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RURAL POVERTY AND PARTICIPATION IN NEPAL
(A CASE OF SMALL FARMER DEVELOPMENT PROGRAMME)

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CHAPTER ONE **Introduction**

1.1. Background and Statement of the problem

There is an increasing awareness in third world countries that attempts to alleviate poverty through economic growth, industrialization and the modernization, which is also called technocratic style of development, have failed to achieve this basic goal.

Since "trickle down" approaches did not work, Inayathullah argued that

such failure and crisis of development in most Asian countries, or for that matter, in the third world, has turned out to be a crisis in rural development (1975:5 cited in Pradhan 1985).

Many countries' policies toward poverty alleviation also seemed to be dualistic and sometimes uneven in terms of developing regions and resulting concentration of development efforts to the urban sector and increasing marginalization of the poor. Hence new ideas of the necessity of popular participation and Social Mobilization in development have emerged.

Popular participation has become an important component of community development and poverty alleviation schemes, especially in Third world countries. It is considered as a collective form of self-help, which involves active cooperation between beneficiaries and agencies in different stages of programme execution: programme design, programme implementation and maintenance etc. (Chant 1992:225). Direct and active involvement of the poor in the poverty alleviation programmes is believed to increase the likelihood of success in a number of ways: in tailoring projects more closely to real needs and in raising levels of commitment of the poor themselves for the community activities.

In Nepal also initial poverty alleviation programmes were based on technocratic approaches as noted earlier, but as the country realised the problems of this approach, targeted type of poverty alleviation programmes have initiated during the late 70s. Thus, most current programmes are said to be guided by popular participation concept, but it has been noticed that even this type of programmes have not been very successful in making

a significant dent in improving the poverty situation in the country. To organize and mobilize the people, especially vulnerable groups, is a challenging task for a country like Nepal where only about 20 per cent of the rural population are literate (NPC, 1994) and more than 50 per cent of the total population are below the absolute poverty line (Koirala et. al. 1992).

In this light, Small Farmer Development Programme (SFDP), also one of the poverty alleviation (PA) programmes, having higher coverage through out the country and where participation of the poor is considered as core, is also not so effective in channelling the benefits of the project to the targeted poor. Hence, it will be worthwhile to look at whether such poor performance is influenced by participation of the poor or not.

1.2. Objective of the paper

The general objective of the paper is to analyze participation of the poor through group in Small Farmer Development Programme (SFDP)¹

Specific objectives

- To analyze the aims of the programmes in terms of mobilising the poor.
- To identify the main factors affecting poorer's participation in the case of SFDP.
- To analyze the relationship between group participation and achievements of the programmes.

1.3. Basic assumptions

SFDP has a participatory component, where the poor have to organize into groups in order to get access to the programme and the members of the group are responsible for decisions and recommendation regarding the project loans required for their members and repayments to be made. The rationale behind this approach is that the members of the group know each other very well and therefore, they can appraise the proposed project of the

¹ a targeted type of poverty alleviation programme having group approach

member in different ways and such appraisal will be more effective than a normal bank's appraisal in terms of looking at it from the institutional aspect, experience and skill of the borrower. Equally, they monitor whether the project is the right track or not, which is crucial for success. In this regard, it is believed that group mobilization ensures project success, thereby leading to improved income for the poor and consequently, to reduction of poverty. The concerned project agencies officially do not interfere in the decision making process of the group. Credits that are appraised and recommended by the group are granted unless there are any technical difficulties. Aside from appraising and recommending credits, there are two other components: group savings and social and community works, which also have to be carried out by the concerned groups.

Here the assumption is that, the poor performance of SFDP (as a poverty alleviating programmes) is due to ineffective participation of the poor.

1.4. Research questions

In order to test the above assumption, the following questions are examined:

1. What are the characteristics of poor and causes of poverty in Nepal?
2. What are the policies, strategies and approaches adopted by the government to alleviate poverty?
3. What are the main characteristics of the SFDP programme in terms of mobilization of the poor?
4. How far has SFDP been able to let the poor participate in the programme directly and how are they participating?
5. What is the process of decision making and what are the relationship of the poorer's group decision making and the output of the programmes?

1.5. Methodology and Limitation

The analysis of this participation is focused on "who", is going to participate in the poverty alleviation programme (target group), "how" they are going to participate (the process), for

"what" they have to participate (benefits) and "when" they have to participate (point of time), as suggested by Cohen and Uphoff (1977,7).

As said earlier, SFDP has basically three components: credit for income generating activities, social and community works, and saving collection and utilization. All such activities are done through the participation of small farmer groups (see symmetrical diagram annex 8).

The analysis proceeds by looking at the trends in formation of groups (no. of members) and other activities like disbursement and collection, social and community activities, saving collection and utilization and repayment. Relationship are to be measured from the time series data of the total SFDP, in general, and a sub-project offices (SPO)² Hemja, in particular.

A case of SPO Hemja of SFDP is herewith presented and analyzed extensively. Since there are both male and female groups, gender aspect in the programmes is also includes in the analysis. Here participation of the poor in appraising the credit and recommending to the agencies for approval are analyzed by looking at the minutes book of the some of the small farmer groups in SPO Hemja and some other SPOs. A total of 30 minutes (20 from the case study area and the rest from others) are collected from 30 different groups from 1985 to 1994.

Since training is found to be an effective tool in providing inputs to the poor in their decision making, this component of the SFDP will also be analyzed.

Because of time and resources constraint, the analysis basically depends upon secondary data: published reports on SFDP and related poverty alleviation programmes, documents, journals and data available from different agencies and institutions responsible for PA programme implementation and minutes of the different groups. Twenty minutes are collected from case study SPO and 10 from other groups of different SPOs. For the case study, only time series data collected from the SPO Hemja from its inception to 1994 and the collected sample minutes from 1983

²SPO is a unit office of SFDP located at the site.

to 1994 are used. The rest of the information like identification of small farmers in the beginning, land holding size of the poor could not be collected.

1.6. Organization of the paper

This paper is divided into six chapters. First chapter contains the introduction. Second chapter deals with conceptual framework, where Entitlement theory, Poverty, peer monitoring, small group credit and Social mobilization concepts are the main focuses of discussion. Third chapter starts with Nepalese case, where the agrarian structure of Nepal and government's efforts of people's participation is discussed. A macro level analysis of the SFDP in terms of participation and a case study of sub-project office (SPO) Hemja in the light of small farmers' participation are dealt in the fourth and fifth chapters respectively. Finally, conclusions are drawn and some strategies to strengthen SFDP for participation of the poor are recommended.



CHAPTER TWO
Conceptual Framework

2.1. Poverty and Entitlements: An introduction

Human beings, by birth, are entitled to have different alternative sets of commodities that s/he can acquire through various legal channels of acquirement, which is open to someone in his/her position.

The entitlement set of a person is determined by his original bundle of ownership (what is called his/her 'endowment') (Sen 1990:36).

Various different alternative entitlements may be acquired from such initial endowment through different means say trade, production etc., which can be analyzed, according to Sen through "Exchange entitlement mapping"(ibid).

A person becomes poor and may starve if his/her set of entitlements do not meet enough food for her/his survival; this can take place if some change would happen in their endowment such as alienation of land, loss of labour power by illness or other causes etc. Also changes in his/her exchange mapping may be caused by say fall in wages, rises in food prices, losing employment, sharp drop of the prices of the goods s/he produces etc. By those activities, the gap between endowment losing persons and not losing persons becomes wider, which ultimately brings poverty situation to the looser.

Every human being has a right to acquire the commodity bundle for his/her survival, but this type of acquirement though open to all, is not accessible to all equally because,

Human beings are thoroughly diverse not only in external characteristics (e.g. inherited fortunes in terms of natural and social environment where we live) but also in own personal characteristics like age, sex, proneness to illness, physical and mental ability. Even though such rhetoric (e.g. "all men are born equal") is typically taken to be part and parcel of egalitarianism, the effect of ignoring the interpersonal variations can, in fact be deeply inegalitarian, in hiding the fact that equal

consideration for all may demand very unequal treatment in favour of the disadvantaged" (Sen 1992:2).

So, because of such heterogeneity among human beings, equality in one space (say income) diverges from equality in another (say wealth). Grabbing opportunity also needs capability and capacity with the person and in most of the cases those who are loosing their endowment get less chance to grab it. This type of capacity also determines by various other factors like; economic inequality, class, gender and other categories, caste system, agrarian structure of the country, economic and social structure of the country and society s/he lives etc., in the countries like Nepal.

Moreover, in the case of Nepal, assets inheritance system also playing a major role in the decline of endowment especially in the poor family. If there is more than one son, the father's endowment will be divided equally among them. Since there is very little opportunity for lucrative employment in the countryside for the poor, the son's family have to depend only on such divided land, which will be insufficient in all cases. Other causes can be traced as natural calamities like soil erosion, landslide, over or under rainfall, riverbank cutting etc. caused by over depletion of the forest. Similarly, lack of basic services, lack of delivery services, low production and insufficient use of resources, low input use, skewed distribution of resources, gender disparity (women can not inherit their father's assets as in the case of sons), and undesirable social practices like dowry system etc., are also contributing to the poverty situation.

2.1.1. Poverty: the concept

As discussed above, poverty can develop in various ways. Now I will try to look at the poverty concept itself and other poverty related issues.

According to Altimir,

poverty is a situational syndrome in which the following are combined: under consumption, malnutrition, precarious housing condition, low educational level, bad sanitary

condition, either unstable participation in production system or restriction to its more primitive strata, attitude of discouragement and anomie, little participation mechanism in social integration and possible adherence to a particular scale of value different to some extent from that held by the rest of the society" (1982:2).

Thus, poverty is the deprivation and marginalization of the poor people by rest of the society. It is significantly influenced by the social and economical atmosphere prevailing in the society. Moreover, according to Chambers, 'Poverty' normally being used for two senses, firstly, to find out whole scenarios of the countries's deprivation in order to bring it in the main stream of the development strategies and secondly, it is used to measure and compare with other countries' similar situation (1994:9).

The concept of poverty, broadly, may be categorised into two: **Absolute Poverty** and **Relative poverty**. Lack of income of an individual or household to fulfil the daily minimum calories required to survive in the subsistence level for the mankind is considered as absolute poverty whereas, lack of access to the resources and power can be considered as relative poverty. If we look at poverty in relative terms, it is rampant not only in developing countries but also in developed countries, but absolute poverty however, is threatening most of the developing countries in Asia, Africa and Latin America.

Absolute poverty encompasses the condition of minimum subsistence level required to survive appropriate to certain circumstances. Whereas relative poverty will look in terms of inequalities in the income distribution. Rowntree (1902:86-87) classifies absolute poverty into primary and secondary. Primary absolute poverty is an income below which households fail to buy the absolute essentials of food, clothing, shelter, warmth, etc. Secondary poverty is a household's failure to purchase minimum subsistence/needs because of inappropriate or inefficient use of income otherwise adequate to meet the needs. Relative poverty, on the other hand, is the stage of above absolute poverty line below the determined mean level of income of the total

population. The group of people who can afford to buy for the needed calories intake but can not afford for the necessary things which average people of the country can afford would be considered as the population in the stage of relative poverty.

2.1.2. Poverty and Gender

Rural poverty is outcome not only of unequal distribution of resources between rich and poor but also of unequal access to the productive resources by men and women. Gender on the other hand does not only relate with the women aspect but also refers to the structural relationship between men and women and among men and women in the society. Gender relation generally reflects "the power relation between men and women" (Kabeer 1994:xii). This gap is not a result of the biological differences created by the nature but society and social structure have contributed to it to a large extent. Men are always being looked at from the bread winner point of view, whereas, women from a reproductive workers view.

In rural Nepal as well, in the majority of cases, girls are involved in assisting indoor household activities from their childhood, whereas boys go to the field to assist their fathers and other outdoor activities related to the productive works (Karmacharya 1994:6). Women hardly have accessibility to productive resources. There is partiality towards boys over girls from their very childhood in terms of education, work, and other social activities. The ownership of assets by women can only be found in cases where women are the household heads and since, the life expectancy of women is lower than men (WB 1994), the number of women household head is also lower. If we look from the land ownership point of view, only 6.4 per cent of the total 2.7 million land holder households in Nepal are women (NPC 1994:1 & 8). There is also feminization of labour wage in Nepal, where women received about 40 per cent less wage as compared to wages for males (personal experience). To overcome this situation, PA programmes were designed in such a way that both males and females will have equal access to the services rendered in Nepal,

and SFDP and Production credit for rural women(PCRW) are some of them.

2.1.3. Incidence of poverty

To find out the exact incidence of poverty in any country is a very difficult task, but it is believed that since the majority of the Least Developed Countries (LDC)'s population lives predominantly in rural areas, poverty is rampant in rural areas as compared to those in the urban areas. According to the FAO publication in 1982, about three quarter of the total population in Africa, Asia and far east are rural and the near east has about 56 per cent. It is only in Latin America, where the rural population is less than half of the population i.e. 35 per cent (79).

Moreover, poverty assessment is viewed not only in the light of household income, but also in terms of consumption, calories intake, health status, rate of infant mortality, illiteracy rate, life expectancy of the population etc. The percentage of poverty is also different from one country to another.

In the case of Nepal, there are different categories³ of poor with heterogenous social, economical and cultural background, and poverty also prevails predominantly in the rural sector. It is estimated that 95 per cent of the poor live in the rural areas and also the recent World Bank/UNDP study estimates that in Nepal the incidence of poverty is about 70 per cent when poverty line income is taken as US\$ 150 per capita per year. Also according Koirala et al, around 10 million or more than 50 per cent of the population are falling in this group (1992:93). So, incidence of the poverty is disproportionately high among the rural population.

2.1.4. General typology of anti-poverty programme

To overcome such alarming rate of poverty incidence, different types of anti-poverty programmes were implemented in different countries especially in Asia. The nature, general characteristics

³poor with land, without land and near landless

and typology programmes which normally go under the label of "Poverty alleviation programme", though such programmes in different countries constitute a mix of efforts, by in large fall under certain broad categories as follows:

- i) Direct productivity raising type of programme
- ii) Employment generating programmes
- iii) Welfare oriented programme

- i) This type can further be divided into three; (a) land reform measures especially in land development and distribution, (b) target group oriented productivity raising and income generating programmes especially in technological innovation for the marginal farmers and (c) general productivity raising as in above (b) but without targeting.
- ii) In this category simultaneously the programmes to build infrastructure were incorporated. All kinds of public works, food for works programmes fall under this category.
- iii) Welfare oriented programmes were also in two types: targeted and non targeted and both type exclusively for the poor (ESCAP 1985:7-8).

Despite tremendous efforts and huge investment in Poverty alleviation programmes, the situation of the poor has become worse especially in the third world countries like Nepal. It is therefore believed that most of the anti-poverty programmes which were implemented could not reach the real poor; rather comparatively better off people enjoyed it because most of the programmes were guided by the top down approach and were not able to address the real problem of the rural poor. So, mobilization of the poor in programmes has become a great concern and "Bottom up" approaches are considered to be more effective in terms of sharing the benefits to the targeted poor. Hence the concept of Social Mobilization emerged. This notion was also adopted in Nepal, and various PA programmes were designed accordingly during the 70s, including SFDP.

2.2. Social Mobilization and participation

In the recent days, Social Mobilization (SM) is used synonymous to the term popular participation, and participation of the poor in development has been the major prerequisite for the poverty alleviation. Though the concept emerged soon after the second great World War, its incorporation in development activities is very limited until the Economic and Social Council of the UN in 1975 recommended that the government of any country must

adopt popular participation as a basic policy measure in national development strategy, encourage the widest possible active participation of all individual and national NGOs in the development process in setting goals, formulating policies and implementing plans (UN, 1975).

Social Mobilization (SM) can be defined as

The organized efforts to increase control over resources and regulative institutions in given social situations on the part of group and movement of those hitherto excluded from such control (Stiefel et. al. 1994:5).

Therefore, SM is control over resources or regulative institutions by the disadvantaged group of the society. This feature was not taken seriously by the general developmental programmes or so called technocratic type of programmes.

SM in development is the participation where poor have to participate directly or indirectly in developmental activities in order to get the benefit out of it and such benefit is normally income. According to Baetz,

Popular participation in development means how community members can be assured the opportunity of contributing to creation of communities' goods and services" (cited in Uphoff et. al. 1975:5).

SAARC⁴ commission report indicated SM in development as,

⁴SAARC is South Asian Association for Regional Cooperation and consists seven countries viz, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Srilanka)

a socially vibrant grassroots process whereby people identify with the process as their own, with occasional help from facilitators⁵(1992:50)".

This process leads to a higher level of consciousness among the poor which involve the experiences of reality, thereby, they are able to participate as active actors in the development process of the areas they belong (ibid). Moreover, the process of SM normally is not a spontaneous phenomenon, therefore, the poor need to be assisted in order to stimulate and initiate the process of development. Here the facilitator is the one who can educate the participants to understand the socio-economic situation of the areas and develop the capacity to translate different possibilities in the concrete action (ibid:58). So, SM is the process of mobilizing the mass of the population, whereas, participation, on the other hand, has quite limited meaning in the case of poverty alleviation and in the case of SFDP as well,

Participation refers to the formal involvement of members in the exercise of control, usually through decision making in group meetings (Tennenbaum 1973:84).

According to Adams, participation appears to be more of a structural process which comprises basic social dynamics of the groups, it is a power structure in operation and always looks for reciprocal actions (1976:17).

In Richardson's view,

Participation refers to the ways and means by which ordinary citizens can or do take part in the formulation or implementation of social policy decisions.(1983:4).

Moreover, in the broader sense, UNRISD⁶ has identified six dimensions of the participation (cited in Stiefel et.al. 1994:6-10).

1. As encounter between excluded group of society and group who enforce for such exclusion, where excluded group

⁵external agencies who is responsible for the programmes to be implemented.

⁶United Nations Research Institute for Social Development

confront the controller who determines patterns of access to the resources, services, status and power in the society.

