to be one of the most feasible options for energy development, PAF has supported

numerous micro-hydro sub-projects to bring energy services to the rural areas as well as social changes through community participation. PAF has found that community-based micro-hydro projects fulfill the technological, environmental, economic and social sustainability criteria

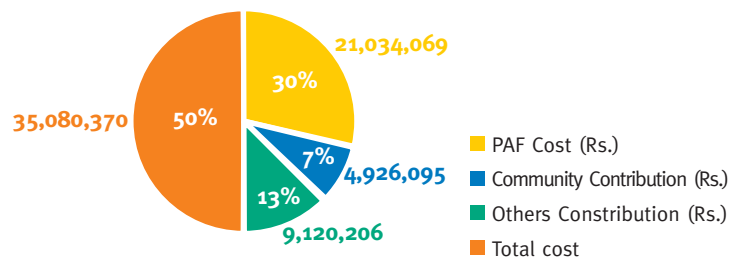
PAF has so far supported installation of twelve micro-hydro plants up to a capacity of 313 KW. PAF has contributed 60 percent of the total project cost in those projects, with other 14 percent contribution coming from the community and 26 percent from other development agencies including DDC and VDC. In mountainous region, nine community-based micro-hydro plants of capacity up to 131 KW have benefited

Owing to the impact the project has had on the community, more communities have approached PAF for installing micro-hydro plants in their locality. Keeping in mind the technical assistance requirement of the poor communities and sustainable development of community-based micro-hydro plants, PAF has recently signed Memorandum of Understanding (MoU) with Alternative Energy Promotion Center (AEPCC). This has been a sincere effort of PAF in forging partnership with the various development partners in fulfilling the demand of the poor community people and in the promotion of the low cost sustainable technology like micro-hydro plants for poverty reduction. □

PAF supported MH plants by Region



Cost Sharing Ratio for MH plants



## Workshop for SWOT analysis of PAF

PAF organized a workshop on SWOT analysis for its professionals on January 28, 2008. The workshop was half-day long and Chaired by Dr Ram Prakash Yadav, vice chairman of PAF. Raj Babu Shrestha, executive director of PAF highlighted the objectives of the program, while Parimal Jha and Kumar Upadhyay moderated the SWOT analysis process initiation.



## PAF Website visitor



A total of 43,328 visitors have visited PAF website till date. The website contains latest information on PAF, various publications and updated data related to community and partner organizations at the local level. According to Statcounter.com, a total of 20,671 visitors visited the PAF website ([www.pafnepal.org.np](http://www.pafnepal.org.np)) in 2007 while the number reached 22,157 in the first half of 2008.

## PAF video in WB website

A documentary of PAF programs in Ramechhap has featured in the World Bank website. The documentary highlights the activities and programs of PAF in the district and the impact they have had on the people's lives there. The documentary was prepared during the visit of the WB

Communication Officer Erik Nora in the district recently. The PAF related video is available at [webhttp://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21578827~pagePK:146736~piPK:146830~theSitePK:223547,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/0,,contentMDK:21578827~pagePK:146736~piPK:146830~theSitePK:223547,00.html)

## Training

PAF organized a training on 'Environmental and Social Guidelines' to its staff members and also held a daylong orientation schedule on the guidelines to the staff members of Partner Organizations.

PAF executive director Raj Babu Shrestha and Chief Monitoring and Evaluation (CMON) Jhanka Narayan Shrestha attended a workshop on 'Making Markets Work for the Rural Poor in South Asia'. The workshop was held in Colombo, Sri Lanka from January 28 to February 5, 2008.

## Agreement for Jatropha Oil Based Irrigation

PAF signed a memorandum of understanding (MoU) with Renewable Energy Project Support Office (REPSO)

of Winrock International to promote Jatropha oil based irrigation systems for improving income generation of poor farmers through increased agricultural productivity. Raj Babu Shrestha, executive director of PAF and Bibek Chapagain, acting director of REPSO, Winrock International signed the MoU on behalf of the respective institutions on April 21, 2008. Under the MoU,

REPSO would be creating awareness about the Jatropha technology, whereby oil extract of Jatropha (Sajiyon) could be used to replace diesel in irrigation pumps, among the PAF target communities in Siraha and others PAF districts. It would also provide training on Jatropha technology and operation of the Jatropha seed expeller by mobilizing Winrock's local partner in the involvement of PAF's respective POs. Likewise, PAF and REPSO would jointly establish one demonstration unit in the PAF working community in Siraha district as per the demand from the community with the facilitation of PAF's respective POs. Under the MoU, REPSO would also provide technical assistance to interested

**Tune Into Weekly  
Radio Programme**

**"Garibi Nibaran"  
from Radio Nepal**

Broadcast arrangement: Every **Friday**  
Broadcast time: **8.45 pm to 9.00 pm**

communities for scaling up and replication of technology regarding Jatropha oil as fuel for irrigation pumps. It would also support the communities in capacity building works related to Jatropha farming, harvesting, storing, expelling, operation and maintenance of irrigation pumps and oil expellers.

## WB launches NDM 2008

The World Bank has launched Nepal Development Marketplace 2008, a program through which it would be awarding innovative poverty reduction technology and programs.

Susan Goldmark, Country Director of the World Bank - Nepal office, unveiled the promotional campaign amid a function on March 1, 2008. She also introduced the campaign, highlighting how its innovative outcome could contribute to reduce poverty in a creative way. On the occasion, Rajib Upadhya, Sr. External Affairs Specialist of the WB presented the process highlights of the NDM 2008. He also introduced the NDM 2008 webpage, which provides detailed information about the campaign.