2. As movement and/or organization of would be participants, where the poor or powerless, through organized efforts, develop influencing capacity to maintain permanent organizational structure, leadership, class homogeneity etc.
3. As biography i.e. the individual participatory experience, where every individual members will be able to choose the group to be joined in order to participate in the activities according to his personal experiences.
4. As the programmes and projects for the disadvantaged would be proposed and executed by Government or NGO agencies, the impetus of participation does not come from the disadvantaged group themselves but some relatively privileged powerful entity has its own idea of what ought to be done and can command certain human and financial resources.
5. As a component of national policy and where again three components are relevant to the inquiry namely: (a) question of participation considered as a component of development policies and plan; (b) question of representative democracy; (c) question of participation as a component of national policy apart from other developmental programmes where mobilization of whole population is considered.
6. Finally, study of anti-participatory structure and ideology prevailing in the society, who want to maintain existing monopolies.

Similarly, if we try to categorise the participation, it can broadly be categorised into three:

- i) Supportive participation
 - ii) Semi-active participation
 - iii) Active participation
- i) Supportive participation

In this type, the poor do not have any right for decision making and/or control. They just support the developmental

programmes, whatever it is. If the poor accepts the developmental work which is considered for implementation for their benefit, is supportive participation. In Nepal, IRDP⁷ can be considered as supportive participation.

ii) Semi-active participation

If the poor are given right of decision making but not the control, this can be considered as semi-active participation. This type has a major role in the implementation stage of any developmental work. They can even refuse the programmes. But when the programme starts, then the poor do have a right to decide on some of the activities, but they do not have any control over the programme. There are some of this type of programmes in Nepal like; Production credit for rural women (PCRW), Small farmer development programme (SFDP), Grameen Development Bank programmes etc.. Where the poor are officially said to be the decision maker for the credit and other social activities to be borrowed and/or done from their group.

iii) Active participation

This is some sort of empowerment to the poor. In this type, the poor have full right over the project. They have decision making, as well as, control over the developmental activities launched in their areas. Here it is assumed that the poor can take the programmes according to their need and requirements. The agency responsible to implement it virtually can not interfere the poor's action or decision. A newly started programme called Institutional Development⁸ may fall under this category.

Those type of mobilization can also be limited to certain stages of any projects like participation in benefits sharing, participation in evaluation etc. Poorer's mobilization in benefit

⁷Integrated Rural Development Projects, though it is not a participatory programme, but people are said to be participated through their support.

⁸Where poorer's organization will take charge of SPO and mobilize the poor. From ADB/N's view it is a just financial intermediary. But other activities like training, are the responsibility of ADB/N.

sharing has become a great concern to those who are dealing with poverty alleviation by raising the income of the rural poor. According to Uphoff et.al, participation has to look at who participates, how they participate and why they participate. If we simply say the "rural poor" or "poor" are the ones who participate in the activities, this is quite broad. Thus, we need to define which type of the poor population will participate. This paper therefore, will attempt to identify those type of poor who are targeted by the programmes. Moreover, age, sex, family status, caste, occupation, income etc., are also equally important to identify the beneficiaries, who particularly belong to the vulnerable group.

As we discussed earlier, participation is a reciprocal process. When the poor participate, they look for some benefits out of it and which must be explained before hand. Generally, developmental projects will be able to create the environment to generate the income from the programmes for the poor if the poor themselves participate properly according to the objectives but facilitators have to be very active to streamline those things (Arora,1979:7-9). Therefore, in SFDP, Group Organizer (GO) has been assigned to perform these activities.

2.3. Necessity of Participation in Poverty alleviation

T.K Jayoraman argued that agricultural development is not possible without cooperation of the poor farmers and this cooperation can not be achieved unless there is a sense of participation by the clientele in the decision making process (cited in Arora:1979). By this statement, what can be argued, is that, in a country like Nepal where about 90 per cent of the population depend on agriculture, more than 50 per cent are very poor and also 95 per cent of this poor population live in rural areas, poverty alleviation is a very difficult task. It is therefore crucial that the poor people themselves involved in the decision making process in order to ensure that the programmes for implementation will accrue to their benefit.

On the other hand, this scheme of mobilization of poor, which result in some sort of sharing of power represent a basic and initial stage of democratisation.

The idea of participation in Poverty alleviation should make linkages between characteristics of local and social system, strategies of development, and participation pattern. And that relationship of participation should be focused to the economic activities of the project or programmes thereby participants would be able to enjoy the programme to generate some income (Cohen et. al. 1977:311). The people especially the poorer's expectation towards participating in some programmes launched in their areas is geared more toward their personal interest rather than that of the society as a whole. So, if they do not see direct benefits out of it, it is very rare that they participate effectively according to the objectives of the project/programmes.

There are a lot of theories relating to participation but many of such theories were written from their own perspectives, and in many cases, such arguments are unreconcilable, and as such there is very little room to solve such differences. So, according to Cohen et.al., it will be wise to keep the elaboration of rural development participation reasonably neutral to theoretical predilections. It will be nice to skim the cream from all theories and try to apply according to the situation they fit (ibid:312). We, in the country like Nepal, have to see the level of participation from the causes and effect of participation with regards to control over economic activities and the sharing of the output.

Participation of the poor can be done in different ways in PA programmes. But based from experience, it has been proven that upliftment of the poor or alleviating the alarming rate of poverty incidence is only possible if the PA programmes would have the followings characteristics: Credit component, peer monitoring system, savings and other local activities to be done by the poor themselves. Hence, targeted, group based credit scheme is considered to be effective, which has been applied in the case of SFDP.

2.4. Targeted, group based credit programme and poverty alleviation

Provision of credit scheme in poverty alleviation programmes is considered to be the major incentive for the poor. With that the impact on house economy of them will be effective because:

When loans enable the borrower to grow more food or earn more income, they also enhance his/her purchasing power, creating more demand for goods and services, increasing employment opportunities, raising wages and generally stimulating economic growth (IFAD,1992:1).

Such credit can be borrowed in rural Nepal through formal institutions and local money lenders. The formal credit institutions failed to incorporate the poor and small borrowers because they always look for collateral for credit. The poor, especially in the third world and specifically those in South Asia, are either assetless or near to it, and therefore, could not produce the needed collateral to get credit. Therefore, formal credit institution do not reach out to the small and poor farmers. However, the informal credit sector like the local money lender, merchants etc., are providing credit to them but with higher interest rates. The good thing about it, is they do not have to raise any collateral since both borrowers and money lenders are from the same geographical areas and more or less have the same socio-economic backgrounds (Islam et. al. 1993:25). The poor also prefer to get credit from the local money lender in countries like Nepal because of many factors; firstly, diversified topography and in many cases the location of the formal institutions will be so far that the cost of borrowing will be expensive than borrowing from local money lenders, secondly, bureaucratic formalities, which is very much cumbersome for the illiterate farmers, lastly, since poor have very limited assets or no assets, they can not afford for collateral etc.

So, an alternative step has been realised and taken in different countries especially for the poverty alleviation programmes. Which was also followed in Grameen Bank of Bangladesh. The feature of this type of scheme is granting the credit on the basic of group guarantees without tangible

collateral, which is considered to be the major bottleneck for the formal credit institutions to grant the credit to the poor who are assetless.

According to Pradhan:

Failure of institutional credit agencies to penetrate into the rural areas is not only confined to the extent of the area coverage, more than this, lower strata of peasantry as represented by the small size group of farm families have not been able to utilize what ever support the institutions have extended (1981:18).

Moreover, credit is transfer of cash or kind from the formal or informal institutions with a promise to pay back to the loaner in the allocated time with necessary interest therein (Karmacharya 1994:2).

The group approach credit programmes have following advantages:

- i. In the successful group the credit institutions needs less supervision, and possibility of repaying back in high compared to non-group approach.*
- ii. Group credit has been advantageous to reach larger number of small farmers because target group will be identified from among the poorer segment thereby possibility of more equal distribution.*
- iii. This type of group credit found to be entry point to work as a force to unite members and the benefits derived from the activities due to the use of credit generates confidence among the members that it is acting as a liberating from exploitation (K.C,1981:66).*

These type of scheme will help to overcome the structural constraints of the institution (formal) where it use it's own criteria and bureaucratic procedure in identifying target group to avoid leakages in reaching the poor.

Group formation with homogeneous socio-economic background of the poor is to organize and realise their poverty situation and act in a collective form in order to overcome such situation. It is believed that member of the group will able to articulate

their needs more clearly during group discussion, and also they present their solidarity to act against the exploitation prevailing in the society (IFAD,1985).

This type of group approached is considered to be guided by the peer monitoring system or Stiglitz model, propounded by Joseph E. Stiglitz. He suggests in his model (1990) that;

some of the ingredients in the design of successful peer monitoring are (1) the lender provides credit to a group of self-selecting borrowers rather than to an individual borrower (2) the number of members in a group is small in order to enhance the effectiveness of monitoring and (3) the members of each group must be provided with incentives to monitor the actions of their peers (cited in Islam et.al. 1993:28).

But in SFDP, though there is a system of group based small credit approach, collateral is required at least from the group level and it is assumed that each group will most likely include both members who are assetless and those who can provide the needed collateral. In this manner, the assetless poor benefits from the opportunity to use other member's assets as his/her collateral but in the case of Grameen Bank, no any tangible collateral is required from the group. At this juncture, it is useful to cite the case of Grameen Bank as a successful programme (see box 1 on pp 22-23).

In conclusion, as we discussed earlier the poor are poor not because they are born from a poor family, but the society and the heterogenous nature of the human beings made them poor. Because of poverty, s/he will have less access, less power, less information and less capacity etc. It has been proven that direct involvement of poor to the programmes specifically targeted for benefits is very crucial in any PA programme. Their direct involvement would ensure that the program would cater solely to the targeted poor, thereby avoiding leakages. There is not a single mechanism which could serve as an ideal measure for Nepal. The different concepts discussed above are all equally important to eradicate poverty but the application of only one concept will

not necessarily solve the poverty situation. What is needed is a holistic, comprehensive development strategy for poverty alleviation which incorporates SM, credit components etc. as in the case of the GB model. Transformation of economic base is at the core of PA and this is possible if the rural poor are incorporated, hence, ensuring the operationalization of the bottom up process of participation.

Participation can be enhanced if the poor actually adopt it as a way of life, and this is possible if participatory culture is inculcated at the place of work through the group approach. Top down approach of participation, on the other hand, does not guarantee real participation in the place of work nor in group decision making in the case of Nepal where about 80 per cent of the rural poor are illiterate (CBS 1994).

Moreover, poverty alleviation (PA) is not possible without involving women since they constitute half of the population of Nepal. From the Grameen Bank model, it became obvious that the incorporation of women in PA programme contributed to the programme's success. Similarly, credit from the formal and informal sources is considered as entry point for such economic and social transformation and which helps to increase their endowment through income generating activities.

To this effect poverty alleviation programmes based on mobilization of the poor through group approach with the components of the credit and other social activities have been started in Nepal. It is assumed that the poor will be able to share the benefits of the programmes effectively. Small farmer development programme (SFDP) is the biggest PA programme in terms of coverage, and has the aspects of an integrated programme; nevertheless it has not alleviated the plight of the rural poor in Nepal. In fact, in most cases, their situation worsened as proven by statistical evidence on the poverty situation in Nepal. This study will therefore attempt to examine the extent of achievement of SFDP implementation, with the end in view of determining their causes as to why it has not significantly improved the poverty situation, despite the fact that it more or less follows the successful GB model in terms of participation.

Box 1: ASSETLESS ARE BANKABLE, A case of Grameen Bank model

Bangladesh, one of the poorest countries of the World, has the population of 112 million. The country is extremely poor even by Asian standards with a significant part of the population living below the poverty line. Natural calamity also being one of the main factors attributing such poverty (SAARC report, 1992:80).

The Grameen Bank (GB) approach which started in 1976 as the pilot programme covers now 28,214 villages, has 1.2 million borrower on its roster until end of June 1992 (ibid:82). The Grameen Bank attempting to mobilize the poor through local capital formation and assets creation, has following major objectives:

- i. To enhance the credit facilities to the rural poor.
- ii. To create the self-employment opportunities for the under and unutilized human resources.
- iii. To bring the vulnerable and disadvantages group in the area of development where, they can understand and operate self-reliant type of economical as well as social activities with mutual understanding and support.
- iv. To change the old pattern of vicious cycle "low income, low or no saving, low investment, low income" to "low income, access to credit, investment, more income, more credit, more saving, more investment, more income" (ibid:80).
- v. To eliminate the traditional money lenders' exploitation.

The main strength of the GB model lies under the group approach of the programme. Collective responsibility of the group becomes a partial substitute of the collateral, which was the main hurdle for the poor to access to the credit from the formal credit institution. Here in this model, a small group of five of homogeneous in terms of their status in the society, from those who could be trusted forms the core building blocks. The poorest two among the five gets the credit first and after perfect repayment of such credit for eight weeks, then the other two (not the group chairperson) will get. Only after the good performance in terms of repayment in weekly basis for eight weeks by the second two then only the chairperson will get the credit (Siwar 1991:52).

The coverage is good and the repayment rate is amazing figure of 98 per cent (Rahman et al 1994:52). Based on sample survey by Hossain (1986), it is estimated that it generated employment to its one third of the members. Since, level of income is the function of level of employment, there is positive impact in the income of the members from the tiny loan they get from the bank.

Grameen Bank has been impressive and became to be exemplary institutional model in the poverty alleviation programmes because of the successful peer monitoring system. The early stage of GB a group of ten or more was asked to be formed to be eligible to get services. But later those group of 10 or more found to be too large to be effective for peer monitoring and later such composition brought down to five members because,

"with a large group there is a free-rider problem each would prefer that other expend the energy required to monitor and incur the ill will that would result from reporting offenders who have misused the funds lent to them" (stiglitz 1990:361 cited in Islam et.al. 1993:29)

To be eligible to get repeat loan, the member must involve in monitoring
contd....

Box 1 contd.....

the actions of their peers. The member of a group are considered to be disqualified for another future loan if any member breaks the discipline and become default on the loan. So, the system has been designed in such a manner that the successfulness of the project of the group members will be checked by their own peers themselves. If we look into the initial stage of credit, first two poor, who are entitled to get credit must pay back the weekly amount for eight weeks smoothly in order to get by the next two (without leader). So at least those two eligible poor will always be worried whether the project has been successful and has been paid weekly instalment or not by the first two. Same will happen to the leader of the group, when the next two poor get credit. In this way there is a continuous process of check and balance in the group. Which is the crucial factor to be successful for social mobilization in Grameen bank approach.

The incentive of repeat loan is an important ingredients in the success of the Grameen Bank (Islam et.al 1993:30).

Other best part of this model is the service delivery system. The bank staff visit to the poorer's house for granting credit and collecting weekly payment. This delivery system also contributing to the successfulness of the project because poor and small farmers have to work from morning to the evening just to feed themselves and in the mean time if they have to go to collect credit and repay it in the bank situated quite far from their village, then they become reluctant to go, because they have to spend lot of time and money to get or pay-back the credit resulting high cost of borrowing to them. In many cases this cost of borrowing will be even higher than borrowing from the local merchant. This type of problem, which is still prevailing in many of the developing country, has been tried to rectify to the maximum extent in this model (see annex 1 for detail achievement).

This model was also replicated in Malaysia under the name of Amanah Ikhtiar Malaysia (AIM) during 1988 and is equally successful and a study by Social economic Research Unit of Malaysia in 1991 revealed that the programmes contribute positive impact on poverty alleviation (cited in Siwar 1991:57).

CHAPTER THREE

Rural poverty, Interventions and Participation in Nepal

3.1. Poverty and Agrarian structure

3.1.1. Caste, Poor and Poverty in Nepal

Nepal is one of the least developed countries of the world with a population of 18.4 million living in an area of 141,181 sq.km. Despite being such a tiny country, its topography is very much diversified. The country is divided into three topographical zones; Mountainous region bordering Tibet of China, Hilly region central belt of Nepal and the plain region in Tarai bordering India. These regions respectively represent 23, 44 and 34 per cent of the total land area of the country (CBS 1994).

Nepal does not only have a diversified topography, but its caste system is, also equally, diversified. Basically, there are four traditional categorised castes; Brahman, Chettri, Vaisya and Sutra. Brahman comprise the priest group and are comparatively well off in terms of land and other properties. Chettri are basically considered to be physically capable of working hard and they are also moderately rich and are also composed landlords in many cases. Vaisya are mostly composed of traders and those who are involved in business activities and are also relatively rich. The last category, Sutra, also known as untouchable group consist of those who work for the three upper classes and they are paid either in kind or cash for their service. If we consider the case at present in Nepal, the Sutra cluster of the population are more vulnerable than that of upper or middle caste (Pradhan 1982).

As earlier mentioned, there are several categories of poor in all castes system with different socio-economic backgrounds. Since poverty is predominantly a rural phenomenon, 95 per cent of this poor population live in the rural areas. Likewise, since poverty is also an agricultural phenomenon, about 82 per cent of the rural poor are either agriculture self employed or agricultural labourer (Gurugharana 1992:94). Other important characteristic of the poor in Nepal is they lack assets and in the rural areas the principal economic asset is land. The poor have either very little but unproductive land or no land at

all. An average land holding by the poor in Tarai is about one hectare (with more than seven members in the household on the average) and 0.3 hectare in Hills (with more than six members per household on an average) (ibid). The only important asset of the poor, is therefore, then labour power. However, since they are unskilled, the poor are forced to sell their labour at very low wages in most cases, such that it may even be lower than the amount required to buy the needed calory intake commensurate to the work. This is further aggravated by the lack of non-farm activities and the seasonality of labour.

The per capita annual income of the poor in the rural areas is about 45 per cent of that for the non-poor, while the rural non-poor would have only 40 per cent of the income of the urban non-poor. Likewise, Nepalese poor spend about 74 per cent of their income on food only (90% on food, fuel and clothes) and spend a negligible percentage for education and health (ibid:96).

Poverty in Nepal, is more prevalent in the Hills region than in the Tarai and far more prevalent in far western than in the eastern regions of the country. Also it is more predominant among vulnerable groups⁹ than elites. The magnitude of poverty is therefore, estimated between 40 per cent to 71 per cent¹⁰. Ten percent of the total households are estimated to be landless. (ibid:93).

3.1.2. Agrarian structure

Agriculture, the dominant sector of the country's economy, is largely traditional and characterized by low productivity. More than 86 per cent of the population this proportion is highest in the mountain (89.5%) and lowest in the Tarai (85%), depend on agriculture (NPC 1992), and it accounts for 52 per cent of the gross domestic product (GDP) (WB 1994:NPC 1992). The number of people dependent on this sector are still increasing every year, whereas, agricultural productivity is clearly declining (NPC 1992). Thus, the production of the this sector can be claimed to

⁹lower castes, ethnic tribes etc.

¹⁰Due to methodological differences adopted by researchers/institutions

have failed to meet the pace of growth of the population and as a consequence, led to an increasing trend in poverty incidence.

The other two sectors of the economy viz: Industry and service contribute about one per cent and 13 per cent of the total GDP, respectively. Share of the service sector is highest in the Tarai region, which is registered at nearly 14 per cent and the lowest in the mountain region posted at 10 per cent (ibid).

3.1.2.1. Land use

About 26533 sq.km. (18% of the total area of Nepal i.e 147181 sq.km.) of land are classified agricultural and 55334 sq.km. of land are belong to forested areas. The rest of the land can not be used because they are either barren, poor pasture, mountains or wasteland (CBS 1992:34). The topography of the country also limits the availability of cultivable land. The Geology, topography, and climate of the country made the hill and mountain regions highly prone to erosion. More food and fuel wood required to meet the demand of a rapidly growing population have accelerated the environmental problem. Also large areas of the land unsuitable for crop farming have been cultivated. Reduction in fodder supply has led to overgrazing of pasture and further encroachment on forest lands, which ultimately affected agricultural production not only in hills and mountains but also in Tarai.

3.1.2.2. The economy

Agriculture as the backbone of the economy of Nepal, basically depends upon the agricultural production from cultivable land and principal natural resources. About 95 per cent of the economically active population depend upon agriculture, which generates 52 per cent of the GDP. The share of government revenue in total development expenditure is decreasing and that of foreign aid is increasing. Though the government expenditure in development has been increasing every year, the output has not correspondingly increased (ADB/HMG,1982:5). Presently, some peasants have started a system of agro-forestry but such percentage is very low. Nepal's trade deficits also increased:

it has increased from 9755 millions of rupees from 1987/88 to 18233 millions during 1991/92 (CBS 1992 and 1994).

The reasons for stagnation or decline in agriculture are due to several limitations. One of the major limitations is the climate, which is still crucial for agricultural production since less than 15 per cent of the total arable land in the country have access to the irrigation. There has been extensive cultivation in marginal lands leading to decreasing soil fertility, as a consequence of insufficient replenishment for the needed of soil nutrients (ADB/HMG 1982).

3.1.2.3. Land holding

Average land size per household is 1.5 ha, which is higher by 2.11 ha in Tarai and 1.25 ha in Hills and distribution of the land is highly skewed in favour of the rich land owners. More than 55 per cent of the farmers own less than 12 per cent of the arable land and the average farm size of this 55 per cent is about 0.12 hectare (ADB/HMG 1882). Six per cent of the farmers with the largest land holding, own 44 per cent with an average land holding of 6.8 hectares. The land rich farmers are mostly absentee landlords, who produce the crops on the basis of either share cropping or daily wage labour arrangements or both, where such share croppers or wage labour will have neither any motivation nor the resources to increase production.

3.1.2.4 Crop production

Almost 90 per cent of the total cropped area is under cereals and the remaining 10 per cent is being used for cash crops. Paddy, wheat, maize, millet and barley are the major cereals, whereas, potato, mustard, jute, sugar cane and tobacco are the major cash crops in Nepal. Moreover, the productivity of the cereal crops are also found to be declining (ADB/HMGN:1982). The situation of the hill area limit both agricultural potential and development.

3.1.2.5 Land reform

Land reform was enacted in 1964 with the following features: Ceilings on ownership of land and the distribution of excess land to tenants and landless farmers, award of tenancy right to those who actually tilled the land, security of tenancy, fixation of rent, scaling down of peasant debts, collection of compulsory

savings for advancing credit to small farmers and tenants etc. This reforms however, have been found to be total failures and have not made any impact to alter the skewed distribution of landholding (ibid).

3.1.2.6 Livestock

Livestock also plays a significant factor in the economy of Nepal. An average farming family keeps 3.7 cattle and 1.9 buffaloes in Hills and 2.5 cattle and 0.85 buffalo in Tarai. They contribute about 15 per cent of the GDP and 25 per cent of the agricultural GDP (Ibid).

The national development plan, since 1970s has given higher priority to agriculture. It was given importance at par with the transport sector in the fourth development plan during 1970-75. In the fifth plan period (1975-80), further emphasis was given and agriculture was declared as the lead sector of the economy. In the following plan (1980-85) it got high priority and the development budget was increased to 30.4 per cent from 26.5 per cent from the previous plan for its development. The Basic needs approach and structural adjustment programme (SAP) were focused in the seventh plan(1985-90), however, the agriculture sector was accorded the highest priority in this plan as well. Thirty four per cent of total investment expenditure was allocated to the agriculture sector alone (WB/HMG 1990:37-38). With such huge investment in this sector, it is believed that the impact is very low. The arable land, production rate and productivity were increased by 1.8, 5.1 and 3.3 per cent respectively over the period. The present eighth plan (1992-97) has also given equal importance to this sector as it considered to be the foundation of the Nepalese economy and can contribute significantly in raising the standards of living of the people. About 28 per cent of the total investment budget of this plan is allocated to it (NPC 1992).

To increase productivity in the agricultural sector, the government initiated different programmes like; input subsidies, credit subsidies etc, but they hardly had any impact on the landpoor people. In fact, as a result poverty and landlessness increased. To this effect, targeted type of poverty alleviation

measures were initiated during the 1970s to ensure that these programmes actually benefit the poor and small farmers. SFDP, is one of these programmes, was implemented in 1975.

3.2. Government's strategies for development efforts through mobilization of the poor in Nepal (past and present)

People's participation is not a new phenomenon in Nepal. It was started even in the early periods of Nepalese history, and broadly, we can divide the periods of its development in four categories. In most of the cases this component is concerned with agriculture, health, education, and public works like roads, bridges, water supply etc. :

3.2.1. Before Rana regime(until 1846)

Though different Kings in different period talked about the improvement of the welfare of the people and implemented such programmes accordingly, not a single significant programme with a social mobilization component was visible. The first significant attempt on people's participation in developmental activities can be traced during the Prime Ministership of Bhim Sen Thapa (from 1816 to 1846), who introduced Guthi system¹¹. He was also involved himself in building roads and bridges (Adhikari 1982:19). This type of involvement in development activities by the Prime Minister himself motivates the people to participate in the programmes. This was a kind of top down type of participation. After this attempt, not a single such significant programme is found until the Rana regime.

3.2.2. Under Rana regime (1846-1950)

In 1846, Junga Bahadur Rana become the Prime Minister of Nepal. He made the Kingship inactive and the Rana Prime Minister became the *de facto* ruler of the country until 1950. This period is called as the Rana period as recorded in the modern history of Nepal.

During that time some of the activities for the welfare of the people were done. Some sort of decentralization measures were

¹¹religious trust attached to a temple, and other type of guthi was for funeral ceremony of the trustees, where each members has to contribute to solve the problem of guthi by contributing cash or kind.

implemented. The country was divided into four administrative zones (North, South, East, and West) under four commanding general and 24 districts. Out of such 24 districts, 12 districts in Tarai were under 'Bada Hakim'(Chief district in-charge) and 12 districts in the hilly area were under 'Hakim'(District in-charge). The main purpose for this type of decentralization was to collect tax from the people. Since Tarai is the main source of agricultural products, the tax collection in this region is relatively high, so the position of the Bada Hakim was also considered to be high compared to the Hakim in terms of power.

Some of the early development works until 1901 were directed towards construction and renovation of roads, construction of wells, embankment of river to prevent erosion, digging ponds, establishment of taps and opening of some 'Pathsala'(traditional school).

Some notable activities for rural development were started in 1925 and 1938 by creating 'Krisi Parisad'(agriculture council) for the development of agriculture and 'Udyog parisad'(industrial development council) for the development of industries. Also promotion of Nepali cloth, cottage industry were undertaken (APROSC 1986:14). For these activities, the ruler also used to request the people's help by paying tax in time. Whatever they have done in the name of participation was completely a coercive type of participation. People were compelled to do the things the Rana wanted them to do.

3.2.3. Before Panchyat regime(1951-1961)

After the dawn of democracy in 1951, the post revolutionary government had to confront the developmental task. So, they adopted two broad objectives of development(ibid:15);

- To provide for a substantial increase in the country's agricultural production.
- To improve socio-economic life of the people in health, hygiene and education.

'Tribhuvan village development committee' was formed to carry out various village development programmes in 1952. But since these programmes and the committee did not produce any result, village development scheme was brought into effect in the following year

by introducing "village development programme"(VDP)¹² with the assistance of U.S and India. This programme got high priority, and received the third highest allocation of the plan outlay in First five year plan (1956-1960)(Pradhan 1985:2). In this plan, local development through trained workers, who would be able to access the local need and mobilize the poor for development activities was emphasised. VDP became the first significant programme in terms of success even with limited infrastructure and resources. In this period some amount of voluntary participation by the people was evident however most of such participation was initiated through the top down approach.

3.2.4. During panchyat regime (1961-1990)

After king Mahendra instituted a new political system in 1961 called 'Partyless Panchyat system', a new constitution was promulgated, where full power was bestowed on the King. The rationale behind this system was stated as: "it was rooted in the life of the people in general and in keeping with the national genius and tradition, and originating from the very base with the active cooperation of whole people, and embodying the principles of decentralization (constitution of Nepal, 1961). Thus in the effect, the constitution itself endorsed social mobilization as the pre-requisite for development.

Since VDP became popular in terms of successfulness, this programme was carried out by the second plan (1962-65) with a different name; 'Panchyat Development Programme' (PDP). Some modification were also made. Local necessity like roads, schools, foot bridges, drinking water were the main activities of this programme and local manpower were used in the programmes. In the third plan (1965-70) this programme was upgraded to a full-fledged sector for development, and the introduction of the Panchyat development land tax was introduced (Pradhan 1985:3), which can also be considered as some sort of people's participation in development. But low priority was accorded in the fourth plan period (1971-75) because the main feature of the

¹² a kind of integrated development programme for the village

plan was to give emphasis on regional planning approach to reduce regional imbalances (Kafle 1991:26).

Fifth five year plan can be considered as the turning point for rural development in Nepal, where social mobilization was given more importance. "People oriented production on the one hand and the maximum utilization of manpower, on the other, were the twin objectives" of that plan (Pradhan 1985:3). Local level government organization and class organizations¹³ were also legally empowered to engage in a wide variety of social works and production activities with the help of the local poor. But due to the domination by the local elites in those organizations, such development efforts through participation did not entirely benefit the rural poor. In some cases it had an adverse effect on them, as a result of which, the poor accorded very little support in carrying out the developmental activities by local institutions. Moreover, they had a notion that the development activities are the responsibility of the government. So, unnecessary dependence on the government and other line agencies was developed

After the introduction of the sixth five year plan (1980-85), the social mobilization component in development activities was more emphasised. A policy for the promotion of social mobilization was adopted. IRDP¹⁴ received top priority during the plan period. It tried to integrate the project activities into existing institutions(like traditional cooperatives) at the local, as well as, at the district level in order to enable the people to carry out such development activities from the inception to the evaluation stage.

The Decentralization act of 1985 can be considered as another milestone for social mobilization in Nepal, which was brought into effect in the eve of Seventh plan period (1985-90).

¹³there were different class organization during that time i.e. youth, women, children, elder etc.

¹⁴integrated rural development projects, where people has to take care of the activities related to the infrastructure development and agricultural development with the support from the implementing agencies. The focus of the IRDP was in rural and under developed sector of Nepal.

Where emphasis was given to the local people in local planning and equitable sharing of local resources. It also emphasised the involvement of local people during monitoring and evaluation stages of the local plans. This plan had given the concept of decentralization process and planning into practice. Local level panchyat (lower political body) were planned to develop, to plan and implement the local level programmes. Following were the policies regarding rural development (NPC 1985);

- To formulate decentralized and integrated plans.
- To promote and develop institutionalised means for local level development processes in order to reduce the dependency towards the centre.
- To develop coordination between national and local level plans.

During this planing period huge amounts were provided to develop local development programmes and a commensurate amount of local resources were set aside for mobilization through people's participation. But at the end of the plan period, there was a trade embargo by the India because of trade and transit agreement problem (during 1989) and in the beginning of the 1990 people's revolution were taken place against the regime and ultimately the panchyat era had ended and democracy was restored in May 1990. Hence, in this period the concept of bottom up approach of participation was introduced. SFDP is one of them.

3.2.5. Under Democratic regime (1990-onward)

After the resumption of democracy in 1990, a new constitution was promulgated where the people were given more and more importance and the king became the constitutional monarchy. People's participation was considered to be one of the major tools of development.

It is clearly mentioned in the poverty alleviation policy of the present eighth plan (1992-1997) document that;

poverty is a widespread phenomenon in Nepal. Though there is a lack of dependable data as regards the magnitude of poverty it is estimated that 9 million people of total population live in absolute poverty. The country's development is obviously impossible without the

participation of such a huge section of population in the development process. Hence, special efforts will, therefore be made during the eighth plan for poverty alleviation (Eighth plan,1992:617).

In essence, poorer's participation was clearly enunciated in the plan, and as such, was acknowledged to be one of the tools for poverty alleviation.

Although the social mobilization component in poverty alleviation efforts has gained top priority in most of the developmental activities in Nepal, its practical application still leaves much to be desired.

The following is a statement of one of the objectives adopted by the government for the present eighth plan period (1992-1997) specifically for rural development and poverty alleviation through participation:

- *To maximise people's participation in rural development works in order to create a base for sustainable development.*

To achieve such objective the following specific policies were likewise adopted;

- *Rural development programmes will be carried out with the active participation of local bodies*
- *Production, Productivity, and income generating employment opportunities will be increased with the maximum mobilization of available resources, skills and technology.*
- *Special programmes will be launched for the well being of the women and socio-economically weaker sections of the society. etc.*

From the enumeration of the above objective and policies, it is clear that, the government intends to institute active participation of the people as one of the major components for rural development.

CHAPTER FOUR

Small Farmer Development Programme (SFDP) for poverty alleviation

To get rid of widespread poverty in Nepal, His Majesty's Government (HMG/N) initiated and implemented several types of poverty alleviation programmes. Initially non-targeted type of programmes were implemented and later it was noticed that such non-targeted type of programmes did not share the benefits of the programmes among the poor and small farmers, then the targeted type of PA programmes were launched. One of the major programmes, Small Farmers Development Programme (SFDP), where mobilization of the poor is considered to be an important aspect, is one of the pioneering programmes in terms of poverty alleviation in Nepal. It was implemented during 1975 with the assistance of FAO with the objective of enabling the target group (i.e small and poor farmer) to increase their income and welfare in a self reliant manner through expansion and diversification of their economic activities (Khadka 1992). This was the outcome of the workshop called 'Development support for small farmers' held in Nepal during 1974 and it was considered in the beginning as the field action project having the objectives of;

workers and beneficiaries should understand the principles on which action is based, every initial project shall create a prototype for the region, and make a training ground for the field workers.

It has two essential features;

- 1. Organization at grass roots of a receiving/utilizing mechanism of participating small farmers*
- 2. Adjustments of the delivery mechanism at the local implementation level so that the mechanism can better serve small farmers. (SFDP a decade, 1988)*

4.1. Rationale of SFDP:

The philosophy of SFDP is to organize small farmer group at local level consisting of 5 to 25 members, assisting them in various economic activities through raising agricultural productivity, agro-based enterprises and other social programmes in order to

make them self reliant. This philosophy was based on the concept of peer monitoring for the projects undertaken by the fellow members of the group. Integration of different social programmes (like population education, health, sanitation, nutrition, adult education etc.) with the assistance of concerned line agencies is also an aim of SFDP. Training is considered as an input for farmers to enable them to formulate group plan and programmes for their requirements for the development of participation and planning from below. SFDP is, therefore, considered as action based research in order to expand the programme in other areas with necessary evaluation and follow-up.

Also the poor need to borrow money for different purposes like social ceremony (wedding, funeral etc.) and other income generating activities (basically agricultural inputs). Since formal credit institution like commercial banks in Nepal ask for collateral and cumbersome formalities even for tiny loans that are limited for income generating purposes, the poor find it easier to approach the local money lenders despite their high interest rate charges. So other rationale of SFDP is to reduce such exploitation by the local money lenders at least to the beneficiaries, if the credit is for the income generating activities. However, in much of rural Nepal, the exploitation of the poor by local money lenders persist.

But as noted earlier, Collateral is required in SFDP unlike Grameen Bank model. Such collateral is basically in terms of land assets because the poor normally do not have other assets. Moreover, if all members of a group do not have any land, then there will be a problem of getting credit.

The concept of the SFDP is that small farmers as individuals are weak and exploited, but if they are assisted to develop group consciousness then they will be able to guide their group and/or community to the productive way. The strategy of SFDP, as earlier mentioned, is to organize groups,

in which participation is direct not through representatives, in which procedures and management are non-formal and in which several function of common interest is performed (Pradhan 1985:16).

The group organizer, who is the facilitator for the entire group activities, officially is not entitled to interfere in group action(s). Basically there are three types of groups; male, female and mixed (both male and female members in one group). Each group will have a group leader, who is responsible in mobilizing the rest of the members. According to SFDP rule, at least the leader, should have clear-cut concepts of SFDP and its activities plus the group's responsibilities. Both male or female members may be appointed as the leader in the case of mixed groups.

The activities of the group are essentially income raising which is financed by credit from ADB/N¹⁵ through local SPO, group savings and utilization, and the social and community activities with and without the assistance from the SPO. The concept of peer monitoring system is considered to be adopted.