Dr Ram Prakash Yadav, Vice Chairman of PAF, on the other hand, shed light on innovation and PAF. He pointed out that the deep-rooted poverty of Nepal can only be reduced through innovative and new ideas. He also highlighted how PAF has encouraged the poor community to come up with original ideas in order to fight poverty and promote social advancement.

Likewise, Raj Babu Shrestha, Executive Director of PAF highlighted the performance of NDM 2005 Winners and the contribution they made in reducing poverty in the highly impoverished districts of the country. Kiran Nepal, president of Society of Economic Journalists - Nepal (SEJON), one of the partners of NDM 2008, also shared his views on the occasion.



## PAF and MLD for coordination and collaboration

Ministry of Finance (MoF) organized a special meeting with PAF in order to work out ways to facilitate and foster better coordination and collaboration between PAF and local government institutions. The meeting was held under the chairmanship of Rameshwor Khanal, Secretary of MOF, on April 1, 2008. Ganga Dutta Awasthi, Secretary of Ministry of Local Development, Roshan Bajrachaya of the World Bank and Raj Babu Shrestha, Executive Director of PAF were also attended the meeting.

It is agreed PAF to provide its program information to the DDC at the beginning of each fiscal year. The information should include details of the on-going sub-project activities and PAF's investment on those sub-projects along with an indication of total PAF investment for the year. This was done order to harmonize targeted poverty reduction programs run by the two institutions.

The meeting also decided that PAF would furnish information about its Partner Organizations (POs) and their working areas/VDCs to the DDC, and made the POs participate at the DDC planning.

It was also agreed that the Ministry of Local Development and DDC, while formulating program in PAF project areas, would avoid duplications and would support programs that would complements PAF's initiatives.

Likewise, PAF agreed to submit its trimester progress report to the concerned DDC. The meeting also decided that PAF project activities would be monitored either jointly by PAF and DDC or by the DDC alone.

## Field Visits by NPC & PAF Board

A team of National Planning Commission (NPC) visited two PAF districts - Pyuthan and Rolpa - from January 3-8, 2008 to observe PAF programs and to interact with the political leaders, local bodies and the district line agencies on ways to forge collaboration between them and PAF. The team comprised of NPC VC Dr Jagdish Chandra Pokharel, NPC member Deependra Chhetri, Joint Secretary, Ministry of Local Development Mukund Prasad Prakash, Joint Secretary, Ministry of Peace and Reconstruction Kiran Dhungel, Joint Secretary of NPC Jagannath Adhikari. During the visit, PAF staff facilitating the visit informed local leaders, office heads of district level line agencies, representatives of civil societies and the local people about PAF and its programs. The team visited Laligurans CO in Upallo Budhachaur, Khalanga-9, Pyuthan. The team also visited Basel CO in Dharamwali VDC, Srijansil CO in Dahakwadi VDC, Nawa Jagaran CO and Jan Sewa CO in Bijuar. The groups observed livestock, farming and infrastructure activities run under PAF assistance. The team attended an interaction program organized by Rolpa DDC and also visited COs, including Simalbang CO, Chahana CO and Samjhana CO in Libang. The team observed the programs implemented by the COs and interacted with their members.

Likewise, PAF Board Members visited Pyuthan from February 1-4, 2008 to observe programs PAF supported in the district. The visit was organized out of the interest of the Board Members to see for themselves the PAF program at the grassroot level. □

**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

# PAF in Brief

AS OF 13 MAR 2008



## 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). "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

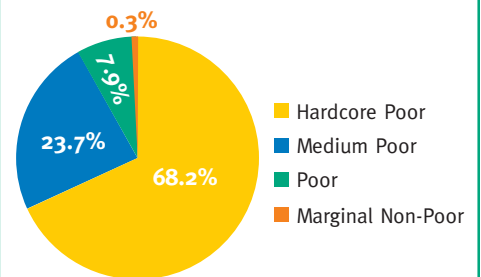
The Goal of PAF is to help the poor find their way on a sustained path out of poverty.

## 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: Programmes are designed based on the needs and demand of the people.
- ◆ Direct funding to community organization (CO) □

HEADING		NUMBER	AMOUNT (MILLION NRS.)	
Community Organizations	Registered with PAF	6,838		
	Agreement	6,137	2,763,908,915.54	
PAF Investment in CO	Income Generating Activities	5,935	2,287,353,019.53	
	Community Infrastructure	1,354	476,555,896.01	
<b>Partner Organizations</b>		221		
Districts Covered	Total	45		
	Initial 6 Districts	6		
	Additional 19 Districts	19		
	Innovative Window Districts	10		
VDC Covered	NDM-World Bank	8		
	POs Working	796		
	COs Programme Activity	658		
<b>PERCENTAGE</b>				
<b>CO Member HH</b>	Total	188,517		
	Poverty Ranking	Hardcore Poor (Ka)	128,545	68.2
		Medium Poor (Kha)	44,588	23.7
		Poor (Ga)	14,885	7.9
		Marginal Non-Poor (Gha)	498	0.3
Gender	Male	61,078	32	
	Female	127,439	68	
Ethnicity	Dalit	73,516	39	
	Janajati	54,514	29	
	Others	60,424	32	
<b>Total Beneficiary HH</b>		<b>222,537</b>		

CO Member HH by poverty ranking



CO Member HH by Ethnicity