4.2. Identification of the poor and group formation

Initially, the identification of small farmers was done on the basis of the land they own: e.g., a family or household having 20 ropanies in the hills or four bighas¹⁶ in Tarai was considered as small farmers. This was later changed to 0.75 ha or less irrigated land and/or one ha or less un-irrigated land in hills and 1.3 ha or less irrigated land or 2.6 ha or less un-irrigated land in Tarai. However, this criteria later revealed that, having such amount of land in urban areas, can lead to the generation of a substantial income by the land owners through renting or selling the land. Therefore, the land criteria was replaced by the income criteria in 1978. A farmer family with a per annum per capita income is equal to or less than Rs. 950 in 1978 constant prices, is considered as small farmer family. This estimation of the income, is undertaken by the GO¹⁷ assigned to that SPO by simply conducting a survey on income of

¹⁵ Agricultural Development Bank of Nepal

¹⁶ 13 ropanies equals to one bigha and 20 ropanies equals to one hector.

¹⁷ group organizer, who used to work as facilitator

householdheads. Net income is obtained by deducting total annual variable cost from the total annual household income and dividing the result by number of the family. Presently, the amount is Rs.2,500 according to 1987/88 prices (ibid). The land criteria is used liberally by mere approximation, while the income criteria is followed strictly to confirm the approximation.

4.3. Organization and management

The programme followed a multi-tiered management system. A project coordination committee (PCC) was formed under the chairmanship of the permanent secretary of Agriculture ministry at the national level with representatives from different line agencies. The main objective of the committee is to give direction, supervision and monitoring and evaluation of the project in macro prospective. Policy formulation is another duty of this committee.

District level sub-project implementation committee was formed under the chairmanship of Local development officers with representatives from different line agencies working at the district. It's objective was to take charge of inter-agency coordination for implementation of the project and on-going projects. This committee also select the location for the new SPOs. They are also responsible for coordination between PCC and village level.

At the village level, where the SPO has to be established, there are also a committees under the chairmanship of VDC¹⁸ chairman. Other members are consists of GO, and other village level leader and officials. This tier is responsible for monitoring and evaluation of SPO located at the site. Also it coordinates with district level committees.

The executing agency, Agricultural Development Bank (ADB/N) has a separate division for this programme called, small farmer development division headed by division chief under a Deputy general manager (DGM) responsible for operation. Above the DGM, there is the head of the ADB/N, General Manager (ADB/NPC 1994:7).

¹⁸Village Development Committee, a lower administrative body in Nepal.

There is coordination between and among these committees and ADB/N for SFDP programmes, if some necessary changes in the operation of the programmes need to be undertaken.

4.4. Expansion and achievement

After the successful implementation of Field action cum research project in 1975, SFDP expanded rapidly. During the first five year plan (1975-1980), 29 SPOs were established forming 634 small farmers (SFs) groups covering 6,623 members. Details of the expansion is given in table 1 below.

Table: 1 Major information of SFDP (1975-1993) (in number)

| Fiscal Year>> | 1975/ 76 to 1979/ 80 | 1980/ 81 to 1984/ 85 | 1984/86 to 1989/90 | 1990/ 91 | 1991/92 | 1992/ 93 |
|-----------------------|-------------------------------|-------------------------------|--------------------------|-------------|---------|-------------|
| New SPOs | 29 | 133 | 297 | 6 | (70) | - |
| Cumulative SPOs | 29 | 162 | 459 | 465 | 395 | 395 |
| District covered | 25 | 25 | 25 | - | - | - |
| Cumm. districts | 29 | 50 | 75 | 75 | 75 | 75 |
| new VDC covered | 43 | 205 | 326 | 6 | 25 | 15 |
| Cumm. VDCs | 43 | 248 | 574 | 580 | 605 | 620 |
| New groups formed | 634 | 3920 | 9976 | 2353 | 1714 | 1804 |
| Male | 617 | 3344 | 8366 | 1776 | 1283 | 1178 |
| Female | 17 | 576 | 1610 | 577 | 431 | 626 |
| Cumm. groups existing | 634 | 4554 | 14530 | 16883 | 18597 | 20401 |
| Male | 617 | 3961 | 12327 | 14103 | 15386 | 16564 |
| Female | 17 | 593 | 2203 | 2780 | 3211 | 3837 |
| New members | 6623 | 34982 | 73616 | 16389 | 11101 | 10640 |
| Male | 6378 | 30160 | 60041 | 12317 | 7798 | 6241 |
| Female | 245 | 4822 | 13575 | 4072 | 3303 | 4399 |
| Cumm. members | 6623 | 41605 | 115221 | 131610 | 142711 | 153351 |
| Male | 6378 | 36538 | 96579 | 108896 | 116694 | 122935 |
| Female | 245 | 5067 | 18642 | 22714 | 26017 | 30416 |

Source: Small farmer development programme division, ADB/N, 1993/94

If we look at the financial achievement a total of about Rs. 1 billion 836 million have been invested and about Rs 1 billion 28 million have been collected until 1992/93. Similarly, Rs.12 millions have been collected as savings by small farmers from the inception up to 1988/89. According to IFAD assisted SFDP I, APROSC evaluation in Dec. 1987, SFDP is able to raise the income of its beneficiaries by an average of eight per cent per annum, whereas, only for non-farm activities by 17.9 per cent and farm

activities by 5.1 per cent. Similarly, according to APROSC's another study on generation of employment by SFDP in 1989, employment rate increased by 30.5 per cent as compared to the situation before (cited in Khadka 1992:340-341).

Likewise, with regard to social and community activities, there was an increase in such indicators as school enrolment, literacy, using hygienic toilet, drinking water, participation of farmers in local organization etc, ranging from 10 to 30 per cent increase in before and after situation have been noticed by the same SFDP I study (ibid:343).

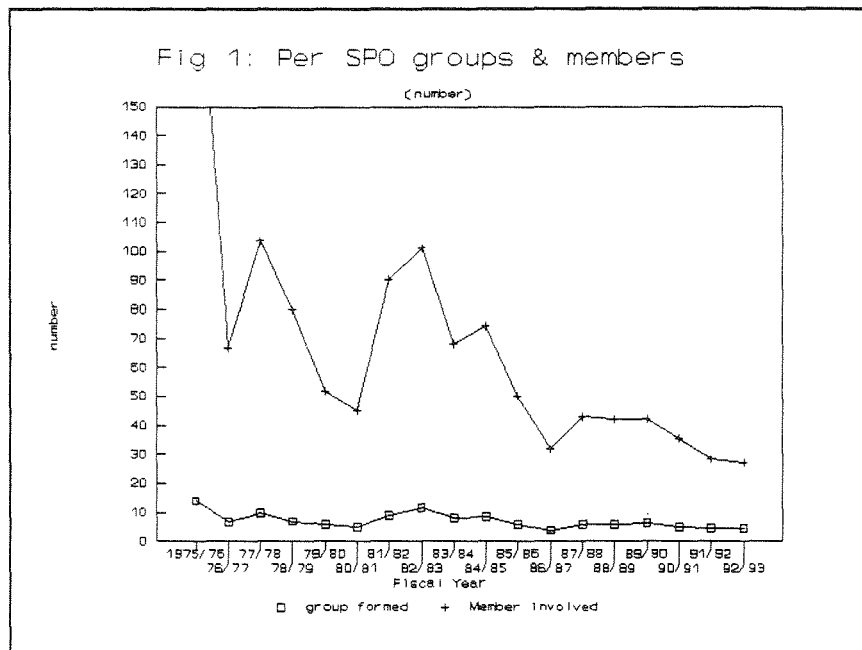
4.5. Participation of the poor

From its inception to 1992/93, the pace of SFs coverage under SFDP is very low. Only 153,351 poor have been covered under this programme. If this type of progress remains, it takes many more years just to cover the present targeted small and poor farmers (Adhikari 1994:3).

Group formation is the core of the programme, thus, the higher the formation rate of the group, the better will be the position of SFDP in terms of the rate of success. Till 1992/93, throughout Nepal, only 20401 groups have been formed from its inception in 1975/76 covering 153,351 households or members. Cumulative increment percentage was quite good in the beginning of the programme but presently it went down to less than 20 per cent per annum and is still on a decreasing trend. Only during 1989/90 and 1990/91, did the trend improve a little better. One of the major causes for this, as discussed earlier, may be because of the restoration of the democracy in Nepal thereby even the poor were enthusiastic towards the government and government's programmes. If we look at the figure per SPO group formation, it is very poor. In some of the years, only 4 groups were formed, on the average, per SPO during the whole year; and the maximum number of groups were formed in the first year of operation (fig 1 and Annex 2). Also the ratio between males and females weakened despite the expansion of the SPO (annex 2).

The cost invested for running the SFDP programme was also found to be quite high compared to the service rendered by it.

It requires RS. 67.15 million (on an average Rs. 170,000 per SPO and 395 SPOs in operation during 1992/93) just to operate the SPOs. With this huge investment, if it forms only 4 groups per annum, then question of



continuation of the programme arises¹⁹. As we know clearly, SFDP has three main components viz; Income generating activities, Saving collection and mobilization and social as well as community activities, a macro level analysis will be done in those three aspects in the light of poorer's participation;

4.6. Mobilization of the poor in Income generating activities

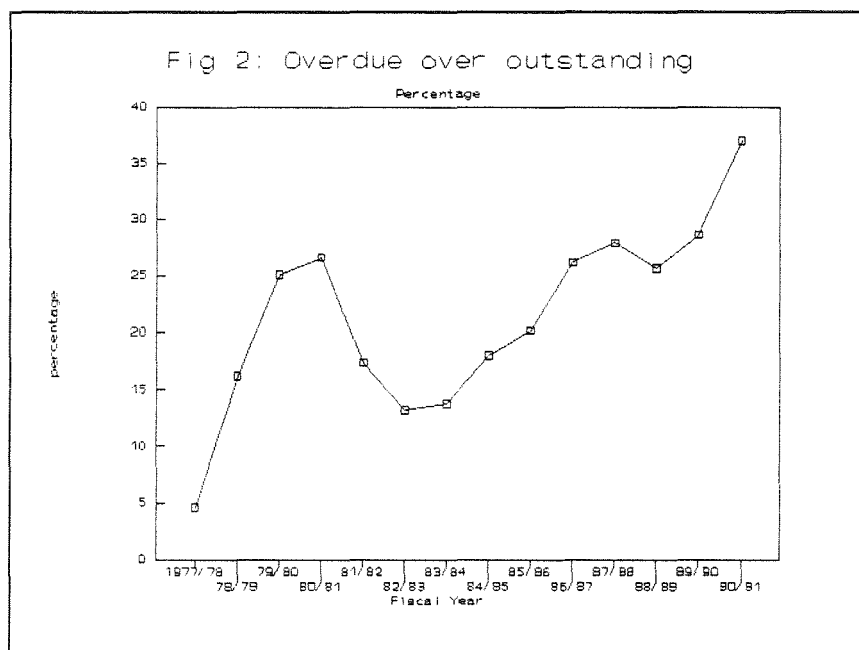
Mobilization of the poor through income generating activities is one of the main aims of SFDP. Such activities include both agricultural, as well as, non-agricultural. But if we look at the tendency towards the disbursement, as well as collection of the credit for income generating activities, it is not encouraging. In the beginning, increment percentage of investment, as well as, collection was good and in some years it was even encouraging. Now for the last few years such increment percentage is deteriorating.

If we calculate per capita investment and collection per annum, the increment percentage is somewhat good, but the amount is not satisfactory. Per borrower, investment is pegged at an average of Rs.1,700 per annum, with a maximum of Rs.2,400.

¹⁹Based on the expenditure of SPO Hemja as calculated by SFDP project performance audit report 1994

Similarly, with regard to collections, average per capita collection is Rs. 638. If a farmer gets credit of Rs. 1,700 to invest in agricultural activities at the interest rate of 14 or even more per cent in the case of Nepal, it is extremely difficult to generate the necessary profit that will enable him/her to spend for household expenditures. If s/he is unable to generate at least the interest plus marginal profit out of that investment, it will be very difficult to repay the loan on time, thus often resulting to overdue loans. Similarly, if one member fails to pay the loan back on time, then the whole group is considered to be at default and the rest of the members become ineligible for further credit. In that case, either the rest of the group members have to pay the credit on behalf of the specific member at default, or they can ask SPO to take action against him/her to restore the rest of the group members credit worthiness.

Although, on the collection side, the increment rate is somehow smooth and also per capita collected amount is increasing gradually, which is good indication of the creation of awareness about credit among the



poor. But on the other hand, if we look at the overdue amount and collection rate, the trend is very much disappointing As we see in fig 2 the trend of percentage of overdue over outstanding loan is sharply increasing over time and also the repayment rate is 50 per cent on the average in most of the year (up to 1990/91 only)(see annex 2).

With this contradictory figures, we can argue that though the collection per capita amount is increasing, it may not only be attributed to the increased awareness of the poor, rather some of the borrowers are getting huge amounts as credit and some of these big borrowers do not pay on time, thus resulting to a similar scenario. This argument can be supported by looking at some of the minutes collected, where borrowers are borrowing more than Rs. 30,000 for different purposes (see annex 5).

4.7. Saving collection and utilization

If we look at the saving collection and utilization, we must say that it is gradually increasing, however, such increment percentage is also found to be gradually decreasing. For the first two years (1976/77 and 1977/78), such increment percentage was even more than 500 per cent of the previous year, whereas, in 1989/90 it is only 140 per cent. But per capita savings is on an increasing trend. It was Rs. 4.34 per annum in 1975/76 to Rs. 125 in 1988/89. With this figure, it can be argued that though it is a small figure, the consciousness on savings among the poor has been developed. But the utilization part is not known at the macro level. However, the amount they saved, if they do not use it, would be deposited in the ADB/N with interest. Moreover, from some of the sample minutes of different places of the country along with the SPO Hemja, also tell us that the savings component is getting importance among small farmers group as reflected in some of the decisions they made. In fact, the small farmer groups have initiated a move to raise the amount of monthly savings.

4.8. Social and community works

This part seemed weak in SFDP. Though many of the studies and papers mentioned that there is a positive impact made by these programmes in social and community activities (see Khadka 1992:343), it was not clearly mentioned that the progress made can be exclusively attributed to the success of the SFDP. There may be other factors behind as well. Also, the minutes collected both from the case study area and other SPOs of different parts

of the country have not made any decision on performing some sort of social and community works, nor did they agree to use their savings in this respect, but as a rule, the group has to decide as to which of these activities will they undertake. Moreover, soon after restoration of democracy in Nepal, different types of NGOs are emerging and launching different PA programmes in different parts of the country. And if we look at the case of SPO Hemja, the pace of these activities have somehow increased from 1989/90. But to develop infrastructure and protect environment etc., these activities have to done by mobilizing the poor. However, SFDP's role to this light also should not be ignored.

4.9. Farmer's training and decision making

To generate awareness through skills provision and knowledge enhancement among the rural poor, training is quite necessary especially for the group decision making activities in the case of PA programmes. Until and unless they know the core objectives of the programmes, they can not effectively participate especially in the case of vulnerable groups in the society. This type of situation was also realised in SFDP. To this effect, ADB/N has created a special training division called Agricultural credit Training institute (ACTI) at the central office, Kathmandu in 1977 with the objective of conducting knowledge and skill oriented training for the employees and client farmers. Later the necessity of a Regional Training Center (RTC) was felt because; to call farmers to the centre for training became costly, the daily allowance allocated to them was not sufficient to survive in Kathmandu, participants also have to spent more time outside their field etc.. So, five RTCs were established representing all five developmental regions of Nepal. Locations of the centres were also chosen according to the volume of SFDP activities. To conduct related research to strengthen the activities of the bank in general and SFDP in particular a research section was also annexed in ACTI and named as Agricultural Training and Research Institute (ATRI) in 1992 (ATRI 1994:1). Basically, the training are related to agriculture and agricultural production. Some training are also skills-oriented like, knitting, sewing etc.

Leadership development and decision making process type of training are also offered. Women and development, sanitation, adult education are some of the other training that are launched for social and community activities.

Until 1992/93, a total of 59,782 small farmers (SFs), of the total 66,424 trained farmers²⁰, were trained so far from a total of 2,471 different types of training since the inception of ATRI in 1977. Out of this figure, 21,253 are females and rest are the male poor. Though the aim of the ATRI was to conduct training for both farmers and staff, but according to the progress report of ATRI, such farmer's training only started from 1980/81 from the ATRI level and from 1984/85 from RTC level (see table 3) (ibid).

Here also it can be said that only 40 per cent of the total members involved in SFDP were able to take part in some sort of training. Also the participation percentage in training by female members was found to be more, i.e 70 per cent of the total female members, whereas, only 31 per cent in the case of the male members. From this figure also it can be said that females are not only getting priority but also they participate very seriously and sincerely and try to apply the skills they learned in their own situation. Whereas male members are found to be ignorant and negligent (personal experience).

Roughly a total of 8.33 million rupees are being spending in training per annum, (based on about 48 % of training cost of Rs. 13.191 million in 1993/94, was used for SFs' training and same 48% for salaries and other expenditures for training staff and offices, which is roughly Rs. 4 million²¹), and which was more than Rs. 1,000 per trainee. It is not a small amount in the case of Nepal, where more than 70 per cent of such amount has to

²⁰here farmers means both small farmers eligible for SFDP farmers and other farmer. However, 90% of the total farmers is assumed to be the SFDP targeted small farmer as per personal experience.

²¹This calculation is based on the followings;
For ATRI 31 employees @ RS. 2000 per month per employee on an average
For RTCs on an average Rs. 650,000 per annum for both office and salaries based on average expenditure of the branch offices, which is the similar status in terms of staff and expenditure.

depend upon the donors. Thus, if the training becomes less effective they may stop to continue the contribution.

Table 3 Farmer's Training in number

| Fiscal year | From ATRI level | | From RTC level | |
|-------------|-----------------|---------------------|-----------------|---------------------|
| | No. of training | No. of participants | No. of training | No. of participants |
| 1977/78 | - | - | - | - |
| 1978/79 | - | - | - | - |
| 1979/80 | - | - | - | - |
| 1980/81 | 1 | 18 | - | - |
| 1981/82 | 141 | 3646 | - | - |
| 1982/83 | 203 | 5284 | - | - |
| 1983/84 | 234 | 6175 | - | - |
| 1984/85 | 236 | 6202 | 63 | 1221 |
| 1985/86 | 43 | 1102 | 78 | 1603 |
| 1986/87 | 1 | 11 | 243 | 7433 |
| 1987/88 | - | - | 129 | 3425 |
| 1988/89 | 4 | 63 | 192 | 5760 |
| 1989/90 | 15 | 210 | 230 | 7274 |
| 1990/91 | - | - | 201 | 6658 |
| 1991/92 | - | - | 227 | 5228 |
| 1992/93 | 3 | 26 | 227 | 5085 |

Source: ATRI ADB/N, 1993/94

In conclusion, we argue that the pace of the SFDP is very slow not only in terms of coverage but also in mobilizing the poor. Also the disbursement per capita is very low, thereby, greater difficulty in raising even the amount of interest²² of the borrowed capital. Consequently, raising profits is out of the question considering that more than 80 per cent of the borrowed capital will be used for agricultural activities, where the rate of return is low in the case of Nepal having less irrigation facilities and diversified topography. Even in the case of Malaysia, according to an independent study conducted by Socioeconomic Research Unit (SERU,1991) on Ikhtiar project Malaysia, that farmers mainly involved in agricultural and livestock project could hardly get out of poverty because of lower income, unlike those from the non-agricultural sector

²²Interest rate varies from 13 to 15% of the borrowed capital based on the purpose of the credit.

(cited in Siwar 1991:57). Thus, resulting to a very low repayment rate.

Similarly, since most of the women do not own the land title in Nepal, women groups are facing problem in applying and qualifying for SFDP loan. In many cases they use their husbands' land titles as collateral in order to get credit but in such case there are restrictions imposed on the use of the loan for income generating activities. But from the GB model, female beneficiaries are very much successful in operating income generating activities, compared to their male counterparts.

Mobilization of the poor at a greater pace is only possible when there is a general feeling among the poor that the programme facilities would really help to fulfil their basic needs if they utilize it in a proper way.

Moreover, it has been proven that subsidies to the small farmers do not contribute effectively in the economic upliftment of the poor. But, the Nepalese Government still continue to uphold this policy of subsidizing the poor like interest subsidy for small borrower. Eighty per cent of the amount of interest is actually subsidised by the government, if the borrowed amount of loan is less or equal to Rs. 5,000 and one third will be for the amount not exceeding Rs. 15,000. Both categories of credits lie under SFDP programme. This brings to question of certainty as to whether the increment arising out of the programmes is caused by such subsidies.

CHAPTER FIVE

SFDP, a case of Sub-project office (SPO)

Hemja, Kaski

This chapter deals with a case study on SPO, a operational unit office under the SFDP programme. The objective of this chapter is to get the micro level idea of participation in terms of decision making by the group and their members. The reason behind choosing SPO Hemja as the case is that it is considered as one of the best performing SPOs in the country.

5.1 Hemja, brief description and agrarian structure

Hemja, one of the 395 SPOs under SFDP in Nepal, is located at the Kaski district of the western development region. The establishment of this unit office took place in Oct 1982 covering one VDC. The distance from Kathmandu to that site is about 205 km and the closest (5 km) market or business centre is Pokhara, which is one of the largest among the cities and tourist centres in the country.

5.1.1 Profile of Hemja Village Development Committee before implementation of the project and present

| | <u>Before 1982</u> | <u>at present (1993/94)</u> |
|--------------------|--------------------|-----------------------------|
| Population | 5,582 | 8,468 |
| Male | 3,000 | 4,197 |
| Female | 2,582 | 4,271 |
| Illiteracy rate | about 40% | about 30% |
| No. of house-holds | 919 | 1528 |
| Small farmers | 825 households | not-known |
| Arable lands | 15,000 ropanies | Same |
| Irrigated land | 4,000 ropanies | Same |

composition of ethnic groups;

| | |
|--|-------|
| Brahman | 40% |
| Chhetri | 35% |
| Newar and Magar | 8.5% |
| Traditional occupation group (untouchable) | 16.5% |

Professions: 90% agriculture, 5% labour, 2% service, 1% in cottage industries, 2% business.

Major crops: Paddy, Maize, Wheat, Potato, Fruits and vegetable.

Source: SPO Hemja 1993/1994

5.1.2 Agrarian structure of Hemja VDC

Hemja VDC is also predominantly agricultural just like the whole country. About 90% of the population depend on agriculture for their income, while, the rest (10%) are engaged in other professions. A total of 15,000 ropanies out of 22,500 ropanies (i.e 66.6 per cent of the total area of the VDC) is considered as arable land and only 4,000 ropanies of land have irrigation facilities. As in the rest of Nepal, the distribution of land in this VDC is also highly skewed in favour of the rich people.

Table 3: Land distribution pattern among the population in the VDC

| Area of land owned | Percentage of Household | Percentage of land owned |
|-----------------------------------|-------------------------|--------------------------|
| 0.15 to 0.50 ha | 53 | 17 |
| 0.50 to 1.00 ha | 29 | 22 |
| 1.00 to 3.00 ha | 10 | 20 |
| 3.00 to above | 8 | 41 |
| Total arable land area 1125 ha | 100 | 100 |

source: SFDP Hemja 1994

None of the families are landless, but 82% of the total households own only 39% of total arable land with an average land holding of 0.37 ha per household in the VDC.

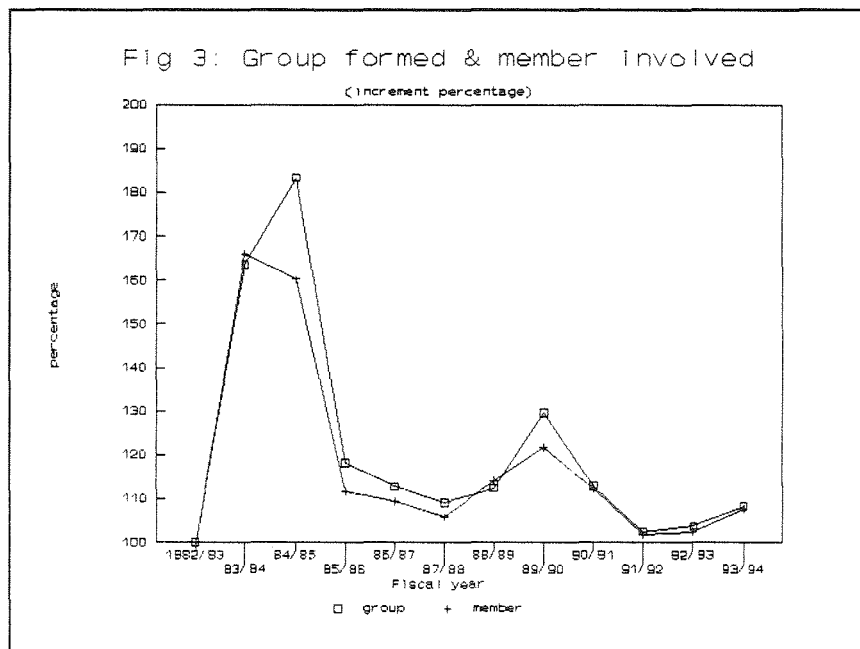
5.2 Group formation and membership

A sum of 825 households (i.e 90% of the total 919 households), were considered as the small farmers at the time of establishment, and only 11 groups (3 females and 8 males) were formed consisting of 112 members (37 female and 75 male members) during that year. But by 1993/94, there are 84 groups encompassing 513 members. Out of them, 23 groups having 174 members, are the female groups. There are only a few mixed group with both the male and the female members, but almost all such groups are leading by the male members (see Annex 3 for detail).

In the beginning of the operation, there was great enthusiasm among the small farmers in forming groups. From 1982/83 to 1984/85 the percentage of increment in group formation was high, but it gradually started decreasing except during

1989/90. For that year alone, 16 groups were formed consisting of 10 females and 6 males. The reason behind such a jump in only one year could be the effect of the trade blockage by India during 1989 and the

restoration of democracy in Nepal, which bring back the people's faith towards the government including its programme. When India imposed a trade embargo on Nepal, the farmers were very much worried because



of the uncertainty of getting inputs for their agricultural activities and there was a quota system for such inputs from the government. The recommendation of the SFDP was considered valid to get the quota. On the other hand, after the restoration of democracy, people expressed confidence on the government but for only a few months. Likewise, the membership in groups also followed the same trend (fig 3)

5.2.1. Composition of the group and the caste

The composition of the groups is more homogeneous in terms of caste and in most cases similar caste would have more or less the same income level. In the case area, most of the groups are either the brahman or the chhetri, which belongs to the upper class caste. None of the groups constituted of the sutra caste or untouchable group. Also according to Sah (1985, 1991 cited in Koirala et al 1992:21) lower castes and ethnic groups have been left behind in SFDP. If we look at some of the groups where the composition of the members are from brahman, chettri and vaisya,

the leader would always be one from the brahman caste. But, none of the group has the composition of touchable and untouchable members.

But in the VDCs other than the Hemja VDC, where majority of the population are the lower caste or the ethnic groups, few cases of involvement of some ethnic groups can be noticed. Thus, what we can say that the nature of the population settlement in the area plays significant role in encompassing the lower caste poor by the programme rather than the programme as such.

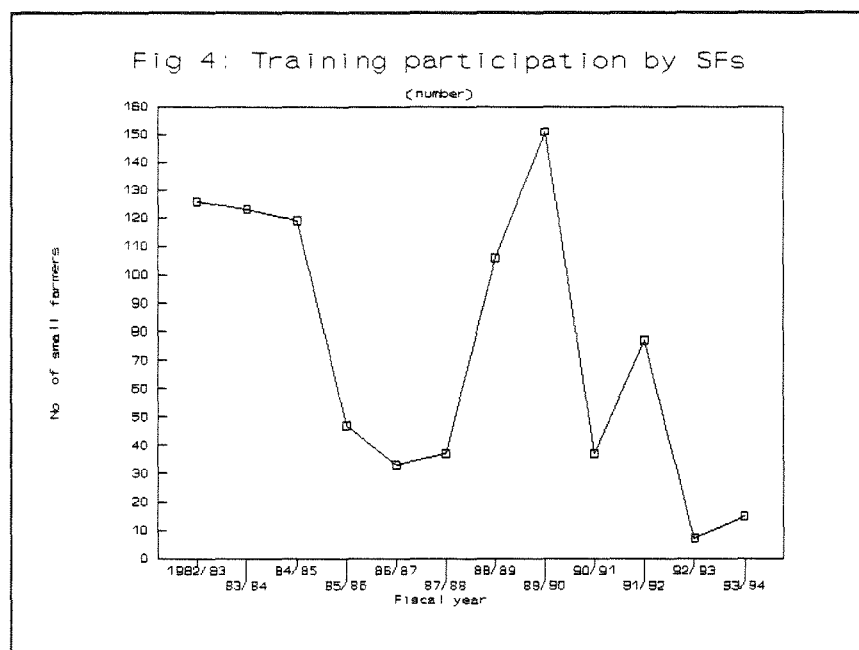
As regards the participation of women in group formation and the membership, situation is worse as compared to its male counterpart. Only in the first year of operation, they formed 3 groups consisting of 37 members, but for the rest of the year, either none or only 2 groups were formed until 1993/94 except in 1989/90. That year alone, 10 groups out of 24 group were formed, which is more than 41 per cent of the total existing groups (33 % members of the total existing members). Here also, we can argue that the cause of such a jump only in that year is the trade embargo and the restoration of democracy as earlier mentioned. During rest of the year, on an average 10 female per year joined the programme (see Annex 3 for detail). So, it can argue that participation of women take place if there is crisis.

5.3 Participation in training

As discussed earlier, a major intervention for small farmers in the case of SFDP is training and ADB/N is also emphasis to this component to create the needed awareness among them. A total of 878 farmers participated in the training in different fields and more than 80 per cent of such training are related to the agricultural activities and more than 25 per cent of the participants participated in cash and food crops training alone. The trend of participation was very encouraging in the beginning of the programmes and again in 1988/89-1989/90 (fig 4)

Not all of the total farmers who participated in the training have been involved in the programme because only 673 members out of 878 trained one involved in the programmes, and out of this number, 160 members had left the programme (18 female and 142

male). This means that there are only 513 members currently involved in SFDP Hemja. Thus, after training, small farmers did not show much interest in joining the program and the reason behind this is two



fold, either the training were not effective in imparting the required knowledge and skills to generate awareness among the poor, or the poor who were selected for training were not necessarily the real poor, who are in need (see annex 7). But in the case of SFDP as a whole, only a slight percentage of the total small farmers got the opportunity to be trained. Here, it can be argued that, the farmers having easy access to the centre will have more chance to get opportunity whereas the rural poor having less or no accessibility are actually left behind. Also, as Nepal has scarce infra-structural support in the rural areas, calling farmers from very remote areas would be very costly, as compared to those who are living close to the centre. Also the probability of attaining the training by all participants from rural areas is low. Since, training are found to be annual target oriented rather than the real need of the poor, ATRI or RTCs also feel more secure to call those from less rural areas in terms of fulfilling the target.

5.4 Group meetings and decision making

There are regular meetings held and generally the concerned group decides upon the date and time of that meeting, but if some unexpected meetings need to be called, then the group leader

requests each of the group member to attend. There are no outsiders during the conduct of regular meetings, only in cases where special decisions have to be made then they seek support from either the GO or other staff of SPO, but the invitee/s do/es not have a right to interfere in the process.

Participation of the total members of the group during meetings is satisfactory from the point of view of attendance. According to the rule of SFDP, at least 75 per cent of the total members should present in the meeting in order to make any decision. In the case of Hemja, an average rate of absentees is 12.1 per cent. Only in three cases out of 20 samples, have more than 25 per cent absentees (33.3% in one case and 28.6 % each in two cases). Out of these three cases, one group having 33.3 per cent rate of absenteeism is composed solely of males and the rest are females (see annex 4).

Similarly, the defunct groups from its inception to 1993/94 has a total of seven groups composed of one female group and six male groups. Though the time series data is not available for the defunct group each year, an average of 13 members per annum is calculated to become defunct, which is very significant since some of the years only 10 members were involved (annex 3).

Visualising the decision making process of the groups, as mentioned above, we can categorize into three stages as follows:

Decision making for credit recommendation, Decision making for saving collection and mobilization, and decision making for Social and community works.

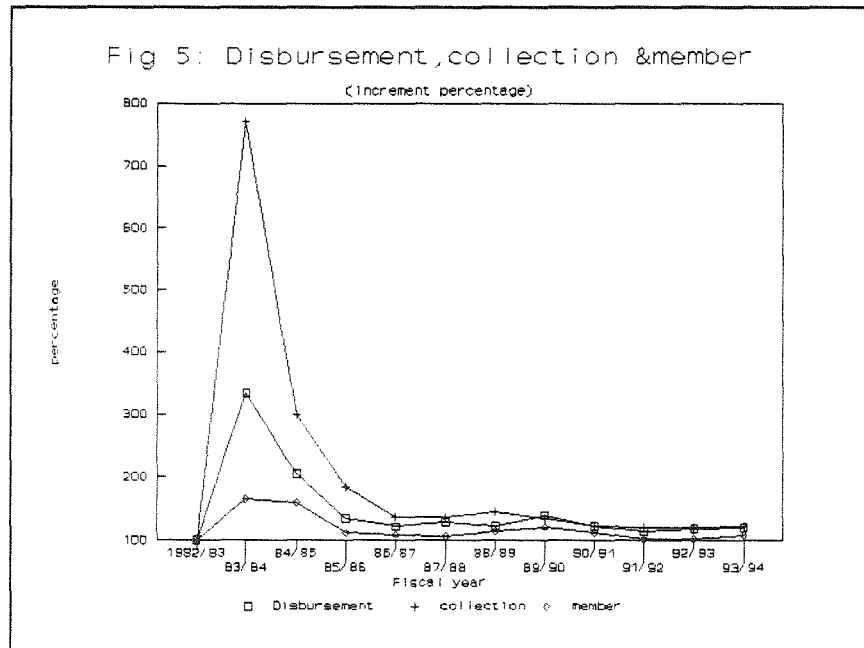
5.4.1. Decision making in disbursement and collection

Disbursement of the credit increased from Rs. 249,000 in 1982/83 to Rs. 2,170,000 in 1993/94, i.e. 800 per cent increment, which can be said as nominal, within the period of 11 years. But average per capita each year is Rs. 2,285, with a maximum of Rs. 3,339 in 1989/90. National per capita average is Rs. 1,700 in SFDP.

Similarly, collection jumped from Rs. 25,000 during 1982/83 to Rs. 1,696,000 in 1993/94. Per capita average collection is about Rs. 1,432, with a maximum of Rs. 2,520 in 1993/94. During

1989/90 also the figures are quite high. This high figures, both in terms of disbursement and collection rates during 1988/89 and 1989/90 can also be attributed to the same cause mentioned regarding group formation and membership involvement i.e, Indian embargo and restoration of democracy, where SFs could get further loan only after paying back the overdue loan and the formation of the groups.

As we traced in the fig 5 for the first four years, the increment rate of total disbursement and collection is high with lower increment rate of membership, which means high per capita for both



disbursements and collections. But after 1986/87 the rate of increment of all three components are more or less the same. As we discussed, one of the major duties of the group is to recommend the credit required for its members and make good repayment. Such recommendations have to be done taking into consideration the capacity to operate the project of the borrower in terms of skill, managerial ability etc. In the sample minutes, 75 per cent of the decisions have recommended credit to their members, but they did not say anything about the skill and managerial ability of the farmers. However, they mentioned the objective, aims and the cost required for the project. Moreover, none of the minutes have mentioned that the demanded credit by any one of the members has been refused. In many of the cases they even recommended five different credits for the same member in different purposes (annex 5 case no. 3).

As we know, SFDP credit needs collateral unlike GB model. So, each and every decision taken to recommend the credit is associated with collateral. In all cases, the group decide on the collateral for each credit and they agree on the group liability (Annex 4).

On the collection part, more than 75 per cent of the sample meetings were dedicated to reviewing the outstanding loans among the members by looking at the repayment schedule of the members (see annex 4). This serves as an indirect form of group pressure on the part of the members to repay the loans on time. Interestingly, in one case they decided to take action against one of their own members because of a very high rate of absenteeism and failure to pay the due amount of loan (Annex 4 case no. 15). In some of the decisions, they even recommended only partial payment of the total amount required for the project, with the second instalment to be payed after utilization of the first (annex 4 case 11). However, despite such efforts, the collection rate of this SPO is low.

Moreover, it has been clearly shown from different studies that the rate of return from the agricultural sector is very low and non-farm activities need to be developed in order to alleviate poverty in underdeveloped countries. If we look at the situation in Hemja, it is very disappointing. The activities undertaken by the SFs which are not directly related to the agricultural sector, are cottage industries²³. Disbursement as well as collection in these activities is very low. The average percentage of the investment in this sector is registered at 6.4 per cent and 5.7 per cent for collections. These figures are more than 10 per cent in the first two years of operation in both investment as well as collection.

But from the locational point of view, since this VDC is close to the city of Pokhara, cottage industries are bound to flourish. The root cause behind this situation may be because of the unawareness among the SFs. Because very few of the training conducting by ATRI or RTCs are related with this sector and none

²³it generally includes cloth knitting, making traditional bag using bamboo strings etc.

of the SFs in this SPO got this type of training, most of the credit are being used basically for the agricultural sector.

Table 4: SPO Hemja, Percentage of total investment & collection in Cottage Industries Rs. in 000

| Fiscal Year | Total Investment | Investment in Cottage Industry | percentage of Total | Total collection | Collection in Cottage Industry | Percentage of Total |
|-------------|------------------|--------------------------------|---------------------|------------------|--------------------------------|---------------------|
| 1982/83 | 25 | 5 | 2 | 249 | 19 | 7.6 |
| 1983/84 | 168 | 20 | 12 | 582 | 89 | 15 |
| 1984/85 | 384 | 27 | 7 | 869 | 75 | 8.6 |
| 1985/86 | 488 | 15 | 3 | 601 | 51 | 8.5 |
| 1986/87 | 398 | 7 | 1.7 | 511 | 44 | 8.6 |
| 1987/88 | 540 | 26 | 4.8 | 796 | 2 | 0.2 |
| 1988/89 | 919 | 74 | 8 | 819 | 26 | 3.1 |
| 1989/90 | 1029 | 25 | 2.4 | 1783 | 178 | 10 |
| 1990/91 | 934 | 61 | 6.5 | 1403 | 45 | 3.2 |
| 1991/92 | 1043 | 78 | 7.4 | 1146 | 11 | 1 |
| 1992/93 | 1262 | 14 | 1 | 1598 | 15 | 1 |
| 1993/94 | 1696 | 55 | 3.2 | 2170 | 41 | 2 |

Source: SPO Hemja 1993/94

5.4.2 Saving collection and utilization

A total of Rs. 602,000 saving collection has been made so far. and if we calculate it per member, it amounts to about Rs. 1,138 and about Rs. 6,952 per group. If we calculate on a yearly basis, the maximum per capita savings in F.Y. 1989/90 amounting to Rs. 157 is also possibly because of the same cause as discussed in the case of group formation and membership involvement. This figure is more than the national figure, but, if we compare this to Grameen Bank it is 941 Taka²⁴ for both Group fund savings and emergency fund saving²⁵, where every poor has to save one taka per week and in the case of SFDP at least Rs. five per month has to be saved by each member.

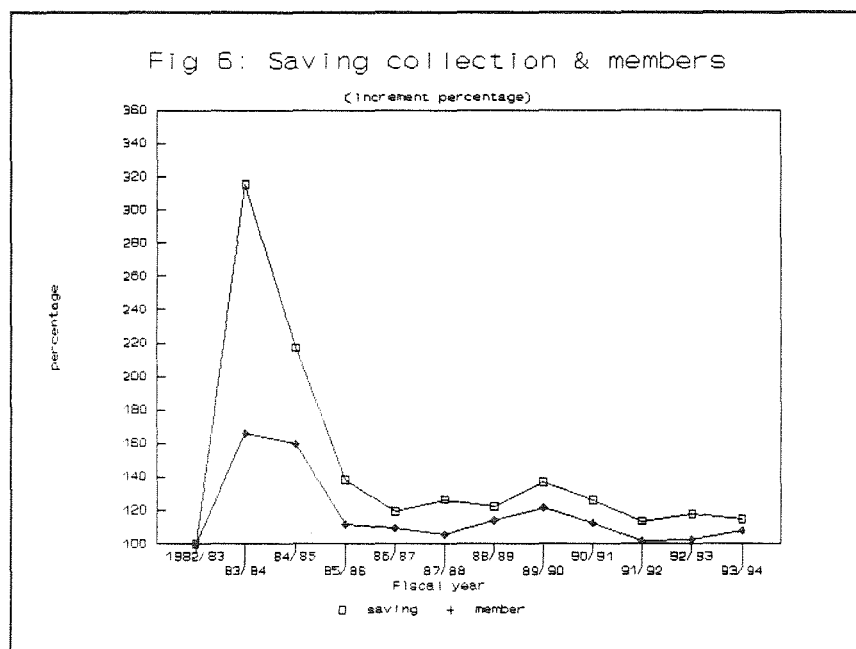
But, priority has been accorded by the SFs to this component as well. Out of the 20 collected samples, eight meetings took

²⁴ One dollar equals to about 40 taka (about Rs. 50)

²⁵ In Grameen bank the member has to save in two funds one is group fund and other is emergency fund. Group fund is for the group activities and emergency fund is for emergency cases of any of the members.

into consideration the timely collection of savings. Moreover, they are concerned about the equal sharing of the saving, because they insisted to contribute equal amount to the new member, who expressed willingness to join the old group (annex 4 case no. 1 and 8). Trends of saving collection is given in figure 6.

It seemed that they are some how aware of the benefit of the savings collection because they have even decided to increase the monthly saving amount from Rs. 20 to 50 (annex 4 case 6).



On the other hand, the utilization component of the saving is poorly managed. Out of twenty samples, only three meetings decided on the utilization of savings. But interest to be levied for such utilization is associated in all such decisions. Interestingly, they even charged 24 per cent (annex 4 case no. 8) interest to the member who wanted to take a loan from the savings. However, if the purpose of such loans is entirely social, the interest rate is minimal, i.e, 9 per cent (annex 6 case no. 13).

5.4.3 Social and community works

On social and community works, SPO Hemja is found to be unsatisfactory when taking into account its accessibility to the district centre. There are limited number of activities that were found to be undertaken by the groups for the past 13 years. About 6.5 KM road (pavement) is maintained, but it is not clear whether it is exclusively the work of small farmer groups or from outside

assistance. About 66 persons have followed the family planning practices. Other activities like adult education, community hall construction, smoke less oven etc., are very few in numbers except temporary toilet construction and sapling plantation, which are quite significant after 1989/90. Two hundred and forty two households have constructed temporary toilets and 4,000 saplings have been planted (see annex 6).

If we observe the sample minutes there is not even a single decision about social and community activities. Neither did they allocate any fund for this activities, nor did they implement any. This part is silent in all sample decisions. However, construction of toilet in his/her house is completely for their own purposes and they became very conscious about this only after 1989/90. Similar situation is noticeable in the case of tree plantation. This brings into question what factor motivated them to do these activities only after 1989/90. If it is only SPO which was able to do it, this consciousness would have developed before. Here, we again argue that this consciousness might have developed because of the change of political system or restoration of democracy in Nepal. The political leader has incorporated health and environmental concerns in their slogan. But the contribution of SPO should not be ignored.

If we look at the total achievement of SPO, it is not as remarkable as what one would expect. For instance, population of Hemja has reached to 8468 from 5582 at the time of SPO establishment, reflecting an increase by almost 52 per cent and in terms of households by 66 per cent (from 919 to 1528). Considering the same ratio of small farmers in 1982/83, there are about 1,372 small farmers households prevailing in the village. Thus, SPO is serving only 513 households²⁶, which is about 33 per cent.

If we try to assess the overall scenario of the Hemja SPO in terms of its effectiveness in Social Mobilization, defunct members are quite high because in some of the years only 10 poor joined the programme but average defunct members totalled about

²⁶More than one member from one household can not be the members of SFDP

13. A total of seven groups consisting of 160 members left the programme during the past 12 years of operation. It is revealed from this information that there were about 23 members per defunct group, i.e very large groups that can lead the group to be defunct. However, in the Grameen Bank approach only five members are involved in a group. Male membership leaving the programme were much more higher than females (18 female and 142 male).

We can say that the farmers are more concerned about the credit component especially for disbursement and collection. However, the major weakness of the group decision lies on the recommendations on providing many credits for different purposes to a single member. As a consequence, a farmer can not be involved in five different activities at the same time and the possibility of success is very small, thus, resulting in overdue loan and in turn to becoming a defunct group.

Similarly, the group even recommended the granting of credits to members with outstanding credit for another purposes. If small farmers start taking credit for different purposes and/or want to take another without paying the previous one, again the question of success comes to the fore. In the case of Grameen Bank, there is no provision for this type of credit. The main reason behind this recommendation is to enjoy subsidies. As we know, the Nepalese government still holds the policy of interest subsidy for small credits. The majority of the recommended credits are Rs. 5,000, where 80 per cent interest subsidies is granted. Some of the members have borrowed a sum of Rs. 28,000 appropriated for five different purposes. In some cases the group recommended even further loan to the members having outstanding of huge amount for different purposes (annex 5 case no. 3) . There are very few credit amounting to Rs. 15000, where one third of the interest amount is subsidised and none of the single credit is more than Rs.15,000 (see annex 5).

SFDP, on the other hand, is not taking the above consequences of faulty decisions by the groups seriously but in my opinion this is very crucial.

As discussed in chapter 3, the average loan size is not more than Rs. 2500. On the other hand, most of the credits are Rs. 5000 or above and are for short-term purposes²⁷ only. So, comparing with the minutes, repayment rate is not very impressive because the short term loans have to be payed back within a year, and thus, repayment of such credit should be close to 100 per cent, but it is actually just about 50 per cent. Moreover, the data on overdue loans from its inception is not available, only those from 1990/91 to 1993/94 are available. If we analyze only for those four years such amount is more than 50 per cent of the total outstanding on the average and in 1991/92 such amount was even 67 per cent, which is considered to be the worst (see annex 3).

Furthermore, they are also well aware of the collateral required for the loan so that for each and every credit, they also agree about the joint responsibility for repayment. Which seems to be a very good indication for group cohesiveness, because, then the farmer will gain more confidence to operate the project more effectively.

Equally important is the development of non-farm activities. It does not necessarily the long terms activities, even the short term activities like glossary shop or other small trade also can be flourished in this area like in the case of Grameen Bank. This part is too weak in this SPO. Since, this SPO is close to the main city, the atmosphere of its development visualising infrastructure and market is good. But small farmers are not willing to involve in this activities. One of the causes behind it may be the lack of knowledge among the SFs about it. None of the training have dealt with this aspect too.

The amount of savings seem to be unsatisfactory because the small farmers in this area have at least access to little land, unlike, in the case of Grameen bank where most of the members are either landless or near landless, but still average per capita saving is more or less the same. But if we look at the per capita saving per annum, which is even Rs. 66 per annum during 1986/87

²⁷Repayment should be made within one year of borrowing. This credit is granted for cereal and cash crops, kitchen garden etc.

and maximum of Rs. 157 per annum during 1889/90 (Rs 5.5 and Rs. 13 per month respectively). But, if we consider the sample minutes, some of the groups have decided to raise the amount saving of Rs. 50 per month i.e. Rs. 600 per annum (annex 4 case no. 6). Thus, questions might arise whether all groups have group savings or not.

If we try to analyze the services rendered by the SPO, it can be said that it is not benefitting the lower class (especially untouchable) of the society, where the poorest Nepalese belong. Hence, we conclude that, SPO is benefitting the middle or border line poor not the real poor. Also an important part of this is the identification of the poor. There may be possibilities that the identification of the poor is distorted by vested interests by GOs assigned for the SPO, who are not only responsible for identification of the poor, who should benefit from the programme but also take charge of running SPO afterwards. Moreover, performance appraisal of the GO is tied up with the achievement percentage of the targeted disbursement and collection from the head office. At this juncture, we argue that since SFDP is a collateral-based programme, GO might have some sort of vested interest at the expense of the assetless.

Social and community activities is very important in the development of the area, but in the case of SPO Hemja, this part is weak. However, there are some activities (annex 7), which were basically implemented either during the beginning of the programmes or during 1989/90 to 1990/91 (Indian trade embargo and restoration of the democracy in Nepal). It is also revealed that none of the meetings (neither in the case of Hemja or other part of the country) rendered decision to undertake any such activities or allocated any amount for it.

CHAPTER SIX

Conclusion and Recommendations

Socio-economy of the country, religion, traditions and customs are some of the major factors, which are playing important roles for the alarming poverty incidence in Nepal and poverty thus, rampant in rural sector than urban and in lower castes than upper. Similarly, government is also determined to eradicate the poverty and recipient's participation is acknowledged as one of the major tools to it.

In the case of SFDP, the poor, who are involved in the programme are participating in all activities in different ways, but the poverty situation in the programme area still persist or it has even worsened. There are many factors attributed to it, like lack of awareness among the poor about the concept and clarity of the SFDP, in general and the lack of participation in the programme, in particular. As a result, programme accomplishments reflected low rates of expansion, low rates of recovery, significant proportions of defunct group, uneven group cohesiveness and lack of self reliance. These are some of the major hurdles in SFDP at present. From the findings, what we can say is that they are under the category of semi-active participation in the case of credit activities and supportive participation in social and community works. Also, effectiveness of participation is seen only during the crisis period.

Similarly, we can say that the prevalence of such a problem is not only because the poor are not participating effectively but the organization responsible for implementing, is also ineffective in managing the programme. The poor seemed to be active in meetings and making decisions, but because of their lack of awareness, their decisions are weak. On the other hand a huge amount is being spent on SFDP.

Moreover, the programme failed to benefit the lower and untouchable caste group of the society, who are more vulnerable in terms of asset ownership. Women groups are not also as visible compared to male because of the absence of assets ownership. These lead to difficulties in getting credit from SFDP, where collateral is required. But women groups are found to be more

effective for this type of programme as the case of GB. Now it is realised, that social mobilization to reach out to the poorer segments of the population and to the women, is very crucial. Also the programme should consider giving credit to the groups, who do not have any assets at their disposal.

Loan repayment, which is crucial for the viability of any project, is very weak in SFDP. Also new group formation and membership involvement have assumed a deteriorating trend, and this reflects a weak participation rate.

The training component of the ADB/N is also a failure in terms of offering training to the beneficiaries and also to the staff involved in SFDP because of the target based training approach. This leads to weak decision making process of the group.

Delivery system of the programmes is also not effective and is oriented towards the target approach rather than the service. A shortcut method, where less paper work, less time and less cost are included, have to be designed in order to deliver an effective and poorer oriented service.

Similarly, Government's policies are directed towards eradicating poverty and developing the rural sector through popular participation, but the implementation part is very weak in the case of SFDP. Hence, a sort of intervention from the government to monitor the programme is essential. The different level committees did not attain any significant contribution for the success of the programme, this needs to be strengthened.

As an objective of the programme, SFDP is granting the credit to the member/s with the recommendation of small farmers group under the assumption that the project recommended for credit has been appraised by the rest of the members of the group. However, the members of the group do not look at the operational viability of the proposal, they only consider the objectives and cost of the project. Here also it can be argued that orientation to the small farmer in this light has not been made properly.

The most important factor for the success of SFDP lies on the proper identification of the poor who are eligible for the

programme, meaning that it should target only the poorer segments of society. Identification of the poor requires a survey for each household and this requires a lot of administrative work to come up with their net annual income in order to make them eligible. GO is the only one responsible to identify the poor as well as operate the SPO at the site. On the other hand being a financial institution ADB/N allocates target of investment and collection for each SPO per annum and which is being tied up with the performance appraisal of the GO. Thus, s/he would have some sort of vested interest to make the poor eligible to the programme because SFDP is a collateral-based programmes as discussed earlier, thus, the probability to be biased against the landless or near landless poor is high. So, it is recommended that the identification of the poor be made by outsiders at least other than the assigned GO. Similarly, performance appraisal of GO should be tied up not only to the investment and collection like other general branches, but also with the social and community activities carried out in the SPO area. Moreover, the development plans in many cases failed because of not taking into account the social and cultural factors, which affects to the poor at the receiving end, during planning and sponsoring the programmes. In many cases this social, cultural and also political factors especially in the case of South Asia, are integral and dominant factors in every stage of development programmes, this factor always have to be taken into account while identifying the poor, which is missing in SFDP.

The poor and the illiterate can only make rational decisions, if they are educated by training and education. But at present, though there are several training and a lot of investments for training purposes, it is not very effective in imparting the knowledge required by the SFDP. Training related to awareness creation, decision making, peer monitoring are required in order to empower the poor. Training are also presently conducting according to the target-based approach, which is less effective in terms of imparting the knowledge they require. So, training should be conducted according to the need-based approach. Equally important is the leader of the group,

s/he should be the one who can mobilize the members in a productive way. This condition can only be fulfilled if the leaders are well trained. But in the case of SFDP, leadership training is lacking. Hence, ADB/N should focus its training in this light. Also, the concerned donor agencies should also be alerted on this.

A heavy cost is appropriate for SFDP at present, and yet, participation is becoming weaker. So, if this trend remains, then the question of viability of the programmes emerges, because ADB/N, which is responsible for this programme is basically a financial institution, hence, would always strive to survive at least to the break even. HMG/N, on the other hand, following a free and liberal economy, would not be come to survive in case of regular loss occurring in it. So, in this light, it would be good to the bank if HMG/N takes responsibility for subsidies to run the programme. In this way, the programme would most likely be effective in terms of service delivery and motivation of the field workers.

Moreover, as ADB/N has three different windows viz; agricultural credit, commercial activities and SFDP, staff of each window are easily transferable to another. But since three windows need three different skills to operate the programme, frequent transfer of the staff from SFDP lead to weak in implementation of the programmes which is revealed in the case of SFDP. In these situations, a separate cadre for SFDP is to be developed by the bank and let the GO work in one SPO until a basic infrastructure for Social Mobilization is developed.

It is neither necessary nor prudent to provide loan at a highly subsidized rate of interest to the poor individuals. Because, if there is lack of proper supervision in the case of SFDP, such credit will be mis-utilized through higher frequency in credit transaction just to enjoy the subsidy. However, if the subsidy would be granted for the benefit of the group, on one hand, and tie it up with the success of the individual project, in the other, would help to optimize the use of subsidy like in small scale community irrigation programmes in Nepal, where 60 per cent of the total construction cost is subsidised by the

Government, 30 per cent credit to be borrowed by each and every beneficiaries, and the rest is labour contribution by them.

SFDP always looks for the recommendation of the credit by the small farmer group before granting it to the individual farmer. It must not accept many credits to a single person at one time. Also since SPO has a right to accept or reject the recommendation to grant credit, it should be very careful in this regard, but this problem can be rectified easily if the performance appraisal of the GO is not tied up with the target of the investment and collection. Loan sanction on other hand, should be based on: group eligibility, their needs and group's ability to manage and the utility of the credit. This part is neglected in the group meeting. GO also can guide the group on this matter.

Timely repayment of the loans heavily depend upon the monitoring and supervision of the project, which is very weak in SFDP and peer monitoring is not effective. So, this part should be strengthened by involving the group members themselves through peer monitoring like in the case of GB model.

Finally, every PA programmes should be designed in such a way that the poor can participate from the very beginning of the programme which leads not only to make participation success but also to the reduction of the cost of the programmes. If the programme incorporates the poor during the identification stage, such identification would be valid and genuine compared to the present process because the poor themselves can identify the real poor in their areas.

ANNEX 1

Grameen Bank progress (1983-1989)

amount in millions of Taka
per capita amount in 000 takas

| Year | No. of group | members | Cumulative members | loanees | additional amount | | | | | |
|------|--------------|---------|--------------------|---------|-------------------|------------|------------|------------|------------|------------|
| | | | | | Disbursement | | | Collection | | |
| | | | | | Total | Cumulative | Per capita | Total | Cumulative | per capita |
| 1983 | 5481 | 27904 | 27904 | 21978 | 99.3 | 99.3 | 4.518 | 59.0 | 59.0 | 2.685 |
| 1984 | 12546 | 62731 | 90635 | 60788 | 304.3 | 403.6 | 5.006 | 199.4 | 258.4 | 3.280 |
| 1985 | 10114 | 50571 | 141206 | 45520 | 428.4 | 832.0 | 9.411 | 379.8 | 638.2 | 8.344 |
| 1986 | 12545 | 62721 | 203927 | 76149 | 541.7 | 1373.7 | 7.114 | 465.9 | 1104.1 | 6.118 |
| 1987 | 20963 | 104813 | 308740 | 99945 | 810.0 | 2183.7 | 8.104 | 653.8 | 1757.9 | 6.542 |
| 1988 | 30242 | 151207 | 459947 | 143873 | 1280.4 | 3464.1 | 8.900 | 1014.2 | 2772.1 | 7.049 |
| 1989 | 34380 | 171900 | 631847 | 175837 | 1768.3 | 5232.4 | 10.056 | 1495.3 | 4267.4 | 8.504 |

| Year | Saving fund | | | | | | | total saving |
|------|-------------|------------|------------|-----------|------------|------------|------------------------|--------------|
| | Group | Cumulative | Per capita | Emergency | Cumulative | Per capita | Per capita utilization | |
| 1983 | 7.84 | 7.84 | 0.357 | 1.93 | 1.93 | 0.088 | 0.445 | 2.54 |
| 1984 | 21.95 | 29.79 | 0.361 | 2.87 | 4.80 | 0.047 | 0.408 | 6.52 |
| 1985 | 33.48 | 63.27 | 0.736 | 6.41 | 11.21 | 0.141 | 0.876 | 10.97 |
| 1986 | 43.11 | 106.38 | 0.566 | 9.68 | 20.89 | 0.127 | 0.693 | 17.27 |
| 1987 | 71.80 | 178.18 | 0.718 | 12.32 | 33.21 | 0.123 | 0.842 | 33.45 |
| 1988 | 111.03 | 289.21 | 0.772 | 19.63 | 52.84 | 0.136 | 0.908 | 58.91 |
| 1989 | 153.63 | 442.84 | 0.874 | 29.69 | 82.53 | 0.169 | 1.043 | 92.37 |

Cumulative figure (in million taka)

May 1991

| | |
|--------------------|----------------|
| Member | 932574 persons |
| Disbursement | 8677.6 |
| Collection | 7224.6 |
| Saving | 878 |
| Group | 728.5 |
| Emergency | 149.5 |
| Saving Utilization | 439.5 |

Source: Growth and progress of Grameen Bank page 33 to 45 in The Grameen Bank 1993
original source: Grameen Bank Monthly statement 1991 and Annual report 1989

ANNEX 2

Total SFDP programme in Figures

(from 1975/76-1992/93)

Rs. in '000

| Fiscal Year | New SPOs | Cumm. SPOs | Districts Covered | Cumm. Districts | new VDC covered | Cumm. VDC (no.) | Group formation (no.) | | | Member involvement (no.) | | | Investment | collection | Out- standing |
|-------------|----------|------------|-------------------|-----------------|-----------------|-----------------|-----------------------|--------|-------|--------------------------|--------|-------|------------|------------|------------------|
| | | | | | | | Male | Female | Total | Male | Female | Total | | | |
| 1975/76 | 2 | 2 | 2 | 2 | 2 | 2 | 28 | 0 | 28 | 439 | 4 | 443 | 453 | 9 | 444 |
| 1976/77 | 13 | 15 | 13 | 15 | 20 | 22 | 100 | 0 | 100 | 981 | 19 | 1000 | 1120 | 124 | 1440 |
| 1977/78 | 2 | 17 | 2 | 17 | 2 | 24 | 166 | 2 | 168 | 1722 | 40 | 1762 | 2515 | 624 | 3331 |
| 1978/79 | 7 | 24 | 7 | 24 | 10 | 34 | 160 | 5 | 165 | 1839 | 77 | 1916 | 3357 | 1189 | 5499 |
| 1979/80 | 5 | 29 | 5 | 29 | 9 | 43 | 163 | 10 | 173 | 1397 | 105 | 1502 | 3865 | 1566 | 7798 |
| 1980/81 | 1 | 30 | 1 | 30 | 11 | 54 | 127 | 25 | 152 | 1182 | 169 | 1351 | 4953 | 2548 | 10203 |
| 1981/82 | 24 | 54 | 10 | 40 | 42 | 96 | 417 | 73 | 490 | 4036 | 823 | 4859 | 12467 | 3460 | 18601 |
| 1982/83 | 30 | 84 | 4 | 44 | 51 | 147 | 739 | 224 | 963 | 7203 | 1285 | 8488 | 25580 | 6879 | 37309 |
| 1983/84 | 37 | 121 | 2 | 46 | 50 | 197 | 850 | 107 | 957 | 7172 | 1061 | 8233 | 42469 | 14914 | 64857 |
| 1984/85 | 41 | 162 | 4 | 50 | 51 | 248 | 1211 | 147 | 1358 | 10567 | 1484 | 12051 | 70363 | 25284 | 109936 |
| 1985/86 | 88 | 250 | 10 | 60 | 93 | 341 | 1334 | 112 | 1446 | 10652 | 1898 | 12550 | 96349 | 40376 | 165909 |
| 1986/87 | 48 | 298 | 5 | 65 | 48 | 389 | 1005 | 144 | 1149 | 7982 | 1474 | 9456 | 99203 | 51292 | 221447 |
| 1987/88 | 48 | 346 | 3 | 68 | 68 | 457 | 1700 | 339 | 2039 | 12403 | 2504 | 14907 | 149866 | 75268 | 299887 |
| 1988/89 | 70 | 416 | 3 | 71 | 70 | 527 | 1978 | 430 | 2408 | 14003 | 3447 | 17450 | 202819 | 104640 | 398066 |
| 1989/90 | 43 | 459 | 4 | 75 | 47 | 574 | 2349 | 585 | 2934 | 15001 | 4252 | 19253 | 269585 | 131975 | 535676 |
| 1990/91 | 6 | 465 | 0 | 75 | 6 | 580 | 1776 | 577 | 2353 | 12317 | 4072 | 16389 | 230485 | 141869 | 624292 |
| 1991/92 | -70 | 395 | 0 | 75 | 25 | 605 | 1283 | 431 | 1714 | 7798 | 3303 | 11101 | 256412 | 194091 | 698442 |
| 1992/93 | 0 | 395 | 0 | 75 | 15 | 620 | 1178 | 626 | 1804 | 6241 | 4399 | 10640 | 364523 | 232158 | 815965 |

| Fiscal Year | Overdue savings (Rs.000) (Rs.) | | Overdue percent | collection rate | cumm. members | Increment percent | | | | Per Capita (Rs.) | | | |
|-------------|--------------------------------|----------|-----------------|-----------------|---------------|-------------------|------------|---------|------------|------------------|--------|------|-----|
| | Group | members | | | | investment | collection | saving | Investment | collection | saving | | |
| 1975/76 | N | 1925 | N | 100.0% | 443 | - | - | - | - | - | 1023 | 20 | 4 |
| 1976/77 | N | 10891 | N | 100.0% | 1443 | 357.1% | 225.7% | 247.24% | 1377.78% | 565.8% | 776 | 86 | 8 |
| 1977/78 | 152 | 55584 | 4.56% | 80.4% | 3205 | 168.0% | 176.2% | 224.55% | 503.23% | 510.4% | 785 | 195 | 17 |
| 1978/79 | 891 | 96277 | 16.20% | 57.2% | 5121 | 98.2% | 108.7% | 133.48% | 190.54% | 173.2% | 656 | 232 | 19 |
| 1979/80 | 1962 | 160065 | 25.16% | 44.4% | 6623 | 104.8% | 78.4% | 115.13% | 131.71% | 166.3% | 584 | 236 | 24 |
| 1980/81 | 2716 | 279743 | 26.62% | 48.4% | 7974 | 87.9% | 89.9% | 128.15% | 162.71% | 174.8% | 621 | 320 | 35 |
| 1981/82 | 3228 | 396984 | 17.35% | 51.7% | 12833 | 322.4% | 359.7% | 251.71% | 135.79% | 141.9% | 971 | 270 | 31 |
| 1982/83 | 4943 | 759146 | 13.25% | 58.2% | 21321 | 196.5% | 174.7% | 205.18% | 198.82% | 191.2% | 1200 | 323 | 36 |
| 1983/84 | 8952 | 1396129 | 13.80% | 62.5% | 29554 | 99.4% | 97.0% | 166.02% | 216.80% | 183.9% | 1437 | 505 | 47 |
| 1984/85 | 19745 | 2564422 | 17.96% | 56.2% | 41605 | 141.9% | 146.4% | 165.68% | 169.53% | 183.7% | 1691 | 608 | 62 |
| 1985/86 | 33467 | 3764670 | 20.17% | 54.7% | 54155 | 106.5% | 104.1% | 136.93% | 159.69% | 146.8% | 1779 | 746 | 70 |
| 1986/87 | 58027 | 5857832 | 26.20% | 46.9% | 63611 | 79.5% | 75.3% | 102.96% | 127.04% | 155.6% | 1560 | 806 | 92 |
| 1987/88 | 83628 | 8538018 | 27.89% | 47.4% | 78518 | 177.5% | 157.6% | 151.07% | 146.74% | 145.8% | 1909 | 959 | 109 |
| 1988/89 | 102217 | 11995450 | 25.68% | 50.6% | 95968 | 118.1% | 117.1% | 135.33% | 139.02% | 140.5% | 2113 | 1090 | 125 |
| 1989/90 | 153627 | N | 28.68% | 46.2% | 115221 | 121.8% | 110.3% | 132.92% | 126.12% | N | 2340 | 1145 | N |
| 1990/91 | 231134 | N | 37.02% | 38.0% | 131610 | 80.2% | 85.1% | 85.50% | 107.50% | N | 1751 | 1078 | N |
| 1991/92 | N | N | N | N | 142711 | 72.8% | 67.7% | 111.25% | 136.81% | N | 1797 | 1360 | N |
| 1992/93 | N | N | N | N | 153351 | 105.3% | 95.8% | 142.16% | 119.61% | N | 2377 | 1514 | N |

Source: Agricultural Development Bank of Nepal 1993/94

N= data not available cumm.=cumulative; SPO= Sub-project office; VDC= Village development committee

ANNEX 3

SPO Hemja achievements (from 1982/83-1993/94)

| Fiscal Year | Group formation (no.) | | | Member involved (no.) | | | Saving collection (Rs.) | Disbursement (Rs.) | Collection (Rs.) | Outstanding (Rs.) | Overdue (Rs.) |
|-------------|-----------------------|------|-------|-----------------------|------|-------|-------------------------|--------------------|------------------|-------------------|---------------|
| | Female | Male | Total | Female | Male | Total | | | | | |
| | Rs. in '000 | | | | | | | | | | |
| 1982/83 | 3 | 8 | 11 | 37 | 75 | 112 | 13 | 249 | 25 | N | N |
| 1983/84 | 0 | 7 | 7 | 5 | 69 | 74 | 28 | 582 | 168 | N | N |
| 1984/85 | 2 | 13 | 15 | 16 | 96 | 112 | 48 | 869 | 384 | N | N |
| 1985/86 | 2 | 4 | 6 | 12 | 23 | 35 | 34 | 601 | 488 | N | N |
| 1986/87 | 2 | 3 | 5 | 11 | 20 | 31 | 24 | 511 | 398 | N | N |
| 1987/88 | 0 | 4 | 4 | 0 | 21 | 21 | 39 | 796 | 540 | N | N |
| 1988/89 | 2 | 4 | 6 | 11 | 43 | 54 | 41 | 819 | 919 | N | N |
| 1989/90 | 10 | 6 | 16 | 65 | 30 | 95 | 84 | 1783 | 1029 | N | N |
| 1990/91 | 2 | 7 | 9 | 23 | 43 | 66 | 81 | 1403 | 934 | 2871 | 658 |
| 1991/92 | 0 | 2 | 2 | 1 | 9 | 10 | 53 | 1146 | 1043 | 2974 | 516 |
| 1992/93 | 0 | 3 | 3 | 0 | 15 | 15 | 80 | 1598 | 1262 | 3263 | 1278 |
| 1993/94 | 1 | 6 | 7 | 11 | 37 | 48 | 77 | 2170 | 1696 | 3915 | 1077 |
| Total | 24 | 67 | 91 | 192 | 481 | 673 | 602 | | | | |
| Defunct | 1 | 6 | 7 | 18 | 142 | 160 | 18 | | | | |
| Remaining | 23 | 61 | 84 | 174 | 339 | 513 | 584 | | | | |

| Fiscal Year | Group | Increment percentage | | | Per Capita (in Rs.) | | |
|-------------|--------|----------------------|------------|------------|---------------------|------------|--------|
| | | Member | Investment | collection | Investment | collection | saving |
| 1982/83 | - | - | - | - | 2223 | 223 | 116 |
| 1983/84 | 163.6% | 166.1% | 333.7% | 772.0% | 3129 | 903 | 150 |
| 1984/85 | 183.3% | 160.2% | 204.6% | 299.0% | 2916 | 288 | 161 |
| 1985/86 | 118.2% | 111.7% | 135.4% | 184.6% | 1805 | 1465 | 102 |
| 1986/87 | 112.8% | 109.3% | 122.2% | 137.4% | 1404 | 1093 | 66 |
| 1987/88 | 109.1% | 105.8% | 128.3% | 136.9% | 2067 | 1403 | 101 |
| 1988/89 | 112.5% | 114.0% | 122.7% | 145.9% | 1866 | 2093 | 93 |
| 1989/90 | 129.6% | 121.6% | 140.3% | 135.2% | 3339 | 1927 | 157 |
| 1990/91 | 112.9% | 112.4% | 122.6% | 123.6% | 2338 | 1557 | 135 |
| 1991/92 | 102.5% | 101.7% | 115.1% | 121.4% | 1879 | 1701 | 86 |
| 1992/93 | 103.7% | 102.5% | 118.2% | 121.3% | 2557 | 2019 | 128 |
| 1993/94 | 108.3% | 107.7% | 121.0% | 123.6% | 3224 | 2520 | 114 |

Source: SPO Hemja, 1993/94

N: Not Available

Sample minutes for the decision making process of the small farmers' group

| Case No | Group No | Member Total no. | Member attended | Absentees % | Group Type | Decisions taken | Conditions /criteria for decision |
|---------|----------|------------------|-----------------|-------------|------------|--|--|
| 1 | 64 | 6 | 5 | 16.7% | f | <ol style="list-style-type: none"> 1. Adjusting one new member 2. Requesting SPO to ask new comer to deposit the saving required to deposit equally 3. Recommending credit for two of the members 4. Allocating of collateral from one of the member's land for above credit | <p>for 1 and 2 -new member has to commit to do all work to be done by the rest of the members</p> <p>for 3 and 4 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility to payback the credit</p> |
| 2 | 56 | 7 | 5 | 28.6% | f | <ol style="list-style-type: none"> 1. Recommending credit for three of the members (each three has two credit) 2. Allocating of collateral from one of the member's land for above credit | <p>for 1 and 2 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility to payback the credit</p> |
| 3 | 49 | 6 | 5 | 16.7% | m | <ol style="list-style-type: none"> 1. Recommending credit for three of the members(5 credits for one, three for two members) 2. Reviewing the outstanding credit of each members 3. Allocating of collateral from one of the member's land for above credit | <p>for 1 and 3 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility to payback the credit</p> <p>for 2 - repayment schedules were used</p> |
| 4 | 62 | 8 | 8 | 0.0% | f | <ol style="list-style-type: none"> 1. Collecting monthly Savings 2. Recommending credit for five of the members 3. Reviewing the outstanding credit of each members 4. Allocating of collateral from one of the member's land for above credit | <p>for 2 and 4 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility</p> <p>for 3 - repayment schedules were used</p> |
| 5 | 5 | 7 | 7 | 0.0% | m | <ol style="list-style-type: none"> 1. Making commitment to two of their members to pay the overdue credit | -Fixation of date of repayment by that default member |
| 6 | 20 | 6 | 6 | 0.0% | f | <ol style="list-style-type: none"> 1. Recommending credit for one of the members 2. Allocating of collateral from one of the member's land for above credit 3. Increasing monthly saving amount by Rs.50 in stead of Rs.20 | <p>for 1 and 2 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility</p> <p>for 3 -date is fixed to deposit the increased amount</p> |
| 7 | 88 | 9 | 9 | 0.0% | m | <ol style="list-style-type: none"> 1. Depositing the collected amount in the bank 2. Recommending credit for one of the members 3. Allocating of collateral from one of the member's land for above credit | <p>for 1 -all members deposited in group</p> <p>for 2 and 3 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility</p> |
| 8 | 81 | 6 | 6 | 0.0% | m | <ol style="list-style-type: none"> 1. Adjusting one new member and ask him to deposit the saving amount as contributed by rest of the members 2. Granting credit from group saving with interest of 24% | <p>for 1 -requesting bank to calculate such contribution from the new comer</p> <p>for 2 -member asked for domestic use</p> |
| 9 | 32 | 5 | 5 | 0.0% | m | <ol style="list-style-type: none"> 1. Recommending credit for two of the members 2. Allocating of collateral from one of the member's land for above credit 3. Reviewing the outstanding credit of each members | <p>for 1 and 2 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility</p> <p>for 3 - repayment schedules were used</p> |
| 10 | 76 | 6 | 5 | 16.7% | f | <ol style="list-style-type: none"> 1. Collecting saving 2. Reviewing the outstanding credit of each members 3. Recommending credit for two of the members 4. Allocating of collateral from one of the member's land for above credit | <p>for 1 -according to rule</p> <p>for 2 - repayment schedules were used</p> <p>for 3 and 4 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility</p> |
| 11 | 80 | 6 | 5 | 16.7% | m | <ol style="list-style-type: none"> 1. Recommending for 2nd instalment of the credit | -1st instalment was properly utilized |

Annex 4 contd..

| Case No | Group No | Member Total no. | Member attended | Absentees % | Group Type | Decisions taken | Conditions /criteria for decision |
|--|----------|------------------|-----------------|-------------|------------|--|---|
| 12 | 36 | 6 | 5 | 16.7% | m | 1. Recommending credit for two of the members 2. Allocating of collateral from one of the member's land for above credit 3. Reviewing the outstanding credit of members | for 1 and 2 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility for 3 - repayment schedules were used |
| 13 | 18 | 13 | 12 | 7.7% | m | 1. Granting credit from group saving with 9% interest rate | -for the funeral of death one of the member's family member |
| 14 | 85 | 6 | 6 | 0.0% | f/m | 1. Replacing of the one of member 2. Transferring the debt of outgoing member to replacing member 3. Recommending credit for two of the members 4. Allocating of collateral from one of the member's land for above credit | for 1 and 2 -one of the members went away so his wife is replaced for 3 and 4 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility |
| 15 | 82 | 6 | 4 | 33.3% | m | 1. Recommending to take action to one of the member through SPO | -not taking part in meeting -not paying overdue loan amount -not depositing saving |
| 16 | 61 | 7 | 6 | 14.3% | f | 1. Changing leadership 2. Pressuring one of the members to pay back the overdue loan 3. Recommending credit for two of the members (two credits for each members) 4. Allocating of collateral from one of the member's land for above credit 5. Granting credit from group savings | for 1 -because present leader got another job for 2 -warning and fixation of date to pay for 3 and 4 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility for 5 |
| 17 | 78 | 7 | 6 | 14.3% | f | 1. Recommending credit for two of the members (each has two credits) 2. Allocating of collateral from one of the member's land for above credit | for 1 and 2 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility to repayback the credit |
| 18 | 53 | 7 | 6 | 14.3% | m | 1. Recommending credit for three of the members(5 credits for one, two for two members) 2. Reviewing the outstanding credit of each members 3. Allocating of collateral from one of the member's land for above credit | for 1 and 3 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility to repayback the credit for 2 - repayment schedules were used |
| 19 | 90 | 7 | 5 | 28.6% | f | 1. Increasing saving amount per month 2. Recommending credit for two of the members 3. Allocating of collateral from one of the member's land for above credit | for 1 -by 40 instead of 20 for 2 and 3 -aims, objectives and cost of the project is reviewed -agreement for joint responsibility |
| 20 | 46 | 6 | 5 | 16.7% | m | 1. Recommending for 2nd installment of the credit 2. Reviewing outstanding credit of each members | for 1 -1st instalment was properly utilized for 2 - repayment schedules were used |
| other minutes collected from different places of Nepal | | | | | | | |
| 21 | 77 | 6 | 5 | 16.7% | m/f | 1. Recommending credit for three of the members(5 credits for one, two for two members) 2. Fixing the date to pay the overdue credit 3. Fixing date to deposit the saving amount to those who have not deposited 4. Asking to deposit the equal share of the saving amounts by the new member 5. Recommending credit to the wife of one of the member who is away under group's responsibility | for 1 -aims, objectives and cost of the project is reviewed for 2 and 3 -one month from the date of decision for 4 -Request SPO to calculate the share |

Contd...

Annex 4 contd...

| Case No | Group No | Member Total no. | Member attended | Absentees % | Group Type | Decisions taken | Conditions /criteria for decision |
|---------|----------|------------------|-----------------|-------------|------------|--|---|
| 22 | 100 | 8 | 6 | 25.0% | m | <ol style="list-style-type: none"> 1. Adjusting one new member 2. Recommending credit to the two of member as both of them have repayed the old overdue credit 3. Requesting to the member who has not paid overdue amount. Since that member is away, requesting his family member to pay the amount 4. Requesting His Majesty's Government to reduce the interest rate since it is quite high to Small Farmers. Also requesting if possible to grant subsidy | <p>for 1 -his behave and nature is compatible to the rest of the members</p> <p>for 2 -aims, objectives and cost of the project is reviewed</p> |
| 23 | 91 | 9 | 6 | 33.3% | f | <ol style="list-style-type: none"> 1. Recommending the credit to one of the members since all overdue amount is paid 2. Insisting some of the members, who has not purchased share of the institutional development agency 3. Insisting to those of the member who has not yet deposited the monthly saving amount | <p>for 1 -aims, objectives and cost of the project is reviewed</p> |
| 24 | 37 | 12 | 8 | 33.3% | m | <ol style="list-style-type: none"> 1. Recommending credit to its 7 of the members in different purposes | <p>for 1 -aims, objectives and cost of the project is reviewed</p> |
| 25 | 37 | 13 | 9 | 30.8% | m | <ol style="list-style-type: none"> 1. Reviewing the outstanding amount of the members 2. Approving the change of the purpose of the credit after credit has been approved 3. Approving of the utilization of the credit one of its members 4. Insisting one of the members, who could not utilised the approved credit, to return the remaining amount to the bank | <p>for 1 -repayment schedules were reviewed</p> <p>for 2 and 3 - credit utilization part was checked and confirmed</p> <p>for 4 -one month time given</p> |
| 26 | 66 | 9 | 8 | 11.1% | f | <ol style="list-style-type: none"> 1. Insisting some of the members who has not deposited the monthly saving amount 2. Adjusting new member | <p>for 1 -one month time given</p> <p>-his behave and nature is compatible to the rest of the members</p> |
| 27 | 65 | 10 | 7 | 30.0% | m | <ol style="list-style-type: none"> 1. Adjusting new member | |
| 28 | 45 | 15 | 11 | 26.7% | f | <ol style="list-style-type: none"> 1. Approving of changing the purpose of the credit after credit has been approved | <p>for 1 Cause was satisfactory</p> |
| 29 | 34 | 9 | 9 | 0.0% | m/f | <ol style="list-style-type: none"> 1. Recommending credit to its 4 of the members in different purposes | <p>for 1 -aims, objectives and cost of the project is reviewed</p> |
| 30 | 100 | 14 | 11 | 21.4% | m | <ol style="list-style-type: none"> 1. Increasing saving amount per month | |

m= male group; f= female group; m/f= mixed group; no.= number

Credit recommended and loan reviewed in the group meetings

ANNEX 5

(copied from sample minutes collected from 1983/84 to 1993/)

| case no. | Group no. | credit per/member | purpose of credit | Credit amount | Loan |
|----------|-----------|-------------------|---|-----------------------|---|
| | | | | recommended | Reviewed |
| 3 | 49 | 1 | Bullock rearing | Rs. 6000 | Rs. 26200 old loan in 4 diff. purposes Rs. 28000 old loan in 5 diff. purposes some has 5 old loan in 5 diff. purposes |
| | | 1 | Bullock rearing | Rs. 6000 | |
| 2 | 56 | 2 | Glossary shop & Kitchen gardening | Rs. 15000 Rs. 5000 | |
| | | 2 | To buy clothes & Kitchen gardening | Rs. 15000 Rs. 5000 | |
| | | 2 | Local buffalo rearing & Kitchen gardening | Rs. 5000 Rs. 5000 | |
| 1 | 64 | 1 | Local buffalo rearing | Rs. 10000 | |
| 6 | 20 | 2 | Maize growing & Ginger farming | Rs. 5000 Rs. 5000 | |
| | | 2 | Maize growing & Ginger farming | Rs. 5000 Rs. 5000 | |
| | | 1 | Maize growing | Rs. 5000 | |
| 5 | 5 | - | - | - | Over due amount more than Rs.10000 to one and Rs.10000 to other |
| 4 | 62 | 1 | Local Buffalo rearing | Rs. 5000 | Rs. 5000 old loan remaining |
| | | 1 | Local Buffalo rearing | Rs. 12000 | Rs. 5000 old loan remaining |
| | | 1 | Local Buffalo rearing | Rs. 12000 | Rs. 6000 old loan remaining |
| | | 1 | Hybrid Buffalo rearing | Rs. 15000 | |
| | | 1 | Local Buffalo rearing | Rs. 5000 | Rs. 8000 old loan remaining |
| 9 | 32 | 1 | Kitchen gardening | Rs. 5000 | RS. 18000 old loan in 3 diff. purposes |
| 10 | 76 | 1 | Kitchen gardening | Rs. 5000 | Rs. 23000 old loan in 5 diff. purposes Rs. 11000 old loan |
| | | 1 | Summer vegetable farming | Rs. 10000 | |
| | | 1 | Summer vegetable farming | Rs. 5000 | |
| 11 | 80 | 1 | Summer vegetable farming | Rs. 5000 | Rs. 18000 old loan |
| | | 1 | Kitchen Gardening | Rs. 5000 | Rs. 25000 old loan |
| 7 | 88 | 1 | Kitchen Gardening | Rs. 5000 | Rs. 17000 old loan |
| | | 1 | Ginger farming | Rs. 5000 | |
| 12 | 36 | 1 | Local orange farming | Rs. 5000 | Rs. 25000 old loan |
| | | 1 | Local orange farming | Rs. 5000 | Rs. 17000 old loan |
| 14 | 85 | 1 | Kitchen Gardening | Rs. 5000 | |
| | | 1 | Chicken rearing | Rs. 15000 | |
| 16 | 61 | 1 | Ginger farming | Rs. 5000 | |
| | | 1 | Ginger farming | Rs. 5000 | |
| | | 1 | Ginger farming | Rs. 5000 | |
| | | 1 | Maize farming | Rs. 5000 | |
| | | 1 | Maize farming | Rs. 5000 | |
| | | 1 | Maize farming | Rs. 5000 | |
| | | 1 | Maize farming | Rs. 5000 | |

ANNEX 6

SPO Hemja

Social and community works (from 1982/83 to 1993/94)

| ACTIVITIES UNDERTAKEN | Fiscal Year | | | | | | | | | | | unit | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|---------|
| | 1982/83 | 1983/84 | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | | 1993/94 |
| 1. Road maintenance | 1.5 | 1 | | | 1 | | | 1 | 0.5 | | | | KM |
| 2. Pedestrian rest place maintenance | 1 | 1 | 1 | 1 | | | | | | | | | no. |
| 3. Cleaning water pond | 1 | | | | | | 2 | | | | | | no. |
| 4. Family planning followers | 3 | 10 | 1 | 12 | | | 10 | 15 | 15 | | | | pe |
| 5. Adult education centre establishment | 1 | 2 | 2 | 1 | 2 | 2 | 3 | 3 | 2 | | | | no. |
| 6. Community hall building | | 1 | | | | | | | | | | | no. |
| 7. School building and maintenance | | 1 | | | | | 1 | | 1 | 1 | | | no. |
| 8. Tap construction | | 1 | | | | | | | | | | | no. |
| 9. School's toilet maintenance | | | 2 | 2 | | | | 2 | | | | | no. |
| 10. Temporary Public toilet construction | | | | | | | 70 | 45 | 1 | 40 | 80 | 10 | no. |
| 11. Smokeless kiln distribution | | | 25 | | | | | | | | | | no. |
| 12. Bridge maintenance | | | 1 | 1 | | | | | | | | | no. |
| 13. Tree Plantation | | | | | | | 1500 | 1500 | 400 | 600 | | | no. |
| 14. Oral Rehydration Therapy | | | | | | | | 250 | 840 | 300 | | | persc |
| 15. Livestock insurance | | | | | | | | 14 | | | | | head |

Source: SPO Hemja, 1993/94

KM= kilometers; no.= numbers

ANNEX 7

SPO Hemja

Training participation by the small farmers

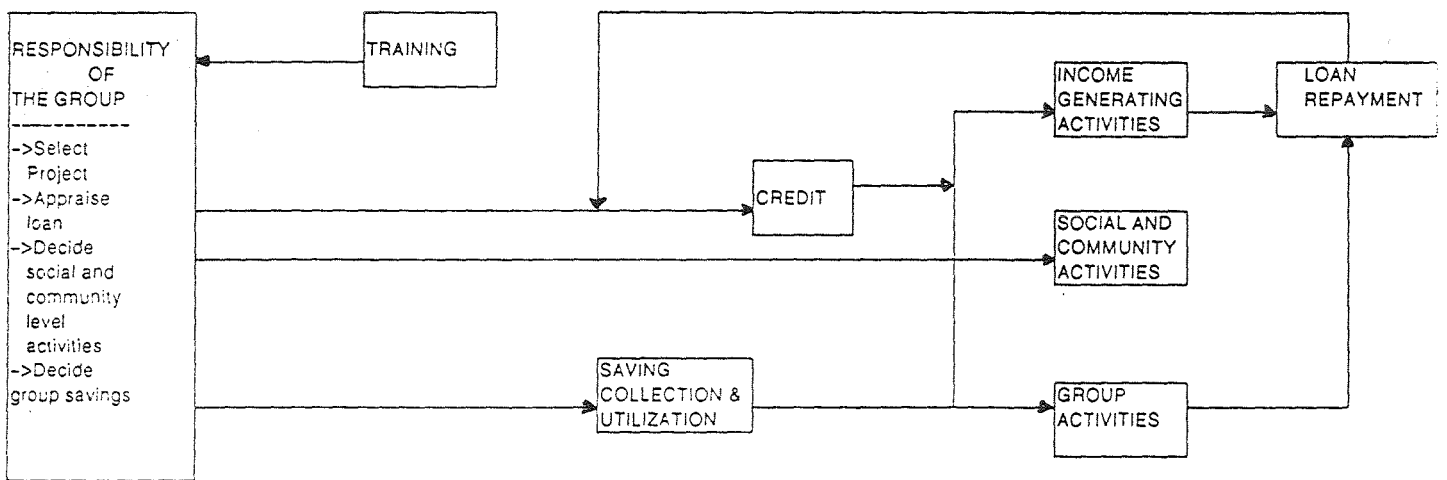
| Types of Trainings | Fiscal Year | | | | | | | | | | | Total | |
|----------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|---------|
| | 1982/83 | 1983/84 | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 | 1990/91 | 1991/92 | 1992/93 | | 1993/94 |
| 1. Cash Crops | | 41 | 25 | | 3 | 22 | 12 | 65 | | | | | 168 |
| 2. Food crops | 60 | 33 | 25 | | 1 | | | 4 | | | | | 123 |
| 3. Animal Health | 1 | 33 | 15 | 9 | 8 | | | | | | | | 66 |
| 4. Record Keeping | | 10 | 15 | 5 | | | | | | | | | 30 |
| 5. Animal Husbandry | 25 | | 14 | 10 | 2 | | | 1 | | | | | 52 |
| 6. Sewing | | | 2 | 8 | 8 | 11 | | 1 | 1 | 1 | | | 32 |
| 7. Group Mobilization | 32 | | 15 | | | | | | | | | | 47 |
| 8. Knitting | | | | 14 | | | 6 | | | | | | 20 |
| 9. Adult Education | | | | | 2 | 2 | 3 | 3 | 2 | 2 | 1 | | 15 |
| 10. Sericulture | | | | | 8 | 1 | 24 | | | | | | 33 |
| 11. Animal Insurance | | | | | | | | | 1 | | 1 | | 2 |
| 12. Poultry | | | | | | | | | | | 3 | 5 | 8 |
| 13. Others *** | 8 | 6 | 8 | 1 | 1 | 1 | 61 | 77 | 33 | 74 | 2 | 10 | 282 |
| No. of SF trained | 126 | 123 | 119 | 47 | 33 | 37 | 106 | 151 | 37 | 77 | 7 | 15 | 878 |
| No. of SFs Joined the SPO* | 112 | 74 | 112 | 35 | 31 | 21 | 54 | 95 | 66 | 10 | 15 | 48 | 673 |

Source: SPO Hemja 1997/98

*** others include community irrigation, crop preservation, inter SPO visits, Bee keeping, etc

* this figures exclude the defunct members

Small Farmer Development Programme
 SYMMATRIC PRESENTATION OF GROUP PARTICIPATION IN SOCIO-ECONOMIC ACTIVITIES
 HOW and WHERE ?



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